THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013
(TAX EXEMPT)

Date of Closing: May 30, 2013

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THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013
(TAX EXEMPT)

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THE CITY OF WHEELING, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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 $49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements to the waterworks portion of the System and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system and any future stormwater system of the Issuer incorporated therein, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of the Project, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned Project should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013

Bonds"), such Series 2013 Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2013 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined.

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2013 Bonds.

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

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2013 Bonds shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser relating to the sale and purchase of the Series 2013 Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2013 Bonds.

"Bond Year" means with respect to each series of the Series 2013 Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2013 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2013 Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2013 BOND hereto.

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

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

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

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

"Consulting Engineers" means CT Consultants, Willoughby, Ohio or any independent 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.

"Continuing Disclosure Agreement" means the agreement delivered by the Issuer to disseminate annual financial information and material event disclosures as required by Rule 15c2-12.

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

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

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

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

"DTC-eligible" means, with respect to the Series 2013 Bonds, meeting the qualifications prescribed by DTC.

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, and all other items of income which have been established as reasonably anticipated annual income of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the

interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2013 Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2013 Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2013 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2013 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 2013 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2013 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2013 Bonds.

"Official Statement" means a document or set of documents prepared by the Issuer setting forth, among other matters, information concerning the Issuer and the proposed issue of securities that is complete as of the date of delivery of the document or set of documents to the Original Purchaser.

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

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2013 Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2013 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date;

(b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 hereof; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior 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 or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2013 Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 2005 A Bonds, Series 2006 A Bonds, and Series 2010 B Bonds.

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

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the acquisition of the rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation; replacing the existing blower building and equipment; replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation; replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance; constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls; replacing the existing clearwell with a new above-ground storage tank; and making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the plant.

"Purchase Price" for the purpose of computation of the Yield of the Series 2013 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2013 to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2013 Bonds are privately placed, the price paid by the first buyer of the Series 2013 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2013 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2013 Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2013 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2013 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986 as amended.

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

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

"Rule 15c2-12" means Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

"Series 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 Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000.

"Series 2010 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000 which are expected to be defeased prior to the Closing of the Series 2013 Bonds.

"Series 2010 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000.

"Series 2013 Bonds Construction Fund" means the Series 2013 Bonds Construction Fund created by Section 4.01 hereof.

"Series 2013 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2013 Bonds Costs of Issuance Fund" means the Series 2013 Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2013 Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2013 Bonds Reserve Account" means the Series 2013 Bonds Reserve Account created in the Series 2013 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2013 Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2013 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2013 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2013 Bonds.

"Series 2013 Bonds Sinking Fund" means the Series 2013 Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2013 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Original Purchaser, approving a Bond Purchase Agreement and an Official Statement, Bond Insurer provisions (if any) and other terms of the Series 2013 Bonds and authorizing the sale of the Series 2013 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the funds and accounts established for the Prior Bonds or the Series 2013 Bonds.

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

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2013 Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

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

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

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

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

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

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

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the Issuer, that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt), in the aggregate principal amount of not more than $49,500,000 to permanently finance 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; interest, if any, upon the Series 2013 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 2013 Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for Municipal Bond Insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of Registrars, Paying Agents, depositories or trustees or other costs in connection with the sale of the Series 2013 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 2013 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2013 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of the Bond Purchase Agreement, as shall be approved by the Supplemental Resolution of the Issuer.

F. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2013 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) 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"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

The Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000 are expected to be defeased prior to the Closing of the Series 2013 Bonds.

The Series 2013 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 respects. Prior to the issuance of the Series 2013 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 2005 A Bonds and the Series 2010 B Bonds to the issuance of the Series 2013 Bonds on a parity with the Prior Bonds. The Series 2006 A Bonds do not require consent. 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 the covenants of the Prior Bonds and the Prior Ordinances.

G. The Issuer intends to issue the Series 2013 Bonds and to pledge for payment thereof, the Gross Revenues of the System, on a parity with each other and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2013 Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2013 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate Renewal and Replacement Fund, as hereinafter provided, and to make all other payments provided for in this Ordinance and the Prior Ordinances.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2013 Bonds, and secure the Series 2013 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2013 Bonds Reserve Account, unexpended proceeds of the Series 2013 Bonds and as further set forth herein.

J. The Series 2013 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES

2013 BOND 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 2013 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 2013 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2013 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2013 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 Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2013 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 2013 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 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 more than $49,500,000. The proceeds of the Series 2013 Bonds hereby authorized shall be applied as provided herein.

The cost of the Project is estimated not to exceed $49,500,000 of which will be obtained from proceeds of the Series 2013 Bonds.

ARTICLE III

THE SERIES 2013 BONDS

Section 3.01. Form and Payment of Bonds. No Series 2013 Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2013 Bonds issued pursuant

to this Ordinance may be issued only as fully registered Series 2013 Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2013 Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2013 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 2013 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2013 Bonds shall be in default, Bonds issued in exchange for Series 2013 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2013 Bonds surrendered.

The principal of and the premium, if any, on the Series 2013 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 2013 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2013 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 2013 Bonds are redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2013 Bond in the principal amount of said Series 2013 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2013 Bonds shall be executed in the name of the Issuer by the Mayor, by his manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2013 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 2013 Bonds shall be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2013 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2013 Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2013 BOND attached hereto and incorporated herein by reference with respect to the Series 2013 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2013 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2013 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 2013 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2013 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2013 Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2013 Bonds. The Series 2013 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 2013 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 2013 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 2013 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2013 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2013 Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2013 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2013 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 2013 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2013 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2013 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and

through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2013 Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2013 Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2013 Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2013 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2013 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2013 Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2013 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, the Original Purchaser, and the registered owner of the Series 2013 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.

If funds sufficient to redeem all Series 2013 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2013 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2013 Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2013 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the

same maturity in the amount of the unpaid principal of such Bond. All Series 2013 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 2013 Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

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

Section 3.10. Series 2013 Bonds. For the purposes of paying all or a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System, paying capitalized interest, if any, funding the Series 2013 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2013 Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $49,500,000. Said Series 2013 Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2013 Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2013 Bonds shall be numbered from AR-1 consecutively upward. The Series 2013 Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $49,500,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 6%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 30 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2013 Bonds. A. The Series 2013 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2013 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2013 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2013 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2013 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the

Issuer or the Registrar either a Series 2013 Bond or any other evidence of ownership of the Series 2013 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2013 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2013 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2013 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2013 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2013 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2013 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2013 Bonds so redeemed, but DTC may retain such Series 2013 Bonds and make an appropriate notation on the Series 2013 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2013 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2013 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2013 Bonds, selecting the Series 2013 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2013 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2013 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2013 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2013 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2013 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2013 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2013 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2013 Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2013 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be

designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2013 Bonds.

Section 3.12. Delivery of Series 2013 Bonds. The Issuer shall execute and deliver the Series 2013 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2013 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 2013 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 2013 Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2013 Bonds by Bond Counsel; and

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

Section 3.13. Form of Series 2013 Bonds. The definitive Series 2013 Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2013 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 2013 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2013 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 2013 Bonds. Upon the issuance and delivery of the Series 2013 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(1). All interest accrued, if any, on the Series 2013 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2013 Bonds Sinking Fund and applied to payment of interest on the Series 2013 Bonds at the first interest payment date.

(2). An amount of the proceeds of the Series 2013 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 2013 Bonds Reserve Account, provided that, to the extent the Series 2013 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2013 Bonds shall be deposited in the Series 2013 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2013 Bonds Reserve Requirement.

(3). The amount of Series 2013 Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2013 Bonds shall be

deposited with the Depository Bank in the Series 2013 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2013 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 2013 Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2013 Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2013 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 2013 Bonds from which such proceeds are derived.

(4). The balance of Series 2013 Bonds proceeds, if any, shall be deposited in the Series 2013 Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2013 Bonds Construction Fund. Disbursements from the Series 2013 Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2013 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 2013 Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2013 Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

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

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

(2) Renewal and Replacement Fund (established by the Prior Ordinances);

(3) Series 2013 Bonds Costs of Issuance Fund;

(4) Rebate Fund; and

(5) Series 2013 Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued if established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 2005 A Bonds Sinking Fund (established by Prior Ordinances)

(2) Series 2005 A Bonds Reserve Account (established by Prior Ordinances);

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

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

(5) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);

(7) Series 2013 Bonds Sinking Fund; and

(8) Series 2013 Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2013 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 Commission (i) the amounts required by the Prior Ordinances to pay interest on the Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2013 Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2013 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2013 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 2013 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2013 Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2013 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2013 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2013 Bonds Sinking Fund;

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) for deposit in the Series 2013 Bonds Sinking Fund (and in the Series 2013 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first

principal payment or mandatory Redemption Date of the Series 2013 Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2013 Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2013 Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2013 Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2013 Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2013 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, each month, pay from the Revenue Fund 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 Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2013 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2013 Bonds, for deposit in the Series 2013 Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 Bonds Reserve Requirement; provided further, that if the amounts in the Series 2013 Bonds Reserve Account, as a result of a decrease in value of the Series 2013 Bonds Reserve Account below the Series 2013 Bonds Reserve Account Requirement or any withdrawal from the Series 2013 Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2013 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2013 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2013 Bonds Reserve Account is less than the Series 2013 Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2013 Bonds Reserve Account for deposit into the Series 2013 Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2013 Bonds Reserve Account to an amount equal to the Series 2013 Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2013 Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2013 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 2013 Bonds Reserve Account

whenever and as long as the amount deposited therein shall be equal to the Series 2013 Reserve Account Requirement.

Amounts in the Series 2013 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2013 Bonds when due, when amounts in the Series 2013 Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2013 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2013 Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2013 Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE

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

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

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

(A) Qualified Investments acquired for the Series 2013 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2013 Bonds Reserve Account to the Series 2013 Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2013 Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2013 Bonds Reserve Account an amount at least equal to the Series 2013 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2013 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2013 Bonds Reserve Account shall, at any time, be less than the applicable Series 2013 Bonds Reserve Requirement , the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2013 Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2013 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

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

Section 5.03. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2013 Bonds which would cause the Series 2013 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 2013 Bonds) so that the interest on the Series 2013 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by Bond Counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2013 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In

the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2013 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 2013 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 2013 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2013 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2013 Bonds or money in the Series 2013 Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2013 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2013 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2013 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2013 Bonds, all monies and securities in the Series 2013 Bonds Sinking Fund, including the Series 2013 Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2013 Bonds herein authorized, to make the payments into the Series 2013 Bonds Sinking Fund, all monies and securities in the Series 2013 Bonds Sinking Fund, the Series 2013 Bonds Reserve Account and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2013 Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Ordinance. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted November 15, 2011 as amended by Recommended Decision entered April 19, 2012, and Commission Order dated May 18, 2012 in Case No. 11-1772-S-MA of the Public Service Commission of West Virginia (the "PSC"), and the water rate ordinance of the Issuer dated November 15, 2011, as amended by Recommended Decision entered July 31, 2012, which became Final Order on August 20, 2012 in Case No. 11-1770-W-MA of the PSC, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2013 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance and in compliance with this Ordinance. In the event the schedule of rates and charges initially established for the System in connection with the Series 2013 Bonds shall prove to be insufficient to produce the required sums set forth in this Ordinance, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance.

Prior to the issuance of the Series 2013 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the City Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be 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 so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to provide for all Operating Expenses of the System and 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 2013 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds including the Prior Bonds.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under construction, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia, (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

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 90 days following a determination of the Independent Certified Public Accountant that less than the above-

required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition 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 the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2013 Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance 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 Series 2013 Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Gross Revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $500,000, the Issuer may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the Issuer by resolution duly adopted, find that the property is no longer necessary, useful or profitable in the operation of the System 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 which are less than $500,000 may be deposited into the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the Issuer. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of 5,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer, if any, or if the Series 2013 Bonds are not insured, the Holders, or their duly authorized representatives, of 51% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer, if any, or if the Series 2013 Bonds are not insured, 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 2013 Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Series 2013 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 2013 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2013 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 on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable.

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds or Additional Parity 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 2013 Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 115% 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 Prior Ordinances and this Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the Issuer.

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 Bonds. All covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

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

No Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Ordinance for the year being audited and the Issuer has, as required by Section 6.04, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the Issuer from issuing Additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2013 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer from claims for bodily injury and/or death and from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Issuer, (with provision for reasonable reserves, participate in a captive insurance company or participate in an insurance pool for municipalities and other political subdivisions.

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, participate in captive insurance companies and participate in an insurance pool for municipalities and other political subdivisions

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

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

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

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

The Issuer shall require all contractors engaged in the construction of the 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 also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department,

agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2013 Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Series 2013 Bonds issued pursuant to this Ordinance.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 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 2013 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain a Municipal Bond Insurance Policy for the Series 2013 Bonds. In the event such Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2013 Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2013 Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2013 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 2013 Bonds during the term thereof is, under the terms of the Series 2013 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 2013 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 2013 Bonds during the term thereof is, under the terms of the Series 2013 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 2013 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 2013 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2013 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 2013 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 2013 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 2013 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. .

Section 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2013 Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Agreement in such form as may be approved by the Supplemental Resolution, and the Mayor is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of such Agreement by the Mayor.

Section 6.20 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2013 Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2013 Bonds and as the Mayor may approve (the "Official Statement"). The execution of the Official Statement by the Mayor shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2013 Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2013 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

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

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

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

(C) Bring suit upon the Series 2013 Bonds, as applicable;

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

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2013 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2013 Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2013 Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2013 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2013 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication and Registration on the Series 2013 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2013 Bonds, the first exchange of Series 2013 Bonds and the exchange of Series 2013 Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2013 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2013 Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2013 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2013 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2013 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 mail to each Bondholder notice of any such appointment within 20 days after the effective date of such appointment. Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2013 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2013 Bonds shall be and remain DTC-Eligible.

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2013 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2013 Bonds made

hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2013 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2013 Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2013 Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 51% in aggregate principal amount of the Series 2013 Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2013 Bonds required for consent to any such modification or amendment.

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

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

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

C. The amount of fully registered Series 2013 Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2013 Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Bonds. All Series 2013 Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2013 Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2013 Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall

at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

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

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

REGISTRAR
[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attn: Executive Director

DEPOSITORY BANK
[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER
[Name(s) and address(s) to be set forth in Supplemental Resolution]

BOND INSURER
[Name(s) and address(es) to be set forth in the Supplemental Resolution]

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, other elected officials of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2013 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 2013 Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2013 Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Reserved

Section 10.11. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.12. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.13. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.14. 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 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 Series 2013 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 2nd day of April, 2013, at 7:00 p.m., in the Council Chambers of the City Hall, Wheeling and present protests, and that a certified copy of this Ordinance is on file with the City Clerk for review by interested parties during the office hours of the City Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

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

First Reading:	March 19, 2013
Second Reading:	April 2, 2013
Effective following Public Hearing held on:	April 16, 2013

[SEAL]

Mayor

ATTEST:

City Clerk

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 on April 16, 2013, 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 as supplemented by Supplemental Resolution duly adopted on May 7, 2013.

Dated: May 30, 2013.

[SEAL]

Janice L. Ives

City Clerk

EXHIBIT A - SERIES 2013 BOND FORM

[DTC Legend]

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2013, and supplemented by a supplemental resolution adopted by said Council on _____, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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 Series 2013 Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer]___.]

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

_____

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by

the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not

exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

[Manual or facsimile signature]
Mayor

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: _____, 2013.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION AUTHORIZING AND APPROVING CERTAIN PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX-EXEMPT) OF THE CITY OF WHEELING; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT; AN OFFICIAL STATEMENT, A CERTIFICATE OF DETERMINATIONS AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of The City of Wheeling (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective April 16, 2013 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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 $49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Issuer desires to supplement the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt), in the aggregate principal

amount of not more than $49,500,000 (the "Series 2013 Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on the Series 2013 Bonds, funding a reserve account for the Series 2013 Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2013 Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement, a Preliminary Official Statement and an Official Statement be approved and that other matters pertaining to the Series 2013 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2013 Bonds be provided for by a supplemental resolution of this Governing Body and a certificate of determinations executed by the Mayor and the City Manager;

WHEREAS, the Series 2013 Bonds are proposed to be purchased by Piper Jaffray and Co. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor and City Manager the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms of the Bonds and all provisions of all documents relating to the Series 2013 Bonds (the "Bond Documents"), without the requirement of further official action by this Governing Body; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Preliminary Official Statement and Official Statement relating to the Series 2013 Bonds, hereinafter described, be approved, that the Issuer's Mayor and City Manager be authorized to execute the Certificate of Determinations and enter into the Bond Purchase Agreement, all within the parameters hereby approved by the Governing Body, and that other matters relating to the Series 2013 Bonds be herein provided for, all in accordance with said Ordinance.

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

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2013 Bonds. The Series 2013 Bonds shall be issued in the aggregate principal amount not to exceed $42,000,000, bear interest at a true interest rate not to exceed 5.0% payable semiannually, shall mature in not more than 30 years from the date of issue, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, and shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor and City Manager pursuant to their execution of the Certificate of Determinations and the Series 2013 Bonds shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2013 Bonds shall be as determined by the Mayor and City Manager at the

time of the execution of the Bond Purchase Agreement and as approved by the Mayor and City Manager in the Certificate of Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2013 Bonds shall be as provided in the Ordinance.

Section 2. 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 and City Manager thereof shall be and the same are hereby authorized, approved, and directed. The Mayor and City Manager shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Bond Purchase Agreement by the Mayor and City Manager 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 2013 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2013 Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor and City Manager thereof shall be and the same are hereby authorized, approved and directed. The Mayor and City Manager shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Continuing Disclosure Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section. WesBanco Bank, Inc. is hereby appointed as dissemination agent under the Continuing Disclosure Agreement.

Section 4. The Preliminary Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor and City Manager), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor and City Manager shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Official Statement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor and City Manager is hereby ratified and approved.

Section 5. 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 2013 Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor and City Manager shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Registrar Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 6. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2013 Bonds.

Section 7. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia for the purpose of serving in the capacity of Registrar.

Section 8. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia as the Depository Bank.

Section 9. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 10. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Corporate Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 117
Charleston, West Virginia 25302
Attention: Executive Director

ORIGINAL PURCHASER

Piper Jaffray & Co.
405 Capitol Street
Charleston, West Virginia 25301
Attention: Public Finance

Section 11. The City Manager, Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2013 Bonds issue to the end that the Series 2013 Bonds may be delivered as provided in the Bond Purchase Agreement.

Section 12. The financing of the project with proceeds of the Series 2013 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. This Supplemental Resolution shall be effective immediately.

Adopted this 7th day of May, 2013.

THE CITY OF WHEELING

By: _____
Its: Mayor

[SEAL]

By: _____
Its: City Manager

Attest:

_____
City Clerk

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF WHEELING on the 7th day of May, 2013.

Dated: May 30, 2013.

[SEAL]

Janice L. Jones
City Clerk

964250.00061

5891661

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

CERTIFICATE OF DETERMINATIONS

The undersigned, Andrew McKenzie, Mayor and the undersigned, Robert Herron, City Manager of The City of Wheeling (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on May 7, 2013 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), hereby finds and determines this _____ day of May, 2013 as follows:

1. The Series 2013 Bonds shall be dated the date of closing thereon (estimated to be _____ _____, 2013) and shall bear interest on _____ and _____ of each year commencing _____, 2013.

2. The Series 2013 Bonds shall be issued in the aggregate principal amount of $____ _____, at a true interest cost of ___%. Such interest rates do not exceed _____%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2013 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2013 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2013 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2013 Bonds shall be sold to Piper Jaffray & Co., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2013 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2013 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS our signatures the day and year first written above.

THE CITY OF WHEELING

By: _____
Its: Mayor

By: _____
Its: City Manager

Schedule 1

SERIES 2013 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (_____1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
AR-1	_____1	$_____	_____%	_____%	_____

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2013 Bonds maturing on or after _____, 20___, are subject to redemption on or after _____, 20___, at the option of the Governing Body, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
_____, 20___ and thereafter	100%

In the event of such optional redemption, the Governing Body may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

CERTIFICATE OF DETERMINATIONS

The undersigned, Andrew McKenzie, Mayor and the undersigned, Robert Herron, City Manager of The City of Wheeling (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on May 7, 2013 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), hereby finds and determines this 15th day of May, 2013 as follows:

1. The Series 2013 Bonds shall be dated the date of closing thereon (estimated to be May 30, 2013) and shall bear interest on June 1 and December 1 of each year commencing December 1, 2013.

2. The Series 2013 Bonds shall be issued in the aggregate par amount of $38,255,000.00, at an all-in true interest cost of 3.91940%. Such interest rates do not exceed 5.0%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2013 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2013 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2013 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2013 Bonds shall be sold to Piper Jaffray & Co., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $38,977,085.30 (representing par value of $38,255,000.00 less an Underwriter's discount of $344,295.00 plus a net original issue premium of $1,066,380.30).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2013 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2013 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS our signatures the day and year first written above.

THE CITY OF WHEELING

By: _____
Its: Mayor

By: _____
Its: City Manager

Schedule 1

SERIES 2013 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Maturity Date	Amount	Rate	Yield	Price	*	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:									
6/1/2014	780,000	2.000%	0.540%	101.458					11,372.40
6/1/2015	800,000	2.000%	0.680%	102.621					20,968.00
6/1/2016	820,000	2.000%	0.880%	103.311					27,150.20
6/1/2017	835,000	2.000%	1.090%	103.554					29,675.90
6/1/2018	850,000	3.000%	1.330%	108.056					68,476.00
6/1/2019	875,000	3.000%	1.630%	107.804					68,285.00
6/1/2020	400,000	2.000%	1.920%	100.521					2,084.00
6/1/2020	500,000	3.000%	1.920%	107.045					35,225.00
6/1/2021	750,000	2.000%	2.190%	98.612					(10,410.00)
6/1/2021	175,000	4.000%	2.190%	113.220					23,135.00
6/1/2022	950,000	2.125%	2.370%	98.024					(18,772.00)
6/1/2023	970,000	2.250%	2.530%	97.539					(23,871.70)
	8,705,000								233,317.80
Term Bond Maturing June 1, 2026:									
6/1/2024	990,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	85,001.40
6/1/2025	1,030,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	88,435.80
6/1/2026	1,070,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	91,870.20
	3,090,000								265,307.40
Term Bond Maturing June 1, 2029:									
6/1/2027	1,115,000	3.375%	3.550%	97.877					(23,671.45)
6/1/2028	1,150,000	3.375%	3.550%	97.877					(24,414.50)
6/1/2029	1,190,000	3.375%	3.550%	97.877					(25,263.70)
	3,455,000								(73,349.65)
Term Bond Maturing June 1, 2033:									
6/1/2030	1,230,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	35,793.00
6/1/2031	1,280,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	37,248.00
6/1/2032	1,330,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	38,703.00
6/1/2033	1,160,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	33,756.00
	5,000,000								145,500.00
Term Bond Maturing June 1, 2038:									
6/1/2034	1,210,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	127,304.10
6/1/2035	1,215,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	127,830.15
6/1/2036	1,220,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	128,356.20
6/1/2037	1,225,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	128,882.25
6/1/2038	1,230,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	129,408.30
	6,100,000								641,781.00

5.000% Term Bond Maturing June 1, 2043:									
6/1/2039	190,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	18,327.40
6/1/2040	195,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	18,809.70
6/1/2041	200,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	19,292.00
6/1/2042	205,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	19,774.30
6/1/2043	210,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	20,256.60
	1,000,000								96,460.00
4.000% Term Bond Maturing June 1, 2043									
6/1/2033	225,000	4.000%	4.130%	97.775					(5,006.25)
6/1/2034	230,000	4.000%	4.130%	97.775					(5,117.50)
6/1/2035	295,000	4.000%	4.130%	97.775					(6,563.75)
6/1/2036	360,000	4.000%	4.130%	97.775					(8,010.00)
6/1/2037	430,000	4.000%	4.130%	97.775					(9,567.50)
6/1/2038	505,000	4.000%	4.130%	97.775					(11,236.25)
6/1/2039	1,625,000	4.000%	4.130%	97.775					(36,156.25)
6/1/2040	1,695,000	4.000%	4.130%	97.775					(37,713.75)
6/1/2041	1,770,000	4.000%	4.130%	97.775					(39,382.50)
6/1/2042	1,845,000	4.000%	4.130%	97.775					(41,051.25)
6/1/2043	1,925,000	4.000%	4.130%	97.775					(42,831.25)
	10,905,000								(242,636.25)
	38,255,000								1,066,380.30

*C – Priced to the first optional redemption date on June 1, 2023 at par (100%)

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2013 Bonds maturing on or after June 1, 2024, are subject to redemption on or after June 1, 2023, at the option of the Governing Body, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
June 1, 2023 and thereafter	100%

EXHIBIT 1

[Form of Bond Purchase Agreement]
(See Transcript No. 29)

EXHIBIT 2

[Form of Continuing Disclosure Agreement]
(See Transcript No. 30)

EXHIBIT 3

[Form of Registrar Agreement]
(See Transcript No. 33)

EXHIBIT 4

[Form of Official Statement]
(See Transcript No. 27)

THE CITY OF WHEELING (WEST VIRGINIA)

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013
(Tax-Exempt)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 30th day of May, 2013, the undersigned, Marie L. Presiozo, Senior Vice President and Manager of West Virginia Public Finance, of Piper Jaffray & Co. (the "Underwriter"), for and on behalf of the Underwriter, and the Mayor of The City of Wheeling (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 30th day of May, 2013, in Charleston, West Virginia, the Underwriter received the entire original issue of $38,255,000 in aggregate principal amount of The City of Wheeling (West Virginia) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds" or the "Bonds"). The Series 2013 Bonds, as so received on original issuance, are in various denominations, are all dated May 30, 2013, and are numbered from R-1, upward in order of maturity to R-18, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer by his manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by the Clerk of the Issuer by her manual signature, and had been authenticated by an authorized officer of WesBanco Bank, Inc., as Registrar.

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

Par Amount	$38,255,000.00
Plus: Net Original Issue Premium	$1,066,380.30
Less: Underwriters Discount	(344,295.00)
Total	$38,977,085.30

Payment for the Bonds was made in immediately available funds (federal funds wire) in the amount of $38,977,085.30.

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

PIPER JAFFRAY & CO

By: _____
Its: Senior Vice President

THE CITY OF WHEELING

By: _____
Its: Mayor

964250.00061

5891024

THE CITY OF WHEELING (WEST VIRGINIA)

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013
(Tax-Exempt)

DIRECTION TO AUTHENTICATE, REGISTER AND DELIVER BONDS

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

Ladies and Gentlemen:

On the 30th day of May, 2013, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. R-1 through R-18, inclusive, constituting the entire original issue of The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt), dated May 30, 2013, in the aggregate principal amount of $38,255,000, (the "Bonds"), executed by the Mayor and Clerk of The City of Wheeling (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on April 16, 2013, as supplemented by a Supplemental Resolution adopted by the Issuer on May 7, 2013 (collectively, the "Bond Legislation").

2. Copies of the Bond Legislation, certified by the Clerk of the Issuer.

3. The signed, unqualified approving opinions of Steptoe & Johnson PLLC, as bond counsel.

You are hereby requested and authorized, pursuant to Section 3.12 of the Bond Legislation, to authenticate, register in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC") and deliver the Bonds to DTC, for the account of Piper Jaffray & Co. as the original purchaser thereof.

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Dated as of the day and year first stated above.

THE CITY OF WHEELING

By: _____
Its: Mayor

964250.00061

5891041

SPECIMEN

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

No. R-1 $780,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	JUNE 1, 2014	MAY 30, 2013	963270 EM1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-2

$800,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	JUNE 1, 2015	MAY 30, 2013	963270 EN9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-3

$820,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	JUNE 1, 2016	MAY 30, 2013	963270 EP4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-4

$835,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	JUNE 1, 2017	MAY 30, 2013	963270 EQ2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

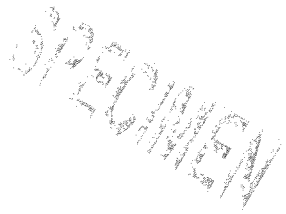
SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN



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

No. R-5 $850,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	JUNE 1, 2018	MAY 30, 2013	963270 ER0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-6 $875,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	JUNE 1, 2019	MAY 30, 2013	963270 ES8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-7 $400,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	JUNE 1, 2020	MAY 30, 2013	963270 EX7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

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

No. R-8 $500,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	JUNE 1, 2020	MAY 30, 2013	963270 ET6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-9

$750,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	JUNE 1, 2021	MAY 30, 2013	963270 EU3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-10 $175,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	JUNE 1, 2021	MAY 30, 2013	963270 EY5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-11 $950,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.125%	JUNE 1, 2022	MAY 30, 2013	963270 EV1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-12 $970,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.250%	JUNE 1, 2023	MAY 30, 2013	963270 EW9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED SEVENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-13 $3,090,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	JUNE 1, 2026	MAY 30, 2013	963270 EZ2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE MILLION NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-14 $3,455,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.375%	JUNE 1, 2029	MAY 30, 2013	963270 FA6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE MILLION FOUR HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-15 $5,000,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	JUNE 1, 2033	MAY 30, 2013	963270 FC2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE MILLION DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

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

No. R-16

$6,100,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	JUNE 1, 2038	MAY 30, 2013	963270 FD0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SIX MILLION ONE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-17 $1,000,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	JUNE 1, 2043	MAY 30, 2013	963270 FE8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE MILLION DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SPECIMEN

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

No. R-18 $10,905,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	JUNE 1, 2043	MAY 30, 2013	963270 FB4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TEN MILLION NINE HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning December 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by 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 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 $38,255,000 designated "The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated May 30, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on April 16, 2013, and supplemented by a supplemental resolution adopted by said Council on May 7, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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.

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: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

(B) Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar 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 dated fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$190,000
2040	$195,000
2041	$200,000
2042	$205,000
2043*	$210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$225,000
2034	$230,000
2035	$295,000
2036	$360,000
2037	$430,000
2038	$505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 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 Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Series 2013 Bonds except for accrued interest thereon, if any, shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Series 2013 Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: May 30, 2013.

WESBANCO BANK, INC.,
As Registrar

By: _____
Its Authorized Officer

(FORM OF)

ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 31, 2012

FINAL

8/20/2012

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

RECOMMENDED DECISION

This Recommended Decision grants the application for a certificate of public convenience and necessity; approves the funding for the project; approves rates that will support the project; and requires that the City of Wheeling (Wheeling or City) file a proper tariff and all necessary governmental agency approvals, rights-of-way, user agreements and other certifications required in all certificate cases.

Case No. 11-1770-W-MA

On or about November 15, 2011, the City of Wheeling (Wheeling or City), a municipal corporation, Wheeling, Ohio County, adopted an ordinance increasing its rates and charges to provide water service to its customers inside and outside its corporate boundaries, to become effective December 30, 2011. Wheeling published a notice of these rates, and, pursuant thereto, on or about December 14, 2011, the Ohio County Public Service District (District), the Town of Valley Grove (Valley Grove) and the Town of Triadelphia (Triadelphia), resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's proposed November 15, 2011 rate ordinance, alleging discrimination to their respective customers. Subsequently, numerous protests have been filed by residential customers of Wheeling. Pursuant to the protests and pursuant to *West Virginia Code (Code)* §24-2-4b, by the

December 16, 2011 Commission Order Suspending Rates and Referring to Administrative Law Judge (Order), the Commission invoked its jurisdiction over the municipal appeal.

By said December 16, 2011 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., April 28, 2012, 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 March 29, 2012, effectively 29 days prior to the end of the statutory suspension period, since April 28, 2012, is a Saturday. Finally, the Order directed Commission Staff to file its report on or before February 13, 2012.

By Procedural Order issued on January 4, 2012, the Administrative Law Judge (ALJ) adopted a procedural schedule to process and resolve Case No. 11-1770-W-MA, including a Tuesday, February 21, 2012 hearing date.

Case No. 12-0011-W-CN

On January 5, 2012, the City filed an application with the Commission for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing to fund the project. The City estimated that the project would cost approximately $34,004,188, which would be financed through the issuance of publicly marketed revenue bonds totaling approximately $48,935,000, bearing 6% interest for a 30-year term.

By Commission Order entered January 6, 2012, the Commission directed that Wheeling publish the Notice of Filing, which provides a 30-day protest period, one time in a newspaper qualified under *Code* §59-3-1 *et seq.*, published and generally circulated in each county where it provides service and separately mail a copy of the Notice of Filing to each of its resale customers.

Consolidated Case

By Commission Order entered January 27, 2012, responding to a motion from Wheeling, the Commission consolidated Case Nos. 11-1770-W-MA and 12-0011-W-CN; tolled the statutory deadline in Case No. 11-1770-W-MA until October 2, 2012, thereby deferring the use of the rates contained in the ordinance until12:01 a.m., on October 2, 2012; referred Case No. 12-0011-W-CN to the ALJ Division for decision no later than August 2, 2012; extended the decision due date in Case No. 11-1770-W-MA until August 2, 2012; required that Staff filed its reports in Case No. 12-0011-W-CN by May 18, 2012; and extended the date for Staff to file its reports in Case No. 11-1770-W-MA until May 18, 2012.

On February 1, 2012, Staff Attorney Chris Howard submitted the Initial Joint Staff Memorandum in Case No. 12-0011-W-CN, attaching the January 26, 2012 Utilities and

Engineering Divisions Initial Memorandum prepared by Utilities Analyst Pamela Latocha, Utilities Division, and Staff Engineer Jonathan Fowler, P.E., Engineering Division, indicating that, once it had completed its investigation and evaluation, Commission Staff would file reports and data supporting a final substantive recommendation.

By Order Canceling Hearing issued on February 17, 2012, the ALJ canceled the procedural schedule adopted by the January 4, 2012 Order in Case No. 11-1770-W-MA, including the hearing scheduled to convene on Tuesday, February 21, 2012.

On February 21, 2012, Wheeling filed a publication affidavit showing that the Notice of Filing in Case No. 12-0011-W-CN was published on January 11, 2012, in the *Intelligencer*, a newspaper published and generally circulated in Ohio County. Wheeling also filed copies of United States Certified Mail receipts representing that it mailed a copy of the Notice of Filing to each of its resale customers.

By Order Establishing Procedural Schedule for Consolidated Proceeding issued on March 2, 2012, the ALJ adopted a procedural schedule to process and resolve this consolidated matter, including a Friday, May 25, 2012 hearing date.

After the ALJ encountered a scheduling conflict with the hearing date and confirmed that the parties and their witnesses would be available for hearing on Thursday, May 24, 2012, by Order Modifying Procedural Schedule for Consolidated Proceeding issued on April 19, 2012, the ALJ modified the procedural schedule adopted by the March 2, 2012 Order, including changing the hearing date to May 24, 2012; required that Wheeling publish the Notice of Hearing attached to April 19, 2012 Order as a Class II legal advertisement once a week for two (2) consecutive weeks in a newspaper duly qualified under *West Virginia Code* (*Code*) §59-3-1, *et seq.*, published and generally circulated in Ohio County and provide proof of such publication at the hearing; and adopted a briefing schedule.

On May 24, 2012, the ALJ convened the hearing as scheduled. Wheeling appeared at the hearing by counsel, Robert R. Rodecker, Esquire; Commission Staff appeared by counsel, Staff Attorney Christopher L. Howard, Esquire; and the Intervenors appeared by David B. Hanna, Esquire. Wheeling presented the testimony of six witnesses and presented 12 exhibits. Commission Staff presented the testimony of four witnesses and presented five exhibits.

On August 15, 2011, the reporter submitted a 175-page transcript and a one-page certificate that the transcript is a true and accurate record of the August 7, 2011 hearing.

After the hearing, the parties availed themselves of their rights to filed proposed findings of fact and conclusions of law, briefs, replies and other written legal arguments, all of which the ALJ considered, together with all of the evidence, prior to rendering this Recommended Decision.

EVIDENCE

The parties stipulated that the project is needed. (Tr., at 10).

Wheeling called the superintendent of its water operation, William F. Huggins, as its first witness. He identified his prepared direct testimony, received as City Exhibit No. 1. Mr. Huggins has served as the superintendent for 33 years. One of his duties is to prepare Wheeling's annual budget. He opined that the project is needed and that the rates proposed by Wheeling are necessary to support the operation and maintenance (O&M) expenses and debt service requirements that Wheeling will incur upon the project becoming operational and to provide the proper debt service coverage and an adequate surplus for reasonable capital additions. The project is comprised chiefly of a new water treatment plant, designed by CT Consultants (CT). The existing treatment plant is approximately 90 years old and has substantial structural problems, especially in the main filter building. The new plant is necessary to meet the United States Environmental Protection Agency (EPA) regulations. He believes that the project has been designed properly. The membrane design planned for the treatment plant provides a more effective barrier against contamination of the City's finished water when compared to the existing treatment plant that uses sand filters for this purpose. (Tr., at 13-14; City Exhibit No. 1).

Next, Wheeling called Craig W. Juday, P.E., the project engineer who works for CT. He identified his prepared direct testimony, received as City Exhibit No. 2. Mr. Juday is responsible for the implementation of engineering services associated with the planning, design and funding of the proposed improvements to the City's water treatment plant. The major components of the project include:

1. Rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation;

2. Replacing the existing blower building and equipment;

3. Replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation;

4. Replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance;

5. Constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls;

6. Replacing the existing clearwell with a new above-ground storage tank; and

7. Making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the plant.

(Tr., at 15-17; City Exhibit No. 2, pp. 1-2).

Mr. Juday is responsible for deploying, managing and coordinating CT's engineering resources and a sub-consultant, Malcolm Pirnie, Inc. (MP), now called Ardadis, Inc. (Arcadis), in the preparation of reports, design plans, bidding and contract documents, technical specifications and opinions of probable construction costs. He listed several publications and reports that were consulted during this process. (City Exhibit No. 2, pp. 2-4).

Mr. Juday stated that Wheeling had obtain Permit No. 18,823 from the West Virginia Office of Environmental Health Services (OEHS). He opined that the project as designed is necessary and in the best interests of Wheeling and its customers. The project improves and upgrades an old existing water treatment plant with state-of-the art equipment which is more energy-efficient to operate, provides greater operational stability to suit variable conditions with river source water and provides a more reliable and sustainable means to comply with continually emerging drinking water regulations, e.g., the "long term 2 enhanced surface water treatment rules" or LT2ESWTR, which establish performance criteria for the effective removal of microbial contaminants and which place an increased focus on the optimization of the filtration process. The proposed design will provide a cost-effective approach to providing an increased level of treatment, treatment control and optimization of operation, all of which are in the best interests of the customers. (City Exhibit No. 2, pp. 4-5).

Mr. Juday opined that, from a regulatory requirements viewpoint, the new filtration building with membrane filtration, which will replace the existing conventional granular media filtration system, provides a much greater particle removal capability. The project will provide improved chemical feed systems for optimum coagulation and disinfection by-product control. (City Exhibit No. 2, p. 5).

Mr. Juday opined that, from an efficiency and safety viewpoint, the new project will repair existing reinforced concrete; replace existing walkways for safer access to equipment; improve the existing influent pump by distributing the pumping among three pumps rather than one; repair existing valves and gates that currently are difficult to operate; replace flocculators to reduce maintenance expenses, e.g., parts are not available because they are so old; repair other existing unit process equipment to reduce maintenance expenses; and replace existing deteriorated equipment such as the baffle wells that are structurally failing. (City Exhibit No. 2, p. 6).

Mr. Juday also opined that, from an increased level of treatment control and optimization of operation view, the project will upgrade the existing aeration blowers with new ones that are more energy-efficient, reliable and variable in operation; upgrade the instrumentation and control with SCADA remote monitoring to monitor all processes in real time and keep the operator interfaced with equipment functions when necessary for quality operation; and replace finished water pumps with newer, more energy-efficient pumps that will provide more flexibility in pump operation depending on the conditions that exist at the time. (City Exhibit No. 2, p. 7).

The next witness for Wheeling was John S. Bodkin, Jr., CPA, who identified his prepared direct testimony, received as City Exhibit No. 3. Mr. Bodkin prepared the City's Rule 42 exhibit required in this joint proceeding. The rates that Wheeling enacted in its rate ordinance are the same rates that were set forth in the City's Rule 42 exhibit. He opined that the Rule 42 exhibit was prepared in accordance with Commission requirements. In preparing the rates, he tried to minimize the impact of rate increases for the City's customers, while, at the same time, generate sufficient cash flow to meet the demands of the existing and projected debt service. (Tr., at 18-20; City Exhibit No. 3, pp. 1-2).

Mr. Bodkin explained that the City must sell its bonds to finance the construction of the project before the project can begin. Increased rates must be in effect before the project begins, in order to produce sufficient cash flow to meet debt service payments and net revenues to meet the rate covenants of the outstanding bonds. "The City realized that, if a protest was filed, the effective date of the increased rates may be delayed, and, if the rate increase was delayed, the interest payments on the new bond issue (for a period of up to 2 years) would have to be capitalized, i.e., borrowed through the issuance of additional bonds. The impact of the delay caused by a protest would be approximately $10-$11million dollars of additional debt service on the bonds. The actual amount of the increase can only be determined when interest rates are fixed at the date of the bond issue." Accordingly, Wheeling enacted two sets of rates, one representing a 70% increase in revenues, assuming no protest, and the other increasing revenues by 80% to cover the increased costs if the matter was protested. He opined that the 80% increase is required. (City Exhibit No. 3, pp. 2-3).

Mr. Bodkin explained that Wheeling's bonds for its water operation are combined with its bonds for its sewer operation. Wheeling also enacted increased rates for its sewer operation, which are the subject of Case No. 11-1772-S-MA. The sewer system rate increase was necessary because Wheeling historically struggles to pay its O&M expenses and maintain its capital assets for the sewer operation. The sewer increase "was simply designed to provide funds to meet expenses and to meet the rate covenant tests of the combined system at June 30, 2012. This rate covenant test must be met at June 30, 2012, in order to issue bonds later in 2012 for the water project." He further explained that the City realized that the requested water increase would not be effective by June 30, 2012, and, therefore, needed the sewer rate increase that would be effective by that date in order to meet the coverage requirements of the combined system. (City Exhibit No. 3, pp. 3-5).

Mr. Bodkin identified the City's Rule 42 exhibit, received as City Exhibit No. 4. (Tr., at 20; City Exhibit No. 4).

Mr. Bodkin has reviewed all of the reports prepared by Commission Staff. He has no problems with the Staff Rule 42 exhibit prepared by Marian Russell. He takes exception, however, to the Staff-recommended revenue requirements and rates prepared by Pamela Latocha. He is surprised that Staff has recommended a rate decrease at going-level and believes that Staff may not understand the need for an 80% increase to support the project, rather than 70%, due to the time that passes when a rate ordinance is protested. This delay due to the protest of the rate ordinance will cost Wheeling between $10,000,000 and $12,000,000 in additional principal and

interest. One of the key elements to this case is that, under the City's existing bonds, it must issue a certificate from a CPA indicating that coverage is in place that satisfies all of the bond covenants and requirements. This certification that the coverage is in place at going-level and will be in place for the three years following the completion of construction must be filed well in advance of selling the bonds. Since construction of the project will take at least two years, this certification actually has to be for a five-year period. The rates in the ordinance are designed to provide the required debt service coverage looking forward five years as well as at going-level. (Tr., at 21-24).

Mr. Bodkin opined that, under Staff's analysis, the first payment on the bonds would be due in 2015. He opined that the proper debt service coverage has to be provided for in the rates now, not just once the project is operational. He realizes that payment will not be due on the bonds until the construction is finished, but the coverage has to be in place at going-level, not just after construction. Mr. Bodkin identified a document he prepared depicting the debt service requirements for all of Wheeling's existing and proposed bonds through 2042, received as City Exhibit No. 5. He corrected the document by changing the heading "2012 State Issue" to "2013 Staff Issue." He explained that Wheeling anticipated that the bonds for the proposed project would be issued during the 2012 accounting year, but now realizes that they will not be issued until well into the 2013 year. This corrected column contains the debt service requirement anticipated by Staff's analysis, which assumes a 3.04% bond rate for a 30-year term. Using Staff's assumptions, Mr. Bodkin has developed the maximum annual debt service as it relates to the coverage tests contained in Wheeling's existing bond issues. The bond language states that the maximum annual debt service starts in the year in which the bonds are sold, not the year when the first payment is due. "Under the rate covenant that the City is required to meet, we have to add in the debt service associated with this 2013 issue. (Tr., at 24-29; City Exhibit No. 5).

Mr. Bodkin identified a document he prepared titled "Rate Decrease in 2013," received as City Exhibit No. 6. This document depicts an abbreviated cash flow statement for per books and for project years 2012 through 2018, putting the emphasis on the debt service coverage requirements for the water operation, the sewer operation and the combined operation. This document reflects Staff's recommended going-level rate decrease. This decrease would result in a decrease in revenues in the year ending June 30, 2013, of approximately $633,000. The project rate increase is not anticipated by Staff until 2015, i.e., the date the project is substantially complete. (Tr., at 29-31; City Exhibit No. 6).

Mr. Bodkin indicated that the column "Projected 6/30/15" is the first one that reflects the Staff-recommended increased rates, i.e., $2,861,634. The $633,322 decrease which Staff recommends at going-level is reflected in all of the columns beginning with the column "Projected 6/30/13." He explained that, since the actual numbers for the year ending on June 30, 2012, are not yet known, the column "Projected 6/30/12" are simply a repeat of the column "Per Books 6/30/11," with a slight increase due to inflation. The first sub-column in each named column is for the water operation, the second sub-column is for the sewer operation (labeled "WPCD" for water pollution control department) and the third sub-column is for the combined water and sewer operations. City Exhibit No. 6 shows a projected debt service coverage factor of only approximately 78% for the WPCD for the projected year ending on June 30, 2012. The

column "Projected 6/30/13" shows an increase in the sewer rates of approximately $139,694.18, which reflects the 2.7% increase contained in the Recommended Decision recently entered in the just-completed sewer rate case. The combined debt service coverage for the column "Projected 6/30/12" is approximately 122.55%. Due to the Staff-recommended decrease in the instant water rate case, the column "Projected 6/30/13" shows a combined debt service coverage of only 72.17%. The Staff-recommended rate decrease at going-level would reduce revenue by approximately $633,000, i.e., from approximately $6,003,000 to approximately $5,600,000. This illustrates what Mr. Bodkin believes would happen if the Commission approves the Staff-recommended rate decrease at going-level. (Tr., at 31-34; City Exhibit No. 6).

Mr. Bodkin further explained that the central purpose of City Exhibit No. 6 is to illustrate what the combined debt service coverage will be for the years through June 30, 2018. The first sub-column in the column "Projected 6/30/13" shows the figure $2,409,224 as the total projected debt service for that year, which is the same figure shown in the Staff-recommended 2013 column in City Exhibit No. 5. Again, this figure assumes what Staff assumed, i.e., that Wheeling would be able to issue bonds at 3.04% for a 30-year term. Staff does not include in its analysis this debt service requirement until the year ending on June 30, 2015. Staff does not believe that any debt service requirement will exist until 2015 when Wheeling actually has to begin making payments on the principal and interest for the bonds to be issued for the project in this case. This is the core difference between Staff's position and Wheeling's position. Wheeling believes that the bonds require a debt service coverage to be present even if no payments are due, i.e., the maximum annual debt service increases when the bonds are issued, not when payment is to be made on the principal and interest on those bonds. (Tr., at 34-37; Wheeling Exhibit No. 6).

Mr. Bodkin explained that, irrespective of when the project is substantially complete, once the bonds are issued, the maximum annual debt service increases. He opined that the maximum annual debt service is the test, not cash flow. Under the Staff-recommended rates, in 2013, when the bonds are issued, the debt on those bonds will be outstanding and the combined water service and sewer service debt service coverage will only be approximately 72%. He opined that the combined debt service requirement is 120%. The debt service of approximately $2,409,224 on the 2013 issue noted on City Exhibit No. 5 must be included in the calculation of the combined debt service coverage. Unless rates to support the 120% combined debt service requirement are in place before the bonds are issued, the bonds cannot be issued. Assuming, as planned, that the construction starts in 2013 and it takes two years, as estimated, the project will not be completed until 2015. Under the Staff-recommended rates, which would not become effective until the project is certified as substantially complete, the City's rates will not be sufficient to provide the 120% combined debt service coverage, the bonds will not be issued and the project will not be built. The certification of that 120% coverage test must also be made for three years after substantial completion, which means that rates must be in effect which meet that test beginning no later than when the bonds are issued and must continue to meet the 120% coverage requirement through at least 2017, depending on when the project actually is completed. (Tr., at 37-40; City Exhibit No. 5).

Mr. Bodkin clarified that his analysis only used the Staff-recommended interest rate of 3.04%. Mr. Bodkin identified a document titled "Rate Decrease in 2013/PSC Exhibit 1 Debt/Rate

Increase in 2015," received as City Exhibit No. 7. At the hearing, Mr. Bodkin added the words "Capitalized Interest Debt," to indicate what the document chiefly depicts. This document, like City Exhibit No. 6, is based on Staff's recommendations, including the 3.04% rate for which Staff believes the bonds can be sold. Much of the document is the same as City Exhibit No. 6 and follows the same format. City Exhibit No. 7 is to illustrate, for example, that, if the Staff-recommended rates are approved and do not become effective until the project is substantially complete, what the debt service coverage would be for the years 2013 through 2018. Under this analysis, the combined debt service coverage would be approximately 122.59% in 2013; 130.02% in 2014; 123.62% in 2014; 111.20% in 2015; 107.40% in 2016; 122.04% in 2017; and 117.3% in 2018. Since he has to certify, before the bonds are sold, that the combined debt service coverage will be met each year from 2013 through at least 2017, depending on the project completion date, City Exhibit No. 7 illustrates why he could not issue that certification if the Staff-recommended rates are approved. Mr. Bodkin explained that his calculations in City Exhibit No. 7 are based on Staff's recommendations and calculation methods so that a reliable comparison can be made. He opined that no one would want to purchase a bond when the certificate states that the combined debt service coverage will not be met during the years before the project is substantially complete and the three years subsequent to that. (Tr., at 40-48; City Exhibit No. 7).

Mr. Bodkin summarized that, if the Commission grants the certificate and the project is bid in early 2013, as anticipated, and the rates do not become effective until the project is certified as substantially complete, then the bonds for the project cannot be issued. Even if, for example, the debt service coverage in 2013 is approximately 130%, as Staff believes, that does not mean much, since he must certify that the 120% combined coverage test will be met for all of the years from the time the bonds are issued until three years after the project is certified as substantially complete. He has to look forward to 2017 or 2018, not just consider the coverage in 2013, when he makes his certification. The City adopted rates in its ordinance that would enable Mr. Bodkin to certify that the 120% combined debt service requirement would be met through 2017 or 2018, i.e., the rate increase must be at least 70%. He acknowledged that the rates in the ordinance would generate greater cash flow than what the Commission approves for most water utilities, but the financing for those utilities are not the kind of financing available to Wheeling. (Tr., at 48-49).

Wheeling has been very carefully managing the combined debt service coverage requirement in its existing bonds for many years and has taken several steps in planning for the project, e.g., the City refunded or refinanced the 1997 bond issue, which had a balloon payment due in 2012, so that this payment could be spread out over several years. The City had to pass an ordinance in 2009 to increase its water rates by 5% to make this refinancing possible and that ordinance was not protested. Wheeling has taken similar measures to make this project and the bond issue for this project feasible and has not been wasting revenues, but has been readying its finances so that the project could be possible. The 5% rate increase in 2009 was not to pad Wheeling's coffers, but to cover the cost of the refinancing of the balloon payment so that it could be spread out over several years. Mr. Bodkin emphasized that, if the Staff-recommended rates are approved, he will not be able to certify that Wheeling can meet the 120% combined debt service requirement and the bonds will not be issued. (Tr., at 49-52).

Mr. Bodkin explained that the two chief components that cause the debt service coverage to be lower than 120% in some of the years, according to his analysis, are the vacillating debt service requirements and anticipated O&M expenses during certain years. Wheeling has several different bond issues with different requirement in different years. The 120% combined debt service coverage test is 120% of the maximum annual debt service. This number changes from year to year, e.g., new bonds are issued or old ones are retired. He indicated that he estimated the increased O&M expenses for years subsequent to 2013 on common sense or experience, i.e., he has to assume that the O&M expenses in 2018 will be greater than they will be in 2013. He has used several tools, such as the cost of living index, which has gone up approximately 2.37% over the past 10 years, in making his estimates of increased O&M expenses in future years. He opined that his estimate is reasonable and is supportable by historic data and that it would not be reasonable to make an assumption that the O&M expenses would be level through 2017 or 2018. He opined that it would be more reasonable, when he makes his certification, to rely upon his methodology that assumes increased O&M expenses in future years, rather than to rely upon the City passing rate ordinances as needed that would ensure that the 120% debt service coverage requirement would be met in each of the years which he has to certify, e.g., members of Wheeling's City Council might not pass a new rate ordinance if they believed that doing so would cause them to not get reelected. He opined that, in making his analysis, he has projected, based on historical data, and not merely speculated what the increased O&M expenses would be. (Tr., at 52-57).

Mr. Bodkin explained that his certification is basically certifying to those who would purchase the bonds that Wheeling has sufficient collateral to ensure that they, the investors who buy the bonds, will recover their investments and earn the promised interest on those investments. He opined that investors will not rely upon a speculation that the City will pass additional rate ordinances in order to continue to pay the principal and interest on those bonds, as well as existing bond issues. He believes it is more reasonable for him to make a projection of the increased O&M expenses for future years and it is more reasonable for investors to rely upon such a projection. He also pointed out that his revenue projections for future years is not level, i.e., it decreases over time due to the historical trend that Wheeling is losing population, which means its customer base is becoming smaller. However, with City Exhibit No. 7, he has illustrated the Staff-recommended approach to show that the Staff-recommended rates and charges will not support the project, since he cannot certify that the 120% combined debt service coverage requirement will be met in each of the pertinent years. (Tr., at 57-59; City Exhibit No. 7).

Mr. Bodkin opined that the effective cost of this case being protested is approximately $10,000,000 to $11,000,000, which represents the cost that Wheeling will incur because it could not borrow the money when anticipated, i.e., Wheeling has had to capitalize the additional interest that it will incur due to the delay. "If the City could have borrowed the money already, without this protest, they could have borrowed substantially less money because they have to borrow the money during the construction period, because the contractor needs to be paid." This subject was explained to the resale customers who came to a meeting regarding the rate increase. The 70% increase in the ordinance was for rates that would have been necessary without any protest, i.e., for rates that would have become effective 45 days after enactment of the rate ordinance.

However, the ordinance also includes an 80% increase to allow for the protest that has occurred. The 70% increase would have been sufficient absent the protest, but, since the matter has been protested, thereby prolonging the process, the 80% increase is now necessary. Since the Staff-recommended rates would not go into effect until the project has been certified as substantially complete, Wheeling has to incur short-term loans as the project is being built in order to pay the contractors and suppliers on a timely basis during the construction period. These loans will then be rolled into the long-term financing, thereby capitalizing the interest for the short-term financing. Under the Staff-recommended rates, the additional revenue approved in this case to support the project would not be available until the project is certified as substantially complete, which increases the effective total cost of the project. (Tr., at 59-63).

Mr. Bodkin opined that, not only would it be unreasonable to assume that Wheeling would enact a rate ordinance to increase rates to meet the 120% combined debt service coverage test, it would also be possible for the Commission to lower rates should the ordinance be enacted and protested, e.g., Mr. Bodkin believes that it was very unreasonable for the Commission to have decreased the going-level sewer rates in Case No. 11-1772-S-MA, yet that is what the Commission did. "It sure didn't seem reasonable to me. I was more than surprised to see that, especially since the reduction seemed to be a reaction to the City's good fiscal policy." (Tr., at 63-64).

Mr. Bodkin explained that it probably will be early 2013 before the bonds for the project are issued, if at all, and so many things could happen between now and that time that could cause the interest rates on the bonds to increase. Essentially, no one will purchase the bonds unless they can earn what is a reasonable interest rate on the day of purchase. Also, he acknowledged that the interest rate could be lower than it would be on the day of hearing. Even on the date of issue, the interest rate could change perhaps a quarter of a percent. The underwriters for the bond issue are motivated to sell the bonds and they will try to get the interest rate as low as possible, e.g., the actual interest rate for the 2006 issue was lower than the planning or predicted rate. So many different variables affect the interest rate of bonds sold on the public market. The 1997 bond issue lowered debt service, which was one of the goals of that bond issue. By lowering the interest rate, you lower the threshold for passing the 120% combined debt service coverage requirement. However, this act of good fiscal policy ended up causing the Commission to reduce the rates by approximately 11% for the sewer operation. (Tr., at 64-65).

Also, in defense of his projected O&M expenses in forecasting the resultant debt service coverage for future years, he opined that the Commission engages in a type of projection when it approves rates to meet expenses and cover debt service. Case No. 11-1772-S-MA was a rate case only, i.e., no certificate case accompanied it directly. However, one of the purposes of that case was to approve post-project rates for a certificate case that had been approved less than two years earlier and still was in the process of being completed. The Commission approved a rate decrease at going-level until that sewer project was completed and approved a rate increase for post-project rates because the rates originally approved to support the sewer project were not sufficient. Between the time that the Commission approved rates that it believed were sufficient to support the project and project completion, it had to increase rates by approximately 17.5%. While he has to certify that the 120% combined debt service coverage requirement will be met until 2017 or

2018, no guarantee exists that Wheeling would enact a new rate ordinance to keep the coverage at a sufficient level or that the Commission would approve a rate in a municipal appeal case that would be sufficient, which is why the rate adopted in this case needs to be sufficient so that he can issue the certification that the combined debt service coverage will be sufficient from 2013 to at least three years after the project is substantially complete. (Tr., at 65-67).

Mr. Bodkin stated that Wheeling is not exactly a not-for-profit entity, but it has no profit motive since it is a municipality. However, a profit measurement is done annually, i.e., the City "has to generate profits in order to fund capital improvements. It has to generate profits in this case in order to meet debt service coverage. Debt service coverage is 120 percent of available money, so it has to generate profits." Rates are not taxes, but are fees paid by customers to obtain a service and are used by the utility to provide that service. There has to be a balance between revenues received and money spent for O&M expenses and debt service coverage and to provide a surplus to allow for reasonable capital improvements. Mr. Bodkin opined that Wheeling has to pay for all of its operation by exercising good fiscal responsibility and saving money anywhere it can. If Wheeling has to borrow money, it has to have the ability to pay back the money it borrows. The benefit to the customer is improved water service. As far as Mr. Bodkin knows, none of the engineers or any of the parties believes that the project is not needed, but a disagreement exists as to what Wheeling has to do to obtain the financing for the project. While there are many variables that must be balanced, you cannot have a complete balance between good service and low rates, i.e., you usually cannot have both. (Tr., at 67-70).

Mr. Bodkin explained that, while the proposed funding for this project is from the issuance of bonds to be sold on the public market and Wheeling already has the same kind of bond issues, it also has some bonds that are from public funds, e.g., 2010 bond issue 2010 B. Wheeling wants to obtain the lowest cost financing possible. No need exists to issue bonds to be sold on the public market if funding from governmental agencies exists. (Tr., at 70-71). Mr. Bodkin acknowledged that the Commission generally makes rates based on a cash flow analysis and other information obtained from a historical test year. However, that method does not always work, otherwise, Case No. 11-1772-S-MA never would have happened. (Tr., at 71-73).

Next, Wheeling called Marie L. Prezioso to testify on its behalf. Ms. Prezioso identified her prepared direct testimony, received as City Exhibit No. 8. Ms. Prezioso is a public finance investment banker and Senior Vice President at Piper Jaffray & Co. Since 1984, she has worked with many issuers of municipal bonds in West Virginia, including the State of West Virginia and its agencies, universities and colleges, municipalities, counties, hospitals, boards of education, public service districts, solid waste authorities and building commissions. From 1977 to 1984, she served in various positions in West Virginia state government, including serving as the Deputy Commissioner for Finance and Administration; Executive Director of the Municipal Bond Commission (MBC); and the Senior Investment Officer and Acting Director of Investments for the state. From 1984 to 1990, Ms. Prezioso worked for Young Moore and Company and for Wheat First Securities as a public finance investment banker. Between 1991 to 2008, she worked at Ferris, Baker Watts, Inc., as a public finance investment banker. Since 2008, she has been employed at Raymond James & Associates, Inc., as a public finance investment banker. As a public finance investment banker, Ms. Prezioso provides daily services to a wide range of

municipal bond issuers across the state, including such duties as providing structuring, underwriting and advisory services for essential public purpose projects and also for private purpose projects through the issuance of taxable and tax-exempt bonds. (Tr., at 73-75; City Exhibit No. 8, pp. 1-2).

Since 2006, Ms. Prezioso has worked on all of Wheeling's public issuances of waterworks and sewerage system bonds with her current and prior employers and is familiar with Wheeling's outstanding waterworks and sewerage system bonds. Her current employer, Piper Jaffray & Co., is serving as the underwriter to the City for the proposed issuance of tax-exempt revenue bonds for the proposed project. As the banker for this transaction, she has prepared analyses and structures for different financing options for the City. She and/or her employer plan to prepare and submit information to Assured Guaranty, the bond insurer, and/or rating agencies. She will review bond documents and prepare the transaction for the market. She will underwrite and distribute the proposed bonds and arrange for the delivery and settlement of the bonds. Wheeling has proposed two financing scenarios, both of which would provide the same amount of funds for construction, the only difference being the impact on the par amount of the bonds for the time period assumed for capitalized interest. (City Exhibit No. 8, pp. 2-3).

Ms. Prezioso explained that, when a municipality issues bonds in the public market, the bondholders expect interest to begin accruing immediately. Typically, the first interest payment on the bonds is due within nine months from the date of issuance of the bonds and semi-annually thereafter. If the City does not have enough capitalized interest funds to make interest payments on the bonds, it would need to secure additional funds from revenues or additional sources to make such interest payments, otherwise it would default on its obligations. Once the capitalized interest funds are expended, the City will be required to make monthly deposits into the revenue sinking fund held at the MBC for semi-annual interest payments to the bondholders. (City Exhibit No. 8, pp. 3-4).

Ms. Prezioso also explained that, in the context of the current certificate application, two possible scenarios exist. The first scenario assumes the issuance of approximately $41,850,000 of tax-exempt revenue bonds. This scenario assumes capitalized interest for a period of four months, allowing the City to implement the project rates upon the issuance of the bonds and to provide sufficient time to collect the revenues from the project rates. The second scenario assumes the issuance of approximately $48,935,000 of tax-exempt revenue bonds. The second scenario assumes 29 months of capitalized interest on the bonds, allowing the City to implement rates upon substantial completion of the project and to provide sufficient time to collect the revenues from the project rates. Both scenarios assume a planning interest rate of 6% and a final maturity of approximately 30 years. The $7,085,000 difference in the par amount of the bonds between the first scenario and the second scenario represents the increased borrowing required in order to delay the implementation of the project rates from the date of the issuance of the bonds until the substantial completion of the project. (City Exhibit No. 8, p. 4).

The $7,085,000 difference is not comprised solely of capitalized interest, but it does comprise the majority of that difference. The increased borrowing for capitalized interest requires a significant increase in the debt service reserve account for the bonds, which must be fully

funded at closing, as well as some minor increases in other line items, such as the cost of bond insurance. Additionally, the more capitalized interest one borrows causes more interest to be paid, since one has to pay interest on the additional borrowing. (City Exhibit No. 8, pp. 4-5).

The entire proceeds of the bonds will be advanced at closing. The monies in the capitalized interest fund and the debt service reserve fund must be invested, according to state law, and held at the MBC to be invested as part of the MBC's investments. The yield on the West Virginia Government Money Market Pool changes daily and was approximately 0.056% on April 19, 2012. In the past three years, Ms. Prezioso has not seen the interest rate paid by the Commission on such investments equal 6%. Any money that Wheeling borrows for the capitalized investment fund will have an assumed interest rate of approximately 6%, but the interest earned by Wheeling on that money will be significantly less than 6%. Realizing that the two scenarios make a number of assumptions, Ms. Prezioso opined that the total difference in the principal and interest payments to bondholders under the two scenarios would be approximately $10,743,092 over the life of the bond issue. As a result of delaying the implementation of the rates until substantial completion of the project, the projected annual average of the City's additional revenue requirements, which must be met by its customers, will be approximately $684,584 beginning in fiscal year 2017. (City Exhibit No. 8, pp. 5-6).

Based on Ms. Prezioso's professional experience, she believes that the projected debt service that Wheeling has used in this case is reasonable. The MBC has changed significantly over the past five years or so, e.g., the number of active municipal bond insurers has dropped significantly; the rating agencies are more thorough in their review of credits and conservative in their award of ratings; and potential purchasers are demanding more information, including continuing disclosure, regarding the security for bonds. While the municipal bond marketplace remains robust, access to capital is subject to more review and higher standards are placed on the quality of credits. These changes impact Wheeling by making it subject to closer scrutiny, both at the issuance of bonds and in subsequent years. Failure to meet rate covenants will likely impact the ability of the City to obtain bond insurance and may also result in lower underlying ratings assigned to the City's outstanding and future bond issues. This could also adversely affect Wheeling's ability to access the municipal bond market. Lower ratings and/or inability to access municipal bond insurance will result in higher borrowing costs for the City, which will translate to higher costs to the ratepayers. (City Exhibit No. 8, pp. 7-8).

Ms. Prezioso explained that municipal bond insurance is an insurance policy that would be purchased by Wheeling which promises to the purchasers of Wheeling's bonds that the bond insurance will make the principal and interest payments on the bonds in the event that Wheeling is unable to do so. Purchasers of such bonds rely upon the presence of municipal bond insurance, at least primarily, to determine the interest rate on the bonds. Usually, the municipality pays a one-time fee to obtain this type of insurance, the cost of which is less than the net present value of the difference between the cost of the insurance policy and the debt service savings as a result of the purchasers relying on the creditworthiness of the bond issuer as opposed to the credit of the municipality. Five years ago, several such bond insurance companies served the area. Today, only one such provider is active in the West Virginia market. On the other hand, three rating agencies exist today, i.e., Moody's; Standard & Poors; and Fitch. The purpose of a rating agency

is to examine the creditworthiness of issuers of bonds and then assign a rating to the debt of the issuer. Purchasers of bonds rely on the rating assigned by the agencies to determine the appropriate interest rate for the bonds. Bonds that are deemed less risky receive a higher rating. (City Exhibit No. 8, pp. 8-9).

Ms. Prezioso explained that Wheeling currently has four outstanding bond issues, two of which have the identical rate covenants and additional bond test requirements. The other two bond issues each have unique additional bond tests and rate covenants. Wheeling must obtain a certification from an independent certified public accountant that the covenants in each of the outstanding bond ordinances have been satisfied in order to issue additional bonds on a parity with the outstanding bonds. Without the CPA certification, additional parity bonds cannot be issued. These tests are in place to protect the security position of the prior bondholders. Parity means that the bonds are issued with a lien on the revenues and assets of the system which is equal to the lien of the existing bonds. In this case, such a parity lien is a first lien on the revenues and assets of the system equal to that of the outstanding bonds. Parity bonds provide the opportunity for the best interest on debt. Bonds which are not issued on a parity with the existing bonds, i.e., subordinate bonds, will require a higher interest rate and may not be permitted. (City Exhibit No. 8, pp. 9-10).

Ms. Prezioso opined that, if Wheeling did not meet its current debt service coverage requirements, it could not obtain the CPA certification that the rate covenants and additional bond tests are satisfied on a prospective basis. Without such a certification, the City cannot issue bonds on parity with the existing bonds. This requirement is a protection for the existing bondholders who want to ensure that additional bonds will not diminish the value of the pledge on the existing bonds. Failing to meet the rate covenant in a prior year would require that Wheeling obtain a waiver to the covenant violation from the existing bond insurers. Such a violation may negatively impact Wheeling's ability to obtain bond insurance for future bond issues and may adversely affect Wheeling's credit rating. Violating a rate covenant is a material event and must be disclosed to the municipal market place. The impact of such disclosure may range from higher interest rates on future bonds to difficulty in accessing the capital markets at reasonable interest rates. (City Exhibit No. 8, pp. 10-11).

After reviewing the Staff reports from Pamela Latocha, Ms. Prezioso noted that Ms. Latocha objected to Wheeling's prefunding of the debt service reserve. Ms. Prezioso opined that, if Wheeling goes to the public market for bond issues, it will have to fund the debt service reserve upfront, i.e., on or before the day the bond issue is posted. Potential purchasers of such bonds will expect the reserve to be prefunded, otherwise there would be no recourse for such purchasers if Wheeling was unable to fund the reserve in the future. Buyers of such bonds want some concrete security, which, in Ms. Prezioso's opinion, means at least a year of debt service available on the day they purchase the bonds. The public market expects debt reserves to be fully funded before they purchase such bonds. (Tr., at 76-78).

Ms. Prezioso explained that Wheeling is not proposing to finance the project with a loan from a governmental agency. Ms. Prezioso believes that Ms. Latocha analyzed Wheeling's proposed bond issue as if it was going to be a government-funded bond issue. Ms. Latocha stated

that, for state-funded projects, no necessity exist for prefunding the reserve. Wheeling is proposing to sell its bonds to the public, rather than try to obtain a governmental agency loan, because, the last time that Wheeling attempted to obtain a governmental agency loan about two years ago for approximately $9,000,000, it was practically impossible to obtain that financing. Basically, at a meeting of the West Virginia Infrastructure and Jobs Development Council (IJDC), which Ms. Prezioso attended, the members of the IJDC were reluctant to loan any money to Wheeling because they believed that Wheeling had access to the public markets for issuing bonds. The IJDC told Wheeling's City Manager, "We did this one for you, but don't come back." The other problem that Wheeling would have had if it had approached the IJDC with the proposed project would have been the sheer magnitude of the project. "This is a pretty big project, and they have certain funds that they do in certain congressional districts. I don't know if the funds would be available." (Tr., at 78-79).

Ms. Prezioso opined that Wheeling must rely upon selling bonds on the public market to fund the project, which means that it will have to prefund the reserve fund. Also, Staff used in its calculations an assumed interest rate of 3.04%. Wheeling used a 6% interest rate for planning purposes, which Ms. Prezioso opined would be much more likely than anything near 3%. In 2006, with a AAA bond rating, Wheeling issued approximately $12,000,000 in a bond issue. No AAA bond insurers exist in 2012. She opined that a rating of AA will be the best that Wheeling can get in 2012 or 2013. If Wheeling cannot obtain a higher-rated insurer or some other indication to the bond purchasers that Wheeling can ensure payment of principal and interest, Ms. Prezioso opined that Wheeling would be able to obtain an interest rate of approximately 6%. As of the day prior to the hearing, the lowest interest rate Wheeling could have obtained was 6%. The planning interest rate is 6%, although interest rates could go up or down prior to the closing date. Wheeling could get a lower interest rate if it can obtain a higher bond rating or purchase bond insurance from a higher-rated bond insurer. Ms. Prezioso related that she found a small city in California called Coalinga that recently issued approximately $12,800,000 in bonds to finance a water and sewer project; this municipality had a AAA rating and obtained a 6% interest rate. Longer terms can decrease interest rates also, e.g., a 36-month issue might have an interest rate of 5.32% while a 23-year bond issue might have an interest rate of 5.19%. A rating of AAA is best and will command a lower interest rate. A rating of AA is better than a rating of A, but is not as good as a rating of AAA. Likewise, an A rating is better than a BBB rating, etc. A non-rated bond issue would likely have the highest interest rate. Without the rating agency evaluating the risk, the bond purchasers will demand a higher interest rate, since a low rating carries a greater risk. Some purchasers would prefer an unrated bond issue, since it is likely to earn a higher yield. Wheeling will be able to sell its bonds, but the eventual interest rate will be determined by many factors. However, the Staff-suggested interest rate of 3.04% is unreasonable. Wheeling will not be able to obtain that low of an interest rate in today's market. (Tr., at 80-87).

Ms. Prezioso cited a recent 20-year refinancing with an A1 rating that had a net interest cost of 3.53%. The average net interest cost that her company obtains at this time is 4.03%. She opined that Wheeling will not be able to get a better rate than that and is likely to obtain a higher rate. A refunding will get a lower rate than a new issue. Wheeling will be adding new debt to existing debt, which is not going to lower the interest that its bonds will receive. The shorter the term, the lower the interest rate likely will be. The two most important factors in determining

interest rates are term lengths and ratings. An entity with a higher rating and a bond with a shorter term will command a lower interest rate than an entity with a lower rating offering a longer term. She opined that 6% is the best planning interest rate for Wheeling, but it might be able to sell the bonds at a slightly lower rate, but not at the 3.04% rate suggested by Staff. (Tr., at 88-90).

Ms. Prezioso addressed the issue of capitalized interest. When you sell a bond issue in the public market, people who buy these bonds expect to be paid their principal and interest. The purchasers are loaning you their money, so they expect to have it repaid with interest. You can delay the repayment of principal, but bond purchasers will still want to be paid their interest. They would not want to purchase a bond in early 2013 and not be able to receive any interest until two or three years later when the project is substantially complete. She opined that bond purchasers would want to be able to start receiving payments of interest no longer than nine months after the bonds are issued. So, if the rates to support Wheeling's project cannot become effective immediately, Wheeling will have to borrow money to pay the bond purchasers their interest until the project is substantially complete, if the Staff-recommended approach is adopted. This means that the interest borrowed for this purpose will then be rolled into the total bond issue, or capitalized. Capitalized interest increases the total cost of the project. If the interest for the first two or three years of the bond issue is capitalized, that will increase the size of the total bond issue. (Tr., at 90-92).

Ms. Prezioso indicated that the total project cost is approximately $48,935,000, of which approximately $34,004,188 is for construction. The largest cost other than construction is capitalized interest, which is an additional amount of approximately $7,096,000. In order to pay the contractor approximately $34,004,188, Wheeling will have to borrow approximately $7,096,000 to pay interest from the date of the bond issue until the rates kick in when the project is substantially complete. If the construction cost increases or if it takes longer to complete the project, the capitalized interest amount also will increase. The contractor will expect to be paid at regular intervals during construction. If the bonds are not issued before construction begins, there will be no project. If the rates do not start until the project is substantially complete, the interest will have to be capitalized, which will substantially increase the project cost. If the rates were in effect on the date the bonds are issued, no need would exist for capitalizing the interest. The approach Wheeling took in its rate ordinance was to adopt a 70% rate increase if the ordinance was not protested and an 80% rate increase if the matter was protested, since the protest is costing Wheeling money also, i.e., had the rates gone into effect 45 days after passage of the ordinance, the project cost would have been substantially lower, which would have allowed for a lower rate for Wheeling's customers. Any delay in a project financed through a public offering of bonds is going to increase the total cost of the project. The total project would have cost approximately $41,000,000, including approximately $34,004,188 in construction costs, if the rate ordinance was not protested, but will cost approximately $48,935,000 due to the capitalized interest that will be incurred due to delays in the effective date of the new rates due to the protest and due to Staff's approach to not let the rates take effect until the project is certified as substantially complete. (Tr., at 92-98).

The estimated project budget rounded to the nearest thousand was received as City Exhibit No. 9, as follows:

Construction cost (includes 10% contingency)	$34,004,000
Planning and Engineering	$ 1,115,000
Additional Technical Services	$ 142,000
Construction Engineering	$ 875,000
Inspection	$ 555,000
Legal, Accounting and Permits	$ 100,000
Land and Rights	$ 170,000
Capitalized Interest based on rates becoming effective upon substantial completion of project	$ 7,096,000
Prepaid Reserves	$ 3,766,000
Cost of Insurance, Discounts, Bond Insurance, etc.	$ 1,112,000
TOTAL	$48,935,000

(City Exhibit No. 9).

Ms. Prezioso clarified that Wheeling estimated that the total project cost would be approximately $36,961,188 but for the additional costs associated with capitalized interest and other effects of the project rates not becoming effective until the project is substantially complete. Capitalizing interest causes other costs to increase, e.g., since the total cost is higher, the amount of the reserve is going to be higher and prefunding the reserve will cost more. Using 6% as the planning interest rate is more reasonable than Staff's assumption that Wheeling can issue the bonds with an interest rate of 3.04%. Going to the public market causes Wheeling to have to prefund the debt service reserve. The least expensive way of funding this project is to have the rates in place on the date of the bond issue rather than to capitalize the interest. She opined that the rates should become effective no later than the closing date of the bond issuance. (Tr., at 98-99).

Ms. Prezioso reiterated that she got the distinct impression that Wheeling had no chance of receiving funding for this project from the IJDC, based on the message the IJDC sent to Wheeling during the previous experience. The members of the IJDC disagreed on whether to fund Wheeling's previous project. Chris Jarrett abstained from voting in that instance. Wheeling did not obtain approval from the IJDC for the instant project. She does not believe that the IJDC has money available for Wheeling's project. Although the IJDC never acted on the current project as far as she knows, she just does not believe that the IJDC would provide over $40,000,000 for the project. She has never been a witness for Wheeling in Commission cases before, but has prepared documents on their behalf for use in Commission cases. She knows that, in the two public bond issues that she worked on for Wheeling, i.e., Series 2010A and Series 2006A, the debt service reserve account was prefunded each time. Ms. Prezioso cannot testify what the interest rate will be in the current case. She believes that the term will be 30 years and that 6% is the best planning interest rate. While she has no idea what the bond market will be like in six months, if the bonds were issued on the day of the hearing, the 6% interest would be obtainable. The time that the bonds are issued will determine the interest rate, the total project cost and other factors that

generally are known factors in certificate cases where the funding comes from governmental agencies. All factors cannot be known until the day of pricing the bonds, i.e., locking in the interest rate. (Tr., at 100-109).

Wheeling called its City Manager, Robert Herron, as its next witness. Mr. Herron has served as Wheeling's City Manager for over 10 years. He is familiar with Wheeling's financing of water and sewer certificate projects during that time. In May or June 2009, after Wheeling had applied to the IJDC for approximately $8,700,000 in financing for a project, he attended a meeting with a committee of the IJDC who was to vote whether to move the project forward to the entire IJDC for a vote. The West Virginia Department of Environmental Protection (DEP) presented Wheeling's wastewater project application and then a discussion ensued about Wheeling's rates. The rate change ended up being an increase of approximately 30% to 35%, which resulted in rates that would increase the amount a customer who used 4,000 gallons of water from approximately $23 to approximately $33 per month. The IJDC was concerned about a 1.5% median household income threshold. The IJDC explained to Wheeling that it needed to have rates at approximately $45 for 4,000 gallons of usage in order to achieve the 1.5% of median household income requirement. The then-IJDC Chairman, Chris Jarrett, who now is the Executive Director of the Water Development Authority (WDA), told Wheeling that it needed to sell bonds to the private market because its rates were not high enough to qualify for a low interest rate loan from the IJDC. Mr. Jarrett is still the Chairman of the IJDC and basically runs its operation. Feeling that the 2009 project was in jeopardy, Mr. Herron appealed to then-Governor Joe Manchin for assistance. Governor Manchin convinced Mr. Jarrett to let Wheeling's 2009 funding be considered for approval and it was approved. However, Mr. Jarrett abstained from voting on the matter and "indicated that until you get your rates at 1.5%, you should not consider coming back to this Council." Based on this experience and a follow-up with the Governor, Wheeling determined that it would not be fruitful or efficient to apply to the IJDC for financing for the current project. Wheeling would still be under the 1.5% of median household income rule even if the rates increase by 80% in the instant case, i.e., the current rates are only approximately 0.67% of median household income. An 80% rate increase in the instant case would make the rates about 1.1% of median household income. (Tr., at 111-115).

Mr. Herron explained that Wheeling arrived at the proposed 6% interest rate for the bonds to be issued in the instant certificate case after he and Wheeling's City Council had discussions with Ms. Prezioso and others who knew about the market, Wheeling's ability to insure the bond issue and other related issues. The 6% rate is Wheeling's planning rate and could change once the bonds actually are issued. Wheeling will do absolutely everything within its power to obtain an interest rate that is lower than the 6%, hopefully much lower, but, to some extent, that is beyond Wheeling's power. A lower interest rate will benefit Wheeling and its customers. Also, Wheeling considered the issue of capitalized interest when it was determining the rate increase to include in its rate ordinance, which was chiefly the reason the rate ordinance was structured to be 70% if unprotected and 80% if protested and became a municipal appeal case. Wheeling knew that, if the matter came before the Commission as a municipal appeal, the Commission likely would not allow rates to become effective until the project had been certified as substantially complete. Mr. Herron believes that the fact that the rates have been protested has increased the total cost of the project by at least $7,000,000, since, if the rates had become effective 45 days

after the ordinance was enacted, Wheeling already would have been collecting the proposed rates so that capitalized interest would be less. Mr. Herron believes this increased project cost is unfair to Wheeling and its customers. This information or scenario about the effect of protesting the rate case was presented to Wheeling's resale customers at a meeting; however, only a few of them showed up for the meeting. (Tr., at 115-118).

Mr. Herron explained that, in the past, Wheeling has issued bonds that were sold in the public marketplace and others that were purchased through governmental agencies, e.g., it issued approximately $14,500,000 in sewer bonds in 2003 or 2004 with an interest rate of 3% for 20 years, obtained through the West Virginia State Revolving Fund. However, to his knowledge, all of Wheeling's water bonds were sold in the public marketplace and were not obtained through the state process. He believes that the Commission allowed rates to go into effect at the time of issuance of the bonds. (Tr., at 118-119).

Mr. Herron explained that the difference in the cost for the proposed project, i.e., approximately $41,000,000 as opposed to approximately $48,000,000 is the capitalized interest. Essentially, if Wheeling could have the project rates approved and effective at the time the bonds are issued, it would save Wheeling and its customers over $7,000,000 to build the same identical project. (Tr., at 119).

Mr. Herron explained that the rate ordinance contained two alternatives, one being a 70% rate increase if no protests were filed and the other being an 80% rate increase if a protest or protests were filed that triggered a municipal appeal case. Without a protest that triggered a municipal appeal case, the rates would have become effective 45 days from enacting the ordinance. With a protest that triggered a municipal appeal case, Wheeling assumed that the rates would not take effect until not only the municipal appeal case was decided but also not until the project was certified as substantially complete. This is a time difference of perhaps three years, and, if the rates are not effective until the project is substantially complete, the interest that will be necessary during this interim period will have to be capitalized. Wheeling will have to obtain the money to build the project and be able to pay the interest during the construction period and for three years after substantial completion, which is why the additional interest that is rolled into the long-term bond issue will be so high, i.e., Wheeling will be paying interest on interest in addition to interest on principal. Irrespective of when the rates go into effect, the Commission will have to approve rates that take into account the fact that the interest rate may be different from the planned 6% rate and other factors that are caused by delay. Wheeling's position is that the rates need to take effect no later than the date that the bonds are issued. Also, Wheeling must ensure that the combined water and sewer debt service coverage will be sufficient to meet the 120% coverage for at least three years beyond the date of substantial completion of the project. Wheeling does not care how much the rate increase is, whether it is 60% or 70% or 80%, so long as the rates take effect when the bonds are issued, which will save Wheeling approximately $7,000,000, and are sufficient to meet all of the coverage requirements in the bond covenants. (Tr., at 120-124).

Mr. Herron explained that the notices that Wheeling gave to the public as required by law all contained the alternative rate proposals. The public was fully informed that revenues would

need to increase by 70%, unless the matter was protested sufficiently to trigger a municipal appeal, in which case rates needed to increase by 80%. Another key is that rates must be approved so that Mr. Bodkin can certify that the debt service coverage will be sufficient for all of the years of 2013 through 2017 or 2018, i.e., three years after the project is substantially complete. (Tr., at 124-126).

Wheeling called John C. Stump, an attorney and employee of the law firm of Steptoe & Johnson PLLC (Steptoe & Johnson) since 1993 and now an owner of the law firm. Mr. Stump identified his prepared direct testimony, received as City Exhibit No. 10. He has been serving clients in the public finance area since 1994, with his practice consisting nearly exclusively of public finance work for a variety of clients, ranging from municipalities and public service districts to corporations and not-for-profits. The majority of his practice focuses on representation of public utilities. On average, he serves as bond counsel on 40 to 50 public utility transactions in any given year. He also represents bankers and commercial lending institutions in public finance transactions. (Tr., at 126-128; City Exhibit No. 10, p. 1).

Mr. Stump stated that Steptoe & Johnson had served as bond counsel for Wheeling for over 30 years and that he had worked on those matters since 1994. He is familiar with all of Wheeling's outstanding water and sewer bonds. Currently, Wheeling has four separate series of outstanding bond issues secured by the net revenues of the City's combined waterworks and sewerage system operations. The following bonds were sold on the municipal bond market and are held by investors:

1. Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (Series 2006 A bonds); and

2. Combined Waterworks and Sewerage System Revenue Refinancing Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,445,000 (Series 2010 A bonds).

Both the Series 2006 A bonds and the Series 2010 A bonds were issued with municipal bond insurance, collectively called the bond insurers. The bond insurers guarantee the repayment of the debt service on the bonds to the holders of the bonds, thus resulting in a lower cost of borrowing for the City. In return for these guarantees, the bond insurers are paid a fee by the City from the proceeds of the bonds and the bond insurers require certain covenants from the City with respect to the bonds. Wheeling also has the following bonds that are held by the WDA on behalf of DEP, Clean Water State Revolving Loan Program, collectively called SRF bonds:

3. Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A, dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (Series 2005 A bonds); and

4. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B, dated December 24, 2010, issued in the original aggregate principal amount of $8,356,000 (Series 2010 B bonds).

(City Exhibit No. 10, pp. 2-3).

Mr. Stump explained the applicable rate covenants and additional bond tests for Wheeling. The Series 2006 A bonds, the Series 2010 A bonds and the SRF bonds all have different rate covenants and additional bond tests, each of which must be met by the City. Accordingly, the accountant for the City must review each rate covenant and additional bond test separately and confirm that each covenant is satisfied. As "publicly issued" bonds, the rate covenants and additional bond tests for the Series 2006 A bonds and the Series 2010 A bonds were subject to negotiation with the respective bond insurer for each series. (City Exhibit No. 10, p. 3).

The rate covenants applicable to the City for the Series 2006 A bonds are as follows:

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. The 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 no 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 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 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. (Emphasis added by Mr. Stump).

(City Exhibit No. 10, pp. 4-5).

The rate covenants applicable to the City for the Series 2010 A bonds are as follows:

Section 6.04. Rates. Prior to the issuance of the Series 2010 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 2005 A or Series 2006 A bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the prior ordinances or (b) this ordinance, as set forth in (i) and (ii) below, and thereafter, sufficient (i) to provide for all operation and maintenance expenses of the System and (ii) leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 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 2010A bonds. All such

rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. (Emphasis added by Mr. Stump).

(City Exhibit No. 10, pp. 5-6).

The rate covenants applicable to the City for the SRF bonds are as follows:

Section 7.09. Rates. Prior to the issuance of the Series 2010 B Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the clerk of the issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce gross revenues from the System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the issuer hereby covenants and agrees that: (a) so long as the prior bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the prior ordinances or (b) this ordinance, as set forth in (i) and (ii) below, and thereafter, sufficient, together with other revenues of the System, (i) 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 2010 B bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2010 B bonds including the prior bonds; provided that, in the event that the amounts equal to or in excess of the reserve requirement are on deposit in the reserve accounts for obligations on a parity with the Series 2010 B bonds, including the prior bonds, are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 B bonds, and all other obligations secured by a lien payable from such revenues on a parity with, or subordinate to, the Series 2010 B bonds including prior bonds. (Emphasis added by Mr. Stump).

(City Exhibit No. 10, pp. 6-8).

Mr. Stump explained the significance in the differences among the rate covenant requirements. The Series 2006 A bonds require that "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," while the Series 2010 A bonds require that "the schedule or schedules of rates or charges from time to time in effect shall be

sufficient, together with other revenues of the System...to provide for all operation expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 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 2010 A bonds." (emphasis added by Mr. Stump). Accordingly, both series of bonds require that the rates be those "in effect," however, the Series 2006 A bonds measure net revenues against "annual debt service" while the Series 2010 A bonds measure net revenues against maximum annual debt service for all obligations on parity with, or subordinate to, the Series 2010 A bonds. The SRF bonds have a rate covenant requirement very similar to the Series 2010 A bonds, however, the coverage requirement is 115%. (City Exhibit No. 10, p. 8).

Mr. Stump explained the additional bonds tests applicable to Wheeling. The additional bonds test for the Series 2006 A Bonds is set forth below:

> 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 additional bonds test for the Series 2010 Bonds is set forth below:

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 respective 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 expect 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 revenue or facilities of the system, or all of such purposes.

If there are no Series 2005 A or Series 2006 A bond outstanding, no additional parity bonds shall be issued at any time 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 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 120% 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 bond Insurer), on the following:

(1) The Series 2010 A bonds then outstanding;

(2) The prior bonds outstanding;

(3) Any additional parity bonds therefore 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 provide in the above paragraphs, 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.

Notwithstanding the foregoing, the issuer shall be permitted to issue bonds which refund any outstanding Series 2010 A bonds, any additional parity bonds hereafter issued or any prior bonds if, prior to the issuance of such refunding bonds, the issuer shall have filed with the clerk: (i) a verification report of the independent accountants concluding that present value debt service savings shall be realized by the issuer as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the independent accountants reciting the conclusion that the estimated average increased annual net revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the maximum annual debt service on the following:

(1) The prior bonds outstanding after such refunding;

(2) The Series 2010 A bonds outstanding after such refunding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this ordinance which shall be outstanding following such refunding; and

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

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 2010 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 2010 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 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 additional bonds test for the SRF bonds is set forth below:

So long as the prior bonds, and the Series 2010 B 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 independent certified public accountants, reciting the conclusion that the net revenues actually derived, subject to the adjustment hereinafter provided for, from the system during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, plus the estimated average increased annual net revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such parity bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the following:

(1) The Bonds then outstanding;

(2) Any additional parity bonds theretofore issued pursuant to the provisions contained in the prior ordinances and this bond legislation then outstanding; and

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

The "estimated average increased annual net revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased net revenues estimated to be derived from the improvements to be financed by such parity bonds and any increase in rates enacted by the issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such 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 herein above referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the opinion of the independent certified public accountants, as stated in a certificate,

on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to the issuance of such parity bonds.

All covenants and other provisions of this ordinance (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 theretofore or subsequently issued from time to time within 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.

(See, City Exhibit No.10, pp. 9-17).

Mr. Stump opined that, in order to issue additional bonds secured by the revenues of the System on parity with the prior bonds, the City must satisfy certain covenants in the documents related to the prior bonds. In this context, parity, as it relates to the City's bonds, means that the new bonds will have a pro rata first lien on the revenues of the System, equal to the lien of the prior bonds, which enables the City to obtain the lowest borrowing cost for the new bonds while assuring that their bonds will have a market. In order to obtain parity status, the City must obtain a certificate from an independent certified public accountant that Wheeling's financial situation meets the additional bonds test established for each of the prior bonds as well as the rate covenant for each series of the prior bonds. Without the CPA Certificate, additional parity bonds cannot be issued. Also, since the System is a "combined system" for purposes of satisfying the debt service coverage requirement, the parity test requirements apply to the combined waterworks and sewerage system. Thus, the City must ensure that the rates of the combined system, not just the water rates, are sufficient to allow the independent certified public accountant to issue the CPA Certificate. (City Exhibit No. 10, pp.17-18).

Mr. Stump opined that the term "maximum annual debt service" means the maximum amount of debt service due in any given year on all combined issues of the City. While the additional bonds tests are different in all but one case, all outstanding issues require meeting not only the basic annual coverage, i.e., 125% of the maximum annual debt service, but also meet that coverage requirement for all years up to and including three years following the time the project for which the parity bonds are being issued is certified as substantially complete. The three-year forward-looking coverage necessitates that the City use reasonable assumptions about future operating results, including both revenues and expenses, e.g., since Wheeling recently has experienced a downward trend in population and customers, it is reasonable to assume that this trend will continue in future years. (City Exhibit No. 10, pp. 18-19).

Mr. Stump indicated that Wheeling's rate ordinance was enacted with two possible scenarios with two different rates, i.e., one based on four months of capitalized interest and one based on 28 months of capitalized interest. He opined that the best interests of all of Wheeling's customers, including resale customers, is served with the scenario utilizing only four months of capitalized interest. As a general rule, Mr. Stump does not recommend the use of capitalized interest, except for things like design loans. In this case, the project is basically a new water

treatment plant which will benefit all customers and does not add any new customers. Historically, Commission Staff has argued that capitalized interest is, ultimately, revenue neutral. While that theory may be true in certain interest rate environments, given the cost of the bonds and the low investment yield, both on the capitalized interest and the reserve fund, Mr. Stump opined that the amount of the capitalized interest should be kept to a minimum. He opined that, before the Commission accepts Staff's position of 28 months of capitalized interest, Staff should be required to demonstrate the impact of capitalized interest on the ratepayers under both the four-month term of capitalized interest and the 28-month term, rather than just follow existing Commission policy. (City Exhibit No. 10, p. 19).

Mr. Stump addressed Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006, a consolidated certificate application and municipal appeal proceeding for Wheeling's water rates where the Commission approved rates to support a certificate project which became effective prior to the issuance of bonds, i.e., approximately four months before the bonds were issued, rather than making those rates effective only upon substantial completion of the project. Mr. Stump opined that the Commission did not capitalize the interest for that project and permitted the rates to take effect on or about June 3, 2006. The debt service reserve fund was funded out of the bond proceeds. (Tr., at 129-130).

Mr. Stump explained the process that Wheeling follows when planning a project. One of the first steps is to identify possible funding sources, depending on whether it is a sewer project or a water project, since each operation has different possible funding sources. He opined that more federal and state money is available for sewer projects than for water projects. He stated that Wheeling had considered all of the possible funding sources for the instant water project. However, since the construction alone for this project is going to cost upwards of $35,000,000, it became apparent that governmental funding agencies would not provide the funding. He opined that Wheeling might have qualified for perhaps $3,500,000 for the project, but also opined that, for that small amount of the total project cost, "it's probably not worth going through the machinations." He stated that Wheeling is not qualified for funding through the United State Department of Agriculture. When Wheeling was considering funding through the IJDC, he looked at the median household income for Wheeling's customers and realized that Wheeling would not meet the median household income qualification for an IJDC loan. "I can assure the Commission and the ALJ that, had there been cheaper funding available, we absolutely would have suggested to the City that they do so. I represent the City, that's my obligation to the City. But we made a decision that public financing was truly the only option in this case." (Tr., at 130-132).

Mr. Stump indicated that Wheeling did not apply to the government agencies for funding because, "getting $3,000,000 from another lender really isn't efficient because suddenly you have to comply with all of their requirements in addition to what you would do for a public bond issue." This decision was not made without much discussion and thought. He explained that the IJDC "lives on about $40,000,000 a year from video lottery." He then opined that that amount is split between economic development projects and water and wastewater projects. He believes that the economic development portion is approximately 20% of the whole IJDC funding. (Tr., at

132-134).

Mr. Stump concurred with the other witnesses' description of the attitude of the IJDC members with regard to Wheeling's efforts to obtain financing for its 2009 sewer project. When rates are not near 1.5% of the median household income, the IJDC tells utilities to go to the public market for funding. Some agencies, like the Clean Water State Revolving Loan Program, have to spend their money within a specified time period. However, the "IJDC has no requirement that they spend their dollars in a certain time frame, and, in fact, Mr. Jarrett is excited about the fact that he has substantial dollars in the bank." However, Mr. Stump discussed the matter of obtaining funding for the water project with Jim Ellars, the IJDC Executive Director. Mr. Stump identified a document titled "Interest Rate Resolution," received as City Exhibit No. 11, which enunciates a policy of the IJDC to limit its lending to utilities that are located in the disadvantaged areas of the state and to encourage those utilities who have access to funding from sources other than the IJDC to utilize those sources. The document states at numbered paragraph 2:

> 2. When preparing pre-applications requesting Infrastructure Fund assistance, project sponsors with MHIs over 1.5% and under 2% should request terms of 2% and thirty years; and project sponsors with MHIs over 2% should request terms of 1% and 40 years. Project sponsors with MHIs under 1.50% who cannot obtain commercial/public market funds on terms deemed reasonable by the Council should request terms of 3% and twenty years. These terms and rates are for illustrative purposes and not a commitment of funding.

As Mr. Stump interprets that policy, in Wheeling's case, since its rates are much less than the 1.5% of the median household income (MHI), if Wheeling has access to "commercial/public market" funds, it should not apply for IJDC funds. Also, by Wheeling going to the public bond market, more money is available for IJDC loans to utilities located in more economically disadvantaged areas. (Tr., at 134-137; City Exhibit No. 11).

Mr. Stump stated that he had a conversation with Chris Jarrett the day before the hearing and showed Mr. Jarrett Commission Staff's final substantive recommendation. "And he expressed and stated that I could represent at this meeting, this hearing, that he is of the opinion that the terms of the City of Wheeling as proposed under its public issue for this project are reasonable." He further stated that Mr. Jarrett told him that the IJDC would determine them to be reasonable if an application was made and that the IJDC would not be willing to finance the project. Mr. Stump opined that Mr. Jarrett discouraged Wheeling from applying to the IJDC for funding. (Tr., at 137-139).

Mr. Stump related that the determination of interest rates for publicly issued bonds hinges primarily on two factors, i.e., the perceived risk of repayment and the duration of the loan. It is really no different than obtaining funds from a commercial bank. The investors are going to look at the risk and the length of the term and decide what the interest rate should be. The term is going to be 30 years. The only other key factor is for Wheeling to be able to portray to potential bond purchasers that the risk is low. This is done by obtaining a good rating from a rating agency or by obtaining bond insurance. The ratings range from AAA to BBB-. The individual bond

purchaser could make its own determination, but generally they rely upon the rating because they do not want to have to spend the time going through all of the data that is provided to them. The higher the rating the lower the interest rate will be. Since only one bond insurer is available now, compared to five or six five years ago, the rating is of utmost importance. Wheeling wants a 30-year bond term, not the Staff-recommended 20-year bond, because that is the term that the public market generally prefers. A 20-year bond would make the debt service requirement higher than a 30-year bond. A 30-year bond would have the least adverse effect on rates. The project is for a water treatment plant, which should have a useful life of well over 30 years, e.g., the City's existing water treatment plant has been in place for over 100 years. Mr. Stump opined that the public market will not accept a bond for a payment period of over 30 years. (Tr., at 139-143).

Mr. Stump opined that Wheeling wants the bonds for the project to be issued with the lowest interest possible. While it used 6% as its planning rate, Wheeling will try to obtain a lower interest rate. It was impossible for Wheeling to put in its certificate application what the exact interest rate would be at the time of the bond issue. In Wheeling's most recent bond issue, the planning rate was 6.5% and the actual selling rate was 4.5%, based on the selling conditions of December 7, 2005. The lag between filing the application and selling the bonds makes it impossible to state with certainty what the actual interest rate will be. (Tr., at 143-145).

Mr. Stump identified a document he prepared called "Wheeling Project Financing Timeline," received as City Exhibit No. 12. This document shows that Wheeling intends to close on the bond issue by February 2013 and other important dates, as follows:

August 2011	Accountant commences work on Rule 42 exhibit.
October 2011	City closes books for June 30, 2011
	Proposed rates presented to City Council
	City meets with re-sale customers to discuss project and rate increase
November 2011	City Council enacts rate ordinance
December 2011	Resale customers protest rates
January 2012	Certificate case filed with Commission
May 2012	Hearing before ALJ on MA and CN cases
October 2012	Statutory deadline for decision from the Commission
	Bid project
November 2012	Expiration of appeal period to Supreme Court
January 2013	Open bids
February 2013	Close bond issue

Wheeling used this timeline for planning purposes for this consolidated proceeding, just like it used 6% as the planning interest rate. This is a huge project and a longer time period had to be built in when compared to smaller projects. Even now, it is impossible to predict interest rates for the bond issue, so Wheeling chose a planning interest rate that it believed was reasonable based on the information it had at the time. Wheeling wanted to make sure that the planning interest rate was not lower than the actual rate that it might obtain on the public market so that it could sell the bonds and not have to substantially scale back the project. He opined that the bond market is volatile. He opined that, if the actual interest rate is greater than the planning rate,

Wheeling would have to start the process over again. He opined that the planning rate of 6% is reasonable and hopefully attainable. (Tr., at 145-151; City Exhibit No. 12).

Mr. Stump opined that Staff's position that Wheeling could obtain an interest rate of 3.04% is a case of trying to compare apples to oranges. Wheeling's two prior public market bond issues were sold when Wheeling had a AAA rating. Wheeling received the best possible interest rates at those times. However, he opined that Wheeling will not obtain a AAA rating, "As much as we all like the City of Wheeling, it's not going to happen." The State of West Virginia has a AA or maybe a AA+ rating. In Mr. Stump's professional opinion, "3.04% isn't even in the realm of possibility." (Tr., at 151-152).

Mr. Stump stated that a pre-funded debt service reserve is required of this proposed transaction. "I've never done a public market bond issue that didn't have a pre-funded reserve. The potential bond purchasers want to know that, if something happens to Wheeling's revenue stream, their investment will be protected. The pre-funded reserved could come from a surety bond or from bond proceeds. However, surety bonds of this type are just not available in this bond market. The amount of pre-funded debt service reserve affects the amount of capitalized interest, i.e., the more pre-funded debt service reserve, the less the capitalized interest will be. The capitalized interest issue has a ripple effect in that it adversely affects other costs. If one could eliminate the capitalized interest, Wheeling would have to borrow substantially less money. Some small amount of capitalized interest will be necessary, depending on when the rates take effect with respect to the date of the bond issuance, but deferring rates until the project is substantially complete will require the highest amount of money that Wheeling has to borrow. Having a high amount of capitalized interest will increase rates for many years in the future. The date the bonds are issued probably will not adversely affect the construction dates, since construction usually is done only during the nine months non-winter months, i.e., if all matters regarding rates were final as of the date of the hearing, actual construction likely would not begin until the 2013 construction season. The rates should go into effect at the earliest possible date, to allow time for the rates to be collected so that Wheeling will have very little capitalized interest. The earlier the rates are effective also gives the resale customers time to file and have their Rule 30-B cases processed. Wheeling has many resale customers. The project construction will take approximately 24 to 27 months. (Tr., at 152-160).

The first witness who testified on behalf of Commission Staff was Technical Analyst Joseph Marakovits, Engineering Division. Mr. Marakovits prepared the engineering allocation factors for use by Pamela Latocha to perform a customer class cost of service study. He identified Staff Exhibit No. 1, the May 11, 2012 Final Internal Memorandum that he prepared in Case No. 11-1770-W-MA, which contained the engineering allocation factors for the cost of service study. (Tr., at 164-166; Staff Exhibit No. 1).

Next, Commission Staff called Jonathan Fowler, P.E., to testify in Case No. 12-0011-W-CN. Mr. Fowler identified the Final Internal Memorandum he prepared, dated May 18, 2012, received as Staff Exhibit No. 2. Wheeling is proposing to make significant upgrades and improvements to its aged and outdated water treatment plant. Wheeling serves approximately 13,500 customers, including five resale customers. Its water department employs 55 persons.

During the fiscal year ending on June 30, 2011, Wheeling sold approximately 1,758,887,000 gallons of water, with resale customers purchasing approximately 36% of the total volume. Sales were approximately $5,774,447, with resale customers paying approximately $1,241,069 of that total, or just under 21.5% of total sales. Resale customer include Ohio County Public Service District (approximately 4,100 customers); the Village of Bethlehem (approximately 1,160 customers); the Town of Triadelphia (approximately 500 customers); the Village of Valley Grove (approximately 330 customers); and the Borough of West Alexander, PA (approximately 400 customers). (Tr., 167-169; Staff Exhibit No. 2, p. 1).

Mr. Fowler related that Wheeling has a 12,000,000 gallons-per-day (gpd) treatment facility that currently is able to operate only at the rate of approximately 8,000,000 to 10,000,000 gpd, due to many factors related to the fact that the facility is approximately 100 years old. The existing treatment plant obtains raw water from the Ohio River and five nearby wells and filters it with a set of open granular-media rapid sand filters. Although the existing facility is exceptionally well-maintained, it is functionally and technologically inadequate. "Viewing the existing electrical systems in the pump building is akin to visiting a museum display of motor-control systems." Every part of the treatment facility is old and/or worn out. The treatment technology itself is unable or soon will be unable to meet the quality requirements of the Safe Water Drinking Act (SDWA) due at least in part to the presence of certain chemicals in the water source that have an adverse chemical reaction with chlorine to produce chlorine by-products that are toxic. The planned new plant will replace the worn-out and antiquated facilities and technology with a treatment system that will produce a sufficient amount of pathogen-free water. The project is both necessary and of appropriate size to meet the treatment needs for Wheeling for the foreseeable future. Without the new facility, Wheeling will be violating the SDWA and will be placing its customers at risk of consuming contaminated water that would not meet the standards of the West Virginia Bureau for Public Health and also federal laws. Staff recommended that the Commission grant the certificate application to include rehabilitation and reuse of the existing pump building and some other reusable portions of the existing facility, but to include the installation of a new blower building and process blowers. The project chiefly consists of the construction of a new membrane/high-service building (27,100 square foot) that includes five membrane filtration units and associated membrane-system support components. Three new high service pumps will be included in the new filtration building to replace existing archaic pumps. New disinfection systems will be installed that will use liquid sodium hypochlorite as a replacement for the more hazardous gaseous chlorine. A new above-ground dual-chamber finished water storage tank will be built as well as membrane spent-water handling systems. New and rehabilitated plant-site piping and yard work will be installed to serve the new facility and integrate it with the usable portions of the existing system to work as a single unit. The entire plant electrical system will be upgraded and/or replaced with a 480-volt wiring system. Other work includes mechanical; HVAC; instrumentation; control (SCADA); and electrical systems and related equipment, as well as site work, drains, pavement, landscaping, etc., as needed. (Staff Exhibit No. 2, pp. 1-4).

Mr. Fowler stated that the estimated total cost for the project is approximately $48,935,000, with construction alone costing in excess of $34,000,000. Since the project has not actually been bid, the final cost is likely to increase. Should the project cost, scope or financing

change, Wheeling must obtain separate Commission approval prior to commencing construction. The estimated cost per customer is approximately $2,477, which Staff opined is reasonable. Engineering design fees comprise approximately 3.5% of the total project cost, which Staff opined is reasonable. After viewing the plans and specifications, Staff can find no apparent violations of the Commission's *Water Rules* or other applicable Commission standards. Also, the West Virginia Bureau for Public Health has issued Permit No. 18,823 for the project. Staff opined that most or all of the necessary permits have been obtained. The project will increase O&M expenses by approximately $358,757, including an estimated $115,640 in order to fund a membrane replacement fund where the membranes would be replaced on a ten-year cycle. Since membrane replacement is an expensive certainty, its cost should be included in O&M expenses for ratemaking purposes. From an engineering standpoint, the project should be approved. (Staff Exhibit No. 2, pp. 4-7).

Staff called Utilities Analyst Marian Russell, who prepared the Staff Rule 42 Exhibit. She identified her prepared testimony, received as Staff Exhibit No. 3. Ms. Russell explained that Wheeling's rate ordinance contained two alternatives, with one being a 70% increase if the matter was not protested and an 80% increase if the matter was protested. The protests that conferred Commission jurisdiction were from several of Wheeling's resale customers. The Commission also received some protests from Wheeling's residential customers. Staff will address several adjustments in other reports related to the project and not in its Rule 42 Exhibit. Ms. Russell made several adjustments to Wheeling's Rule 42 Exhibit to conform to Commission policy, including correcting the amounts included in construction work in progress; contributions in aid of construction and customer advances; forfeited discounts and uncollectible accounts; employee pensions and benefits; and the amount of existing debt. At going-level, without considering the project, Wheeling would have a net income of approximately $568,852. Under Wheeling's rate ordinance, the proposed 70% increase would increase Wheeling's net income to approximately $4,472,413, and the proposed 80% increase would increase Wheeling's net income to approximately $5,029,771, after Staff made the adjustments it believes are appropriate to conform to Staff's method of accounting and classifying various account items. (Tr., at 169-171; Staff Exhibit Nos. 3 and 4, Statement A).

Finally, Staff called Utilities Analyst Pamela Latocha to testify. Ms. Latocha identified her prepared direct testimony, with an attached a cash flow analysis, cost of service study and Staff-recommended rates, which was received as Staff Exhibit No. 5. The purpose of Ms. Latocha's testimony is to present Staff's recommendation on the City's revenue requirements, and the certificate case, and present a class cost of service study and the resulting Staff-recommended rates for Wheeling's water operations. The City has proposed financing the project through a publicly-marketed 30-year bond issue at a fixed 6% interest rate. The total project will cost an approximate estimated $48,935,000, including approximately $7,096,000 in capitalized interest; approximately $3,766,000 for pre-funding the debt reserve; approximately $200,000 for cost of issuance; approximately $367,013 for underwriters discount; and approximately $1,014 for miscellaneous costs. Wheeling proposed a 70% rate increase if the matter were not protested, which would have taken effect on December 30, 2011, and an 80% increase if the matter was protested, which Wheeling wants to take effect at the earliest possible date permitted by the Commission. Effectively, Wheeling is proposing the 80% increase, since the matter is protested.

Ms. Latocha acknowledged that the 6% interest rate is only a planning rate. In Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006, Wheeling had a planning interest rate of 6.5% with the same type of proposed financing, but the actual interest rate was approximately 4.8%, i.e., its Series 2006 A bond issue. (Tr., at 172-175; Staff Exhibit No. 5, pp. 1-4).

Ms. Latocha stated that, according to the Federal Reserve, as of May 11, 2012, the interest rate for a treasury bond was 3.04%. The 4.85% rate the City received in September 2006 is comparable to a treasury bond issuance of 4.85% in September 2006. Furthermore, the 2010 A bond debt was issued on April 22, 2010, at a 2.94% interest for six years, according to Wheeling's Rule 42 exhibit, Statement C. The treasury bond for 5 years for that week was 3.25% and the treasury bond rate for 7 years for that week was 2.56%. Ms. Latocha opined that the Staff-recommended interest rate of 3.04% was more reasonable than the proposed 6% interest rate. Ms. Latocha opined that Case No. 05-1807-W-CN "is a perfect example of why not to use a planning rate. The interest rate was based on a higher number which increased the principal and interest payment of the City which increased the rate increase given to the customers. The annual payment for the 2006 bond ended up lower than what was presented in the case, but the tariff was not adjusted to reflect this decrease in revenue that was needed for this project." (Staff Exhibit No. 5, p. 4).

Ms. Latocha recommended that the Commission approve an interest rate of 3.04% for the bonds to be issued to fund the certificate project. Staff would not recommend that the project go forward with a 6% interest rate. Staff recommended that Wheeling obtain more favorable financing, such as the IJDC. Currently, the IJDC has an interest rate of 3% for a 20-year bond which the City "could be eligible to receive." It does not appear that the City applied to the IJDC for funding for the project. Also, the IJDC does not require that interest payments be made until the project has been certified as substantially complete. Under the IJDC financing scenario, Wheeling would not have to borrow additional funds for capitalized interest, bond issuance, underwriters fees, pre-funding the debt service reserve or making interest payments until the project was certified as substantially complete. Using a Staff-estimated project cost of $37,161,188, the City's principal and interest payment would be approximately $2,686,932 for 20 years. Staff calculated that the City's payment on principal and interest under its proposed financing would be approximately $3,302,730 for 30 years, if the reserve is not pre-funded. (Staff Exhibit No. 5, p. 5).

Ms. Latocha emphasized that Staff does not recommended that the City pre-fund its debt reserve. Normally, the pre-funding of the reserve results in lower debt service coverage requirements. She opined that this is not the case for Wheeling. The City did not present any justification for pre-funding the debt service. "It has less of a rate impact to fund the reserve over a ten (10) year period than to borrow extra funds to pre-fund it. Even using the 6% interest rate and not pre-funding the reserve, the City will meet its debt service coverage requirements." Using the City's scenario of 6% interest for the bond issue, Staff calculated that the principal and interest payment would be approximately $3,616,447, which includes pre-funding the reserve. For coverage purposes, total debt service requirements would be approximately $4,876,653, and would require approximately $6,095,816 for cash available for debt service at 125% debt service

coverage. Using the 6% interest rate and not pre-funding the debt reserve, Staff calculated that the principal and interest payment would be approximately $3,302,730. For coverage purposes, total debt service requirements would be approximately $4,562,936 and would only require $5,703,670 for cash available for debt service for a coverage rate of 125% and would provide sufficient funds to fund the reserve over ten years. (Staff Exhibit No. 5, p. 6).

Ms. Latocha stated that the rate ordinance would have taken effect 45 days from passage with the 70% increase had it not been protested. If the matter was protested, the ordinance specified an 80% increase to become effective as soon as possible. Staff recommended an overall sales revenue decrease of 11.4% below going-level at non-project. She opined that these pre-project rates would generate revenues sufficient to cover the City's operating cash requirements of $3,952,550 and debt service requirements of $1,260,206 and provide approximately $453,936 for average plant additions and a 136.02% debt service coverage ratio. (Staff Exhibit No. 5, pp. 6-7).

Ms. Latocha explained that the Commission last reviewed Wheeling's water rates in 2006 in Case Nos. 05-1807-W-CN and 06-0044-W-MA. The City adopted an ordinance on February 16, 2010, without protest, i.e., without Commission review, that increased rates by 5% across-the-board. Currently, the Series 2006 A bond payment is less than what was proposed in Case No. 05-1807-W-CN because the City received a more favorable interest rate than the planning rate. The City also refinanced its 1997 bond issue in 2010. Ms. Latocha summarized the expected results of a non-project rate reduction, which would decrease revenues by approximately 11.4%. The non-project rates should go into effect upon the Commission's order becoming final in this case. The chart on p. 8 of Staff Exhibit No. 5 shows a comparison of the 70% increase with the Staff-recommended non-project rate. (Staff Exhibit No. 5, pp. 7-8).

Upon certification of substantial completion of the project, Staff recommends an increase in revenues of approximately 50.5%, which would increase sales revenues by approximately $2,862,439 over the Staff-recommended non-project rates, which Ms. Latocha opined would generate operating cash requirements of approximately $4,319,995 and provide debt service payments of approximately $3,450,410 and reserve funding of approximately $219,020, which would provide a surplus of approximately $650,565, which is consistent with Wheeling's five-year average of capital additions, provide $115,640 for membrane replacement and provide a debt service coverage of 125.2%. (Staff Exhibit No. 5, pp. 8-9).

In order to reach the Staff-recommended revenue requirements, Staff adjusted the principal and interest to reflect a 3.04% bond issue for a 20-year term, which decreased Wheeling's proposed principal and interest payment to $2,190,204; Staff also included a debt reserve payment of $219,020. Ms. Latocha prepared schedules that reflect her calculations and recommendations, including the customer class cost of service study; the revenue to be generated from each customer class; and a comparison of the current rates, the Staff-recommended pre-project rates, the Staff-recommended project rates and the two rates proposed in the ordinance. The Staff-recommended project rates would not become effective until the project has been certified as substantially complete. The Staff-recommended rates and rate design were based on the results of the customer class cost of service study, which ensures that no customer class

subsidizes another customer class. While the total increase in sales revenues under the Staff-recommended project rates was approximately 55%, the rates for the residential class would increase by approximately 52.3%; the rates for the commercial class would increase by approximately 57.3%; the rates for the industrial class would increase by approximately 52.1%; and the rates for the resale class would increase by approximately 70%. There would be no change in the cost for fire protection. The Staff-recommended rate design differs from the City's rate design, which is an across-the-board rate increase. (Staff Exhibit No. 5, pp. 9-13).

Ms. Latocha stated that, if the City cannot obtain financing for the project with an interest rate of no more than 3.04% for a 20-year term, the application for a certificate should be denied and the City should file a new certificate case. She again opined that Wheeling could obtain financing for the project from the IJDC. (Staff Exhibit No. 5, pp. 13-14).

Ms. Latocha outlined some other routine changes that Staff has recommended to Wheeling's tariff to reflect state law and Commission rules and policies. Staff clarified that it recommended that the project be approved, but excluding the pre-funding of the debt reserve and changing the funding to an interest rate not to exceed 3.04% for a term not to exceed 30 years. The City must obtain separate Commission approval if the scope or cost of financing for the project changes and that it must set aside the $115,640 annually for membrane replacement in a separate escrowed account to be used solely for this purpose. The non-project rates should be approved to be effective upon the order becoming final. The Staff-recommended project rates should become effective only upon substantial completion of the project. (Staff Exhibit No. 5, pp. 14-15).

Ms. Latocha pointed out some inconsistencies in City Exhibit Nos. 5, 6 and 7, related to Staff's numbers for Wheeling's sewer operation. She acknowledged that she did not do the same type of analysis that Wheeling did for all future years through 2018, but she did do an analysis for 2015, which is when Staff believes that the project will be substantially complete. She indicated that she might explain this further with a post-hearing exhibit. (Tr., at 175-181).

Ms. Latocha did not discuss the availability of funding for the project with anyone from the IJDC. Her opinion that such funding would be available to Wheeling is just her opinion. Ms. Latocha acknowledged that she had never used the treasury bill interest rate to estimate an appropriate interest rate in any other rate case to support a certificate project. She stated that one of the chief reasons she believes that a lower rate than 6% is appropriate is because the planning rate in Case No. 05-1807-S-MA was too high. She also discussed this matter with her supervisors, Dixie Kellmeyer and Diane Davis, to arrive at her opinion. She is not sure whether either of those Staff members has used a treasury bill as the basis for a reasonable interest rate. While she believes that her recommendation is prudent and reasonable, she is not aware of any prior Commission case that used this method to predict what interest rate would be reasonable. She does not believe that her recommended rate of 3.04% is a planning rate, although she believes that Wheeling's proposed rate of 6% is a planning rate. Also, when Ms. Latocha made her recommendation, she did not have the benefit of the testimony of Ms. Prezioso. (Tr., at 181-186).

Ms. Latocha believes that, while the testimony of Ms. Prezioso is logical, the rate of 3.04% is a more reasonable rate for the project. Ms. Latocha cannot predict what interest rate the market will provide. Ms. Latocha does not know whether Wheeling can obtain an interest rate at or near 3.04% in the public bond market. She believes that it is unreasonable to base the rates on an interest rate that may be too high. She believes that the 3.04% rate is a more recent rate and that it would be more reasonable to base rates on an interest rate that is too low rather than one that is too high. Ms. Latocha believes that it is unreasonable to utilize an interest rate that is too high as the basis for ratemaking. Rates should never be set higher than they need to be. She just knows that, in the 2006 case, the planning rate was 6.5% and the rates were based on that interest rate; when the actual interest rate ended up being 4.8%, the rates were not adjusted downward to reflect this lower interest rate. She does not know that the Staff-recommended interest rate is so low that it cannot be obtained on the public bond market or that the Staff-recommended interest rate would effectively kill the project. She does not think it is reasonable for her to contact the IJDC to see if it would fund the project, i.e., it is Wheeling's obligation to apply to the IJDC for funding. (Tr., at 186-190).

Ms. Latocha believes that it is more reasonable to adopt an interest rate based on a known and measurable actual interest rate, such as a treasury bill, rather than use a planning interest rate that is too high. The actual interest rate on bonds that Wheeling had issued in the past, i.e., 2006 and 2010, corresponded roughly to the treasury bill rate then in effect, not to the planning rate that had been used to make rates. She reasoned that, if Wheeling had obtained rates in the past that resembled a treasury bill rate, it should be able to obtain a similar rate in this case. (Tr., at 190-192).

Ms. Latocha acknowledged that capitalizing the interest will increase the cost of the project by approximately $7,000,000, but she believes that is Commission policy. She believes that project rates are not supposed to become effective until the project has been certified as substantially complete. She acknowledged that rates would be lower if the interest was not capitalized. Rates should go into effect once the project is substantially complete so that ratepayers are not paying for anything that is not already useful. Capitalized interest is just part of the total project cost. Rates for the total project cost should not become effective until the project is substantially complete. (Tr., at 192-195).

Ms. Latocha clarified that she does not think the project should be approved with an interest rate of 6%. She believes that the project should be approved with rates to support the project that are based on an interest rate of 3.04%, and, if the bonds are sold at a higher rate, the rates should be revisited at that time and adjusted so that the rates would support the project. At least one reason for the policy of making project rates effective upon substantial completion is to ensure that rates do not support a project that is never completed. Ms. Latohca indicated that she could prepare alternate project rates based on different scenarios regarding the interest rate, pre-funded reserve and capitalized interest, as a post-hearing exhibit. (Tr., at 195-200).

Ms. Latocha clarified some of the exhibits attached to her prepared testimony and further explained how she designed rates based on the customer class cost of service study, e.g., why the Staff-recommended rate increase for the resale class is much higher than for other classes. She

acknowledged that, if Wheeling had to make payments on principal and interest from the date of the bond closing, there has to be a mechanism in place for that, which is the capitalized interest issue. (Tr., at 203-209).

DISCUSSION

This consolidated proceeding has many interrelated components, i.e., pre-project rates, the certificate application for the proposed project and rates to support the project. The ALJ will discuss each of these components separately and as they relate to each other.

1. Pre-Project Rates

According to Commission Staff's analysis, at going-level, Wheeling's existing rates will provide approximately $6,207,283 in total operating income and $6,296,942 in total available cash, which is sufficient to cover operation and maintenance (O&M) expenses and existing debt service and provide a 186.03% debt service coverage and a reasonable amount for capital additions. As Wheeling explained its ordinance, it would have increased Wheeling's revenues by 70% had no protest been filed, i.e., with rates taking effect 45 days from the enactment of the rate ordinance, and would increase revenues by 80% since protest was filed and the Commission has acquired jurisdiction over Wheeling's water rates. According to Staff Exhibit No. 5, Wheeling's operating income would have been $10,133,124 under the 70% increase and $10,693,663 under the 80% increase scenario.

Under the Staff-recommended rates, which contain an immediate rate change unrelated to the project and a project rate change to take effect upon the project being certified as substantially complete, Wheeling's revenues would be **decreased** by approximately 11.4% for the period prior to the project completion, i.e., the Staff-recommended non-project rates would generate approximately $5,666,692 in total available cash, which, under Staff's analysis, would provide a 136.02% debt service coverage for the water operation. The Staff-recommended project rates would generate approximately $8,528,326 in total available cash, which would provide 125.20% debt service coverage for the water operation.

Wheeling has argued that the debt service coverage for the water operation alone is not the issue. Rather, as it earlier argued in the sewer rate case, Case No. 11-1772-S-MA, what is crucial to complying with Wheeling's bond ordinances is a combined water and sewer debt service coverage of at least 120% of the maximum debt service requirement for any year. This combined coverage requirement was achieved in the sewer case by assuming that the going-level water rates would not be decreased. Should the water rates decrease, without further analysis, it would appear that the 120% combined debt service coverage might not be achieved.

Wheeling has argued that its going-level rates should not be decreased, since the excess debt service coverage, if any, is due to prudent and careful spending and tight financial management by Wheeling of its available resources, and it should not be penalized for managing its utility operations properly.

Staff also prepared a rate comparison chart that demonstrates the various rate change scenarios. Wheeling's existing rate for the first 1,000 gallons of usage is $7.46 per 1,000 gallons; $3.422 per 1,000 gallons for the next 499,000 gallons; and $1.763 for all usage over 500,000 gallons. The rates in the ordinance would have increased those rates to $12.69, $5.82 and $3.00, respectively, or by approximately 70%, if the ordinance was not protested. Likewise, the ordinance would increase those same usage rates to $13.43, $6.16 and $3.17, respectively, or 80%, since the matter was protested. The resale rate currently is $1.965 per 1,000 gallons. Under the 70% scenario, the resale rate would have increased to $3.34 per 1,000 gallons while, under the 80% increase scenario, the resale rate would be $3.54 per 1,000 gallons. The Staff-recommended rates would decrease the existing rates to $6.61 per 1,000 gallons for the first 1,000 gallons of usage; to $3.03 per 1,000 gallons for the next 499,000 gallons of usage; and to $1.56 per 1,000 gallons for all usage over 500,000 gallons, all of which would be a decrease of approximately 11.5%, for all service rendered from the time the rates are approved by the Commission in this case until the project has been certified as substantially complete. The Staff-recommended rates for those same usages would be $10.15, $4.59 and $2.82 per 1,000 gallons once the project has been certified as substantially complete, which represents an increase of approximately 53.6%, 51.5% and 80.8%, respectively, above the non-project rates that Staff recommends. Likewise, the resale rate under Staff's rate design would first decrease by 11.5% to $1.74 per 1,000 gallons until the project is certified as substantially complete and would increase by approximately 70% to $2.96 per 1,000 gallons once the project is substantially complete.

In Case No. 11-1772-S-MA, the Commission considered some of the same issues that are presented in the instant consolidated water certificate and rate case. One such issue is the treatment of combined debt service coverage for Wheeling's water operations and sewer operations. The fact that the water operation's revenues are sufficient to satisfy the debt service coverage for water bonds is not the only issue. Rather, it is the combined water and sewer debt service coverage requirement that is imperative and must be satisfied.

Wheeling argued that it is imperative that the Commission appreciate the City's needs for sufficient rates as of June 30, 2012, to meet its bond covenants. That need has been met by Case No. 11-1772-S-MA, i.e., the rates in effect on June 30, 2012, per Case No. 11-1772-S-MA, combined with the existing water rates, provide a combined debt service coverage requirement of approximately 122%, according to Finding of Fact No. 28 at p. 25 in the April 19, 2012 Recommended Decision:

> 28. According to the cash flow analysis included in Staff Post-Hearing Exhibit No. 1, the Revised Staff-Recommended Non-Project Rates will provide a 125.67% debt service coverage for the sewer operation; the current water rates will provide a 191.27% debt service coverage; and the combined water and sewer debt service coverage will be 158.98%. The Revised Staff-Recommended Non-Project Rates will provide total available cash of $5,425,347. (See, Staff Post-Hearing Exhibit No. 1).

Wheeling had argued in Case No. 11-1772-S-MA that Staff's non-project recommended revenue levels put Wheeling at great risk of not being able to issue additional bonds for its

pending water project in Case No. 12-0011-W-CN, i.e., the instant certificate application. While the ALJ believed at the time he rendered the April 19, 2012 Recommended Decision in Case No. 11-1772-S-MA that this argument is not without merit, the ALJ held that Staff is correct to base its rate recommendation on a historical test year and not include the $440,989 that was included in the City's Rule 42 exhibit for the administration fee for the Series 2010 B bond issue in the pre-project rates, because payment on that item will not start until the project is substantially complete, but it would be proper to include that item in the project rates.

The ALJ held that the Staff-recommended pre-project rates in Case No. 11-1772-S-MA would enable a CPA to provide the certification that the combined water and sewer operations have rates that will satisfy all of the existing bond covenants and requirements so that Wheeling may issue additional bonds for the water project, since, under Staff's analysis, the revenue level recommended by Staff is sufficient to satisfy all of the tests mentioned by the City's witnesses, Mr. Stump and Mr. Bodkin. This is underscored by Staff's calculation that, even if the $440,989 in administration fees were included, the debt service coverage would still be approximately 131%, which exceeds the amount required by the various bond documents, i.e., the most restrictive annual coverage of 120% of the maximum amount required in any year for debt service.

When the ALJ was rendering a decision in Case No. 11-1772-S-CN, he was assuming that Wheeling's existing water rates would remain in effect. Now June 30, 2012, has come and gone. The ALJ assumes that, on or about that date, Wheeling's independent CPA was able to certify that Wheeling's existing rates for its sewer and water operations satisfied the combined debt service coverage requirements. But now, Staff recommends that the ALJ decrease Wheeling's pre-project water rates.

In her prepared testimony, Ms. Latocha recommended an overall sales revenue decrease of 11.4% below going-level at non-project. She opined that these pre-project rates would generate revenues sufficient to cover the City's operating cash requirements of $3,952,550 and debt service requirements of $1,260,206 and provide approximately $453,936 for average plant additions and a 136.02% debt service coverage ratio. (Staff Exhibit No. 5, pp. 6-7). However, the ALJ cannot find an analysis prepared by or provided by Staff that addresses the combined debt service coverage ratio of the Staff-recommended pre-project rates. Wheeling has argued that the pre-project rate decrease will not enable Wheeling to continue to satisfy the combined debt service requirements of its existing bonds. Wheeling's Exhibit No. 7, sponsored by Mr. Bodkin, presented an analysis of the Staff-recommended rates, which shows that the combined debt service coverage would be approximately 122.59% in 2013; 130.02% in 2014; 123.62% in 2014; 111.20% in 2015; 107.40% in 2016; 122.04% in 2017; and 117.3% in 2018. Mr. Bodkin is Wheeling's CPA who has to certify, before the new bonds are sold, that the combined debt service coverage will be met each year from 2013 through at least 2017, depending on the project completion date. Mr. Bodkin explained that his calculations in City Exhibit No. 7 are based on Staff's recommendations and calculation methods so that a reliable comparison can be made. He opined that no one would want to purchase a bond when the certificate states that the combined debt service coverage will not be met during the years before the project is substantially complete and the three years subsequent to that. (Tr., at 40-48; City Exhibit No. 7).

Based on Wheeling's analysis and the lack of a different analysis by Staff, the ALJ believes that decreasing Wheeling's current rates prior to the substantial completion of the project would put the project in dire straits. While the combined debt service coverage ratio might be satisfied at some points, it would not be satisfied at other points. The ALJ believes that he is required to approve rates that will enable Wheeling to put itself in a position to sell the bonds for the project at the lowest possible interest rate. This is not providing a windfall to Wheeling's water operation, it is merely keeping the combined debt service coverage ratio at or near the bond requirements. For these reasons, the ALJ will not decrease Wheeling's existing rates.

2. Project Application

The next issue the ALJ will address is the project application. All parties, including Wheeling, Staff and the Intervenors, believe that the project is needed and that the public convenience and necessity require it and have stipulated so. Basically, the project will replace Wheeling's water treatment plant that is almost 100 years old. While some components of the treatment plant still work, they use out-dated methods and incur much cost in keeping the plant operable, with some parts no longer available. Most of the components of the treatment plant are well beyond their useful life. The treatment plant is very inefficient and does not provide the quality or quantity of potable drinking water that is needed for Wheeling's customer classes. The existing treatment plant has a designed maximum capacity of 12,000,000 gallons per day, but is capable of producing only 8,000,000 to 10,000,000 gallons per day. Its source is the Ohio River and several supplemental wells. Toxic spills in the river require the use of the wells when the treatment plant cannot properly treat the raw water. The electrical system at the treatment plant needs to be totally replaced. In the near future, Wheeling's water treatment plant will be totally unable to meet the requirements of the Safe Drinking Water Act due to the presence of certain contaminants in the Ohio River that cannot be treated by chlorine alone, since those contaminants combine with chlorine to create by-products that are toxic. The new treatment plant is needed to produce pathogen-free water under all conditions. The design of the project will fulfill that need. The project represents the most cost-effective and technologically-feasible alternative. Not building this project would soon result in many thousands of people not having a safe water supply. The project is absolutely needed.

The cost of the project is a concern for the ALJ. It is estimated that the construction alone, which is the largest component of the project cost, is approximately $34,004,000. This is a very costly water project. What bothers the ALJ the most, however, is the second-largest component of the total project cost of $48,935,000, which is capitalized interest of $7,096,000. Staff acknowledged that deferring the use of the rates to support the project until the project has been certified as substantially complete would cause Wheeling to incur this $7,096,000 in capitalized interest. Wheeling argued that the rates should become effective upon the issuance of revenue bonds offered to the public so that a large portion of the capitalized interest could be avoided or eliminated.

While Staff made allusions and innuendoes that Wheeling ignored the possibility of obtaining financing from public or governmental agencies, the ALJ believes that Wheeling's

analysis of the situation is correct. While it is possible that Wheeling might have obtained some portion of the financing by applying through the IJDC, the ALJ believes that it is highly unlikely that Wheeling could have obtained a substantial portion of the total cost of $48,935,000 though such financing. Since Wheeling is likely to have had to issue revenue bonds in a public offering for the bulk of the project cost, even if it obtained some financing from governmental agencies, the ALJ believes that it is reasonable for the entire bond issue to be a public offering. It is speculation whether the IJDC would have provided any financing, although the evidence presented suggests that the IJDC would not have provided Wheeling with financing. While Wheeling's evidence is not totally convincing, Staff offered no counter evidence to dispute Wheeling's claims. The ALJ holds that the method of financing the project, revenue bonds offered to the public, as proposed by Wheeling, should be approved.

Staff and Wheeling both suggested or recommended an interest rate that should be the interest rate for the financing of this project. Frankly, as the ALJ understands all of the evidence, no one knows what the interest rate will be for Wheeling's water revenue bonds that will be issued sometime in early 2013. Staff's estimate of 3.04% probably is as reliable as Wheeling's estimate or 6%. Staff is concerned that, by permitting an interest rate that is too high, Wheeling will again obtain a windfall in rates, since rates that will support the project must be adopted that will cover the interest rate for the bonds. However, to the ALJ, it is a greater concern that a project that is needed very much could be derailed by boxing Wheeling into a corner where it cannot sell the bonds because the approved interest rate is too low for the market at the time the bonds are issued.

The ALJ decided a similar consolidated case involving Wheeling's water operation, i.e., Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006. The rates in that case became effective at 12:01 a.m., June 3, 2006, or about a week after the Recommended Decision was final, not upon substantial completion of the project. Also, the interest rate approved in that case was as follows:

> 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.

The evidence in the instant case states that the actual interest rate which Wheeling obtained when it sold those revenue bonds on the public market was approximately 4.8%. Wheeling acknowledged that the proposed 6% interest rate for the bonds in the instant case is only a planning rate. Wheeling hopes to obtain the lowest interest rate possible given the bond market, the size of the offering, the rating that Wheeling may or may not obtain when the bonds are issued, the term of the bonds, the public perception of Wheeling's ability to pay and many other factors, some of which are objective and some of which are subjective.

The ALJ holds that it is reasonable to approve the proposed financing for the instant project in the same manner as approved in Case Nos. 05-1807-W-CN and 06-0044-W-MA, i.e., bearing interest at a rate not to exceed 6% for a term not to exceed 30 years. The ALJ believes

that approving an interest rate not to exceed 3.04% would possibly prevent Wheeling from selling its bonds. Also, nothing is magical or impressive about Staff's methodology for arriving at its recommended interest rate. Ms. Latocha simply compared the 2006 and 2010 issuance interest rates to the treasury bond rates on the dates of issuance.

Ms. Latocha's logic and reasoning are not necessarily flawed nor is her mathematical interpretation of the results incorrect. However, her method is not scientific, but is anecdotal. She gave several examples where the actual interest rate obtained matched or closely resembled the treasury bond rate at the time of issuance of the revenue bonds. The flaw is that the 3.04% recommended by Staff was the treasury bond interest rate as of May11, 2012. No one knows what the treasury bond rate will be on the date the bonds are issued. Staff's recommendation involves just as much speculation as Wheeling's approach of setting a limit on how much interest it is willing to pay. The interest rate will be whatever the market allows on the date of issuance. The ALJ will not permit the sale of those bonds should the interest rate exceed 6%. Part of the reasoning behind the ALJ's holding is due to the fact that the higher the interest rate the harder it will be for Wheeling to meet the combined debt service coverage requirements. The lower that Wheeling can keep the interest rate, the easier it will be to satisfy those requirements.

Since the ALJ will approve project rates that will become effective for all service rendered on and after the date that the bonds are issued, the actual total project cost is not known precisely due to the amount of capitalized interest that will be incurred. Therefore, the ALJ will approve the project for a total cost not to exceed $41,935,000, which is the amount that Wheeling estimated the project would cost with four months capitalized interest.

In any event, since the public convenience and necessity require the project and since Staff has recommended approving it, the ALJ will grant the certificate application and approve the financing for the project in the manner that Wheeling proposed.

3. Project Rates

The ALJ has touched on some of the issues that are problematic when adopting rates that will be sufficient, but not more than sufficient, to cover Wheeling's O&M expenses and debt service coverage requirements and provide a reasonable amount for average capital additions once the project has been certified as substantially complete. The first issue is when the rates will become effective. In fact, all other issues revolve around that one issue.

As earlier discussed, the ALJ, in Case Nos. 05-1807-W-CN and 06-0044-W-MA, approved rates to support a certificate project that became effective essentially immediately, as opposed to becoming effective upon substantial completion of the project, and the Commission did not reject that recommendation. Staff has argued that the Commission's current policy limits the approval of rates to support a certificate project to becoming effective only upon the certification that the project is substantially complete. The ALJ acknowledges that this appears to be the prevailing policy of the Commission, rather than the approach taken by the ALJ in Case

Nos. 05-1807-W-CN and 06-0044-W-MA. However, the Commission did not change that decision.

Wheeling has made some compelling arguments in this case as to why the rates should become effective upon the issuance of the bonds, the most compelling of which is the fact that doing so would decrease the total cost of the project by up to $7,000,000. Those are 7,000,000 very compelling reasons to the ALJ.

Wheeling acknowledged that it would incur some capitalized interest irrespective of when the rates became effective, but believed that amount would be insignificant compared to the capitalized interest that would be incurred by delaying the effective date of the project rates until the project had been certified as substantially complete.

The ALJ cannot in good conscience add approximately $7,000,000 to the total project cost, which is an increase of approximately 20%. The policy for project rates not becoming effective until the project is substantially complete is a good policy that works possibly 99% of the time. However, the facts in this case are not usual. The total project cost is beyond the ability to obtain any type of financing other than a bond issue offered to the public. The public needs as much assurance as possible that it will earn a competitive interest rate and be able to realize that interest within a time period of less than two or three years after the bonds are issued. This is a reasonable expectation. Therefore, the ALJ will approve the project rates to become effective upon the date the bonds are issued, but will require that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete. This will ensure that the project will be built and that the bonds will be attractive, while, at the same time, not permit Wheeling to receive a windfall rate.

This project definitely is needed. Wheeling is not going to be able to continue to operate without the project, as all parties have stipulated. Wheeling's ratepayers are going to have to pay for the project, sooner or later. While starting to pay for the project upon issuance of the bonds makes the rate increase become effective sooner, it decreases the total project cost by approximately $7,000,000. The ALJ believes that it is unconscionable to increase a project's cost by $7,000,000, or by approximately 20% of the total cost. The ALJ will assume that the total capitalized interest that can be avoided is $7,000,000, since some cannot be avoided. This will make the total project cost $41,935,000 instead of $48,935,000.

The third-largest item in the estimated project cost is $3,766,000 to pre-fund or prepay the reserve funds required by Wheeling's bond issues. The ALJ believes that this is sound fiscal policy, since it will add value to the bonds that Wheeling issues, which should work to decrease the interest rate and make the bonds more attractive in the present bond market.

Therefore, when considering the proper rates to support the project, the ALJ will work on the basis that the total project cost will be approximately $41,935,000. The rates to be approved must be sufficient, but not more than sufficient, once the bonds are issued and also once the project is substantially complete, to cover all of Wheeling's O&M expenses and debt service

coverage requirements, which includes the combined water and sewer operations debt service coverage requirement of 120% of the maximum annual debt service, and provide a reasonable amount for average capital additions. Also, the approved rate must be sufficient so that Wheeling's independent CPA can certify prospectively on June 30 of each year that the combined 120% coverage will be in place for three years after the project is substantially complete. The ALJ believes that the rates hereby approved will meet this requirement, although recognizing that, until the interest rate is locked in and the project is bid, it is speculation to predict what the coverage factor will be three years after substantial completion, since, at this time, the date of substantial completion itself is an unknown.

For the reasons discussed above, the ALJ will approve the project rates and charges set forth in Appendix A, which are designed using the customer class cost of service study, for all service rendered on and after the date that Wheeling issues the project bonds.

FINDINGS OF FACT

1. On or about November 15, 2011, 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 December 30, 2011. Wheeling published a notice of these rates, and, pursuant thereto, on or about December 14, 2011, the Ohio County Public Service District, the Town of Valley Grove and the Town of Triadelphia, each of which is a resale customer of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's November 15, 2011 rate ordinance, alleging discrimination to their respective customers. Subsequently, numerous protests were filed by residential customers of Wheeling. Pursuant to the protests and pursuant to *Code* §24-2-4b, the Commission invoked its jurisdiction over the municipal appeal, made Wheeling a Respondent to this proceeding and, pending investigation, hearing and decision in this matter, suspended the aforesaid rate ordinance and deferred the use of the rates and charges stated in the rate ordinance until 12:01 a.m., April 28, 2012, unless otherwise ordered by the Commission. (See, Commission Order Suspending Rates and Referring to Administrative Law entered December 16, 2011).

2. Wheeling filed an application with the Commission for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing to fund the project. The City estimated that the project's construction would cost approximately $34,004,188, which would be financed through the issuance of publicly marketed revenue bonds totaling approximately $48,935,000, bearing 6% interest for a 30-year term. (See, certificate application filed January 5, 2012).

3. The parties stipulated that the public convenience and necessity require the project. (See, Tr., at 10).

4. The project is comprised chiefly of a new water treatment plant. The existing treatment plant is over 90 years old and has substantial structural problems, especially in the main filter building. The new plant is necessary to meet EPA regulations. The membrane design

planned for the treatment plant provides a more effective barrier against contamination of the City's finished water when compared to the existing treatment plant that uses sand filters for this purpose. (See, Tr., at 13-14; City Exhibit No. 1).

5. The the major components of the project include:

(a) Rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation;

(b) Replacing the existing blower building and equipment;

(c) Replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation;

(d) Replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance;

(e) Constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls;

(f) Replacing the existing clearwell with a new above-ground storage tank; and

(g) Making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the plant.

(See, Tr., at 15-17; City Exhibit No. 2, pp. 1-2).

6. Wheeling obtained Permit No. 18,823 from the OEHS. The project improves and upgrades an old existing water treatment plant with the state-of-the art equipment which is more energy-efficient to operate, provides greater operational stability to suit variable conditions with river source water and provides a more reliable and sustainable means to comply with continually emerging drinking water regulations, e.g., the "long term 2 enhanced surface water treatment rules" or LT2ESWTR, which establish performance criteria for the effective removal of microbial contaminants, which places an increased focus on the optimization of the filtration process. The proposed design will provide a cost-effective approach to providing an increased level of treatment, treatment control and optimization of operation. (See, City Exhibit No. 2, pp. 4-5).

7. The new filtration building with membrane filtration, which will replace the existing conventional granular media filtration system, provides a much greater particle removal capability. The project will provide improved chemical feed systems for optimum coagulation and disinfection by-product control. (See, City Exhibit No. 2, p. 5).

8. The new project will repair existing reinforced concrete; replace existing walkways for safer access to equipment; improve the existing influent pump by distributing the pumping among three pumps rather than one; repair existing valves and gates that currently are difficult to operate; replace flocculators to reduce maintenance expenses, e.g., parts are not available because they are so old; repair other existing unit process equipment to reduce maintenance expenses; and replace existing deteriorated equipment such as the baffle wells that are structurally failing. (See, City Exhibit No. 2, p. 6).

9. The project will upgrade the existing aeration blowers with new ones that are more energy-efficient, reliable and variable in operation; upgrade the instrumentation and control with SCADA remote monitoring to monitor all processes in real time and keep the operator interfaced with equipment functions when necessary for quality operation; and replace finished water pumps with newer, more energy-efficient pumps that will provide more flexibility in pump operation depending on the conditions that exist at the time. (See, City Exhibit No. 2, p. 7).

10. The City must sell its bonds to finance the construction of the project before the project can begin. Wheeling believes that increased rates must be in effect before the project begins, in order to produce sufficient cash flow to meet debt service payments and net revenues to meet the rate covenants of the outstanding bonds. The City realized that, if a protest was filed, the effective date of the increased rates may be delayed, and, if the rate increase was delayed, the interest payments on the new bond issue, for a period of approximately 2 years, would have to be capitalized, i.e., borrowed through the issuance of additional bonds. Wheeling enacted two sets of rates, one representing a 70% increase in revenues, assuming no protest, and the other increasing revenues by 80% to cover the increased costs if the matter was protested. (See, City Exhibit No. 3, pp. 2-3).

11. For determining debt service coverage requirements, Wheeling's bonds for its water operation are combined with its bonds for its sewer operation. Wheeling also enacted increased rates for its sewer operation, which were the subject matter of Case No. 11-1772-S-MA. The sewer system rate increase was necessary because Wheeling historically struggles to pay its O&M expenses and main its capital assets for the sewer operation. The sewer increase was designed to provide funds to meet expenses and to meet the rate covenant tests of the combined system at June 30, 2012. This rate covenant test must be met at June 30, 2012, in order to issue bonds later in 2012 for the water project. The City realized that the requested water increase would not be effective by June 30, 2012, and, therefore, needed the sewer rate increase that would be effect by that date in order to meet the coverage requirements of the combined system. (See, City Exhibit No. 3, pp. 3-5).

12. Under the City's existing bonds, it must issue a certificate from a CPA indicating that coverage is in place that satisfies all of the bond covenants and requirements. This certification that the coverage is in place at going-level and will be in place for the three years following the completion of construction must be filed well in advance of selling the bonds. Since construction of the project will take at least two years, this certification actually has to be for a five-year period. The rates in the ordinance are designed to provide the required debt

service coverage looking forward five years as well as at going-level. (See, Tr., at 21-24, 120-124).

13. Wheeling originally anticipated that the bonds for the proposed project would be issued during the 2012 accounting year, but now realizes that they will not be issued until well into the 2013 year. The bond language states that the maximum annual debt service starts in the year in which the bonds are sold, not the year when the first payment is due. (See,Tr., at 24-29; City Exhibit No. 5).

14. In a document titled "Rate Decrease in 2013," Wheeling depicted an abbreviated cash flow statement for per books and for project years 2012 through 2018, putting the emphasis on the debt service coverage requirements for the water operation, the sewer operation and the combined operation. This document reflects Staff's recommended going-level rate decrease. This decrease would result in a decrease in revenues in the year ending June 30, 2013, of approximately $633,000. The project rate increase is not anticipated by Staff until 2015, i.e., the date the project is substantially complete. (See, Tr., at 29-31; City Exhibit No. 6).

15. City Exhibit No. 6 shows a projected debt service coverage factor of only approximately 78% for the City's sewer system for the projected year ending on June 30, 2012. The column "Projected 6/30/13" shows an increase in the sewer rates of approximately $139,694.18, which reflects the 2.7% increase contained in the Recommended Decision recently entered in the just-completed sewer rate case. The combined debt service coverage for the column "Projected 6/30/12" is approximately 122.55%. Due to the Staff-recommended decrease in the instant water rate case, the column "Projected 6/30/13" shows a combined debt service coverage of only 72.17%. The Staff-recommended rate decrease at going-level would reduce revenue by approximately $633,000, i.e., from approximately $6,003,000 to approximately $5,600,000. (See, Tr., at 31-34; City Exhibit No. 6).

16. Irrespective of when the project is substantially complete, once the bonds are issued, the maximum annual debt service increases. The maximum annual debt service is the test, not cash flow. Under the Staff-recommended rates, in 2013, when the bonds are issued, the debt on those bonds will be outstanding and the combined water service and sewer service debt service coverage will only be approximately 72%. The combined debt service requirement is 120%. The debt service of approximately $2,409,224 on the 2013 issue noted on City Exhibit No. 5 must be included in the calculation of the combined debt service coverage. Unless rates to support the 120% debt service requirement are in place before the bonds are issued, the bonds cannot be issued. Assuming, as planned, that the construction starts in 2013 and it takes two years, as estimated, the project will not be completed until 2015. Under the Staff-recommended rates, which would not become effective until the project is certified as substantially complete, the City's rates will not be sufficient to provide the 120% combined debt service coverage, the bonds will not be issued and the project will not be built. The certification of that 120% coverage test must also be made for three years after substantial completion, which means that rates must be in effect that meet that test beginning no later than when the bonds are issued and that will continue to meet the 120% coverage requirement through at least 2017, depending on when the project actually is completed. (See, Tr., at 37-40; City Exhibit No. 5).

17. Wheeling's analysis only used the Staff-recommended interest rate of 3.04%. City Exhibit No. 7 illustrates that, if the Staff-recommended rates are approved and do not become effective until the project is substantially complete, the combined debt service coverage would be approximately 122.59% in 2013; 130.02% in 2014; 123.62% in 2014; 111.20% in 2015; 107.40% in 2016; 122.04% in 2017; and 117.3% in 2018. Wheeling's CPA has to certify, before the bonds are sold, that the combined debt service coverage will be met each year from 2013 through at least 2017, depending on the project completion date. (See, Tr., at 40-48; City Exhibit No. 7).

18. Wheeling has been very carefully managing the combined debt service coverage requirement of its existing bonds for many years and has taken several steps in planning for the project, e.g., the City refunded or refinanced the 1997 bond issue, which had a balloon payment due in 2012, so that this payment could be spread out over several years. The City had to pass an ordinance in 2009 to increase its water rates by 5% to make this refinancing possible and that ordinance was not protested. Wheeling has taken similar measures to make this project and the bond issue for this project feasible. (See, Tr., at 49-52).

19. The two chief components that cause the debt service coverage to be lower than 120% in some of the years, according to Wheeling's analysis, are the vacillating debt service requirements and anticipated O&M expenses during certain years. Wheeling has several different bond issues with different requirement in different years. The 120% combined debt service coverage test is 120% of the maximum annual debt service. This number changes from year to year as new bonds are issued or old ones are retired. Wheeling estimated the increased O&M expenses for years subsequent to 2013 on common sense or experience, i.e., it assumed that the O&M expenses in 2018 will be greater than they will be in 2013. Wheeling used several tools, such as the cost of living index, which has gone up approximately 2.37% over the past 10 years, in making estimates of increased O&M expenses in future years. (See, Tr., at 52-57).

20. The CPA certification is basically certifying to those who would purchase the bonds that Wheeling has sufficient collateral to ensure that the investors who buy the bonds will recover their investments and earn the promised interest on those investments. Investors will not rely upon a speculation that the City will pass additional rate ordinances in order to continue to pay the principal and interest on those bonds, as well as existing bond issues. (See, Tr., at 57-59; City Exhibit No. 7).

21. Since the Staff-recommended rates would not go into effect until the project has been certified as substantially complete, Wheeling would have to incur short-term loans as the project is being built in order to pay the contractors and suppliers on a timely basis during the construction period. These loans will then be rolled into the long-term financing, thereby capitalizing the interest for the short-term financing. Under the Staff-recommended rates, the additional revenue approved in this case to support the project would not be available until the project is certified as substantially complete, which increases the effective total cost of the project. (See, Tr., at 59-63, 120-124).

22. It probably will be early 2013 before the bonds for the project are issued, if at all, and many things could happen between now and that time that could cause the interest rates on the bonds to increase or decrease. Even on the date of issue, the interest rate could change perhaps a quarter of a percent. The underwriters for the bond issue are motivated to sell the bonds and they will try to get the interest rate as low as possible, e.g., the actual interest rate for the 2006 issue was lower than the planning or predicted rate. The 1997 bond issue lowered debt service, which was one of the goals of that bond issue. By lowering the interest rate, you lower the threshold for passing the 120% combined debt service coverage requirement. (See, Tr., at 64-65).

23. The proposed funding for this project is from the issuance of bonds to be sold on the public market. Wheeling already has the same kind of bond issues and it also has some bonds that are from public funds, e.g., 2010 bond issue 2010 B. Wheeling wants to obtain the lowest cost financing possible. No need exists to issue bonds to be sold on the public market if funding from governmental agencies exists. (Tr., at 70-71).

24. When a municipality issues bonds in the public market, the bondholders expect interest to begin accruing immediately. Typically, the first interest payment on the bonds is due within nine months from the date of issuance of the bonds and semi-annually thereafter. If the City does not have enough capitalized interest funds to make interest payments on the bonds, it would need to secure additional funds from revenues or additional sources to make such interest payments, otherwise it would default on its obligations. Once the capitalized interest funds are expended, the City will be required to make monthly deposits into the revenue sinking fund held at the MBC for semi-annual interest payments to the bondholders. (See, City Exhibit No. 8, pp. 3-4).

25. In the context of the current certificate application, two possible scenarios exist. The first scenario assumes the issuance of approximately $41,850,000 of tax-exempt revenue bonds. This scenario assumes capitalized interest for a period of four months, allowing the City to implement the project rates upon the issuance of the bonds and to provide sufficient time to collect the revenues from the project rates. The second scenario assumes the issuance of approximately $48,935,000 of tax-exempt revenue bonds. The second scenario assumes 29 months of capitalized interest on the bonds, allowing the City to implement rates upon substantial completion of the project and to provide sufficient time to collect the revenues from the project rates. Both scenarios assume a planning interest rate of 6% and a final maturity of approximately 30 years. The $7,085,000 difference in the par amount of the bonds between the first scenario and the second scenario represents the increased borrowing required in order to delay the implementation of the project rates from the date of the issuance of the bonds until the substantial completion of the project. (See, City Exhibit No. 8, p. 4).

26. The $7,085,000 difference is not comprised solely of capitalized interest, but capitalized interest does comprise the majority of that difference. The increased borrowing for capitalized interest requires a significant increase in the debt service reserve account for the bonds, which must be fully funded at closing, as well as some minor increases in other line items, such as the cost of bond insurance. Additionally, borrowing more to pay capitalized interest

causes more interest to be paid, since one has to pay interest on the additional borrowing. (See, City Exhibit No. 8, pp. 4-5).

27. The entire proceeds of the bonds will be advanced at closing. The monies in the capitalized interest fund and the debt service reserve fund must be invested, according to state law, and held at the MBC to be invested as part of the MBC's investments. The yield on the West Virginia Government Money Market Pool changes daily and was approximately 0.056% on April 19, 2012. In the past three years, Wheeling's financial adviser has not seen the interest rate paid by the Commission on such investments equal 6%. Any money that Wheeling borrows for the capitalized investment fund will have an assumed interest rate of approximately 6%, but the interest earned by Wheeling on that money will be significantly less than 6%. Over the life of the bond issue, the total difference in the principal and interest payments to bondholders under the two scenarios would be approximately $10,743,092. (See, City Exhibit No. 8, pp. 5-6).

28. The MBC has changed significantly over the past five years or so, e.g., the number of active municipal bond insurers has dropped significantly; the rating agencies are more thorough in their review of credits and conservative in their award of ratings; and potential purchasers are demanding more information, including continuing disclosure, regarding the security for bonds. While the municipal bond marketplace remains robust, access to capital is subject to more review and higher standards are placed on the quality of credits. These changes impact Wheeling by making it subject to closer scrutiny, both at the issuance of bonds and in subsequent years. Failure to meet rate covenants will likely impact the ability of the City to obtain bond insurance and may also result in lower underlying ratings assigned to the City's outstanding and future bond issues. This could also adversely affect Wheeling's ability to access the municipal bond market. Lower ratings and/or inability to access municipal bond insurance will result in higher borrowing costs for the City, which will translate to higher costs to the ratepayers. (See, City Exhibit No. 8, pp. 7-8).

29. Municipal bond insurance is an insurance policy that would be purchased by Wheeling which promises the purchasers of Wheeling's bonds that the bond insurance will make the principal and interest payments on the bonds in the event that Wheeling is unable to do so. Purchasers of such bonds rely upon the presence of municipal bond insurance, at least primarily, to determine the interest rate on the bonds. Usually, the municipality pays a one-time fee to obtain this type of insurance, the cost of which is less than the net present value of the difference between the cost of the insurance policy and the debt service savings as a result of the purchasers relying on the creditworthiness of the bond issuer as opposed to the credit of the municipality. Five years ago, several such bond insurance companies served the area. Today, only one such provider is active in the West Virginia market. On the other hand, three rating agencies exist today, i.e., Moody's; Standard & Poors; and Fitch. The purpose of a rating agency is to examine the creditworthiness of issuers of bonds and then assign a rating to the debt of the issuer. Purchasers of bonds rely on the rating assigned by the agency to determine the appropriate interest rate for the bonds. Bonds that are deemed less risky receive a higher rating. (See, City Exhibit No. 8, pp. 8-9).

30. Wheeling currently has four outstanding bond issues, two of which have identical rate covenants and additional bond test requirements. The other two bond issues each have unique additional bond tests and rate covenants. Wheeling must obtain a certification from an independent certified public accountant that the covenants in each of the outstanding bond ordinances have been satisfied in order to issue additional bonds on a parity with the outstanding bonds. Without the CPA certification, additional parity bonds cannot be issued. These tests are in place to protect the security position of the prior bondholders. Parity means that the bonds are issued with a lien on the revenues and assets of the system which is equal to the lien of the existing bonds. In this case, such a parity lien is a first lien on the revenues and assets of the system equal to that of the outstanding bonds. Parity bonds provide the opportunity for the best interest rate on debt. Bonds which are not issued on a parity with the existing bonds, i.e., subordinate bonds, will require a higher interest rate and may not be permitted. (See, City Exhibit No. 8, pp. 9-10).

31. Wheeling is not proposing to finance the project with a loan from a governmental agency, but Staff analyzed Wheeling's proposed bond issue as if it could obtain a government-funded bond issue. Wheeling is proposing to sell its bonds to the public, rather than try to obtain a governmental agency loan, because, the last time that Wheeling attempted to obtain a governmental agency loan about two years ago for approximately $9,000,000, it was practically impossible to obtain that financing. Wheeling interpreted the words and actions of the IJDC to mean "We did this one for you, but don't come back." The sheer magnitude of the instant project would have precluded IJDC funding. (See, Tr., at 78-79).

32. The total project cost is approximately $48,935,000, including capitalized interest, of which approximately $34,004,188 is for construction. The largest cost other than construction is capitalized interest, which is an additional amount of approximately $7,096,000. In order to pay the contractor approximately $34,004,188, Wheeling will have to borrow approximately $7,096,000 to pay interest from the date of the bond issue until the rates kick in when the project is substantially complete. If the construction cost increases or if it takes longer to complete the project, the capitalized interest amount also will increase. The contractor will expect to be paid at regular intervals during construction. If the bonds are not issued before construction begins, there will be no project. If the rates do not start until the project is substantially complete, the interest will have to be capitalized, which will substantially increase the project cost. If the rates were in effect on the date the bonds are issued, no need would exist for capitalizing the interest. The approach Wheeling took in its rate ordinance was to adopt a 70% rate increase if the ordinance was not protested and an 80% rate increase if the matter was protested, since the protest is costing Wheeling money, i.e., had the rates gone into effect 45 days after passage of the ordinance, the project cost would have been substantially lower, which would have allowed for a lower rate for Wheeling's customers. Any delay in a project financed through a public offering of bonds is going to increase the total cost of the project. The total project would have cost approximately $41,000,000, including approximately $34,004,188 in construction costs, if the rate ordinance was not protested, but will cost approximately $48,935,000 due to the capitalized interest that will be incurred due to delays in the effective date of the new rates due to the protest and if Staff's recommended approach to not let the rates take effect until the project is certified as substantially complete is followed. (See, Tr., at 92-98, 120-124; Staff Exhibit No. 2).

33. The estimated project budget rounded to the nearest thousand was received as City Exhibit No. 9, as follows:

Construction cost (includes 10% contingency)	$34,004,000
Planning and Engineering	$ 1,115,000
Additional Technical Services	$ 142,000
Construction Engineering	$ 875,000
Inspection	$ 555,000
Legal, Accounting and Permits	$ 100,000
Land and Rights	$ 170,000
Capitalized Interest based on rates becoming effective upon substantial completion of project	$ 7,096,000
Prepaid Reserves	$ 3,766,000
Cost of Insurance, Discounts, Bond Insurance, etc.	$ 1,112,000
TOTAL	$48,935,000

(See, City Exhibit No. 9; Staff Exhibit No. 2).

34. Wheeling estimated that the total project cost would be approximately $36,961,188 but for the additional costs associated with capitalized interest and other effects of the project rates not becoming effective until the project is substantially complete. Capitalizing interest causes other costs to increase, e.g., since the total cost is higher, the amount of the reserve is going to be higher and prefunding the reserve will cost more. (See, Tr., at 98-99).

35. Wheeling did not obtain approval from the IJDC for the instant project because it believed that even applying to the IJDC was futile. In two prior public bond issues that Wheeling issued, i.e., Series 2010A and Series 2096A, the debt service reserve account was prefunded each time. While no one has any idea what the bond market will be like in six months, if the bonds were issued on the day of the hearing, the 6% interest would be obtainable. The time that the bonds are issued will determine the interest rate, the total project cost and other factors that generally are known factors in certificate cases where the funding comes from governmental agencies. All factors cannot be known until the day of pricing the bonds, i.e., locking in the interest rate. (See, Tr., at 100-109).

36. The 6% interest rate is Wheeling's planning rate and could change once the bonds actually are issued. Wheeling will do absolutely everything within its power to obtain an interest rate that is lower than the 6%, hopefully much lower, but, to some extent, that is beyond Wheeling's power. A lower interest rate will benefit Wheeling and its customers. Also, Wheeling considered the issue of capitalized interest when it was determining the rate increase to include in its rate ordinance, which was chiefly the reason the rate ordinance was structured to be 70% if not protested and 80% if protested. Wheeling assumed that, if the matter came before the Commission as a municipal appeal, the Commission likely would not allow rates to become effective until the project had been certified as substantially complete. (See, Tr., at 115-118, 120-124).

37. In the past, Wheeling has issued bonds that were sold in the public marketplace and others that were purchased through governmental agencies, e.g., it issued approximately $14,500,000 in sewer bonds in 2003 or 2004 with an interest rate of 3% for 20 years, obtained through the West Virginia State Revolving Fund. However, all of its water bonds were sold in the public marketplace and were not obtained through the state process. (See, Tr., at 118-119).

38. The difference in the cost for the proposed project, i.e., approximately $41,850,000 as anticipated by Wheeling, and approximately $48,935,000 as calculated by Staff using Wheeling's analysis, is the cost of capitalized interest. Essentially, if Wheeling could have the project rates approved no later than the date the bonds are issued, it would save Wheeling and its customers over $7,000,000 to build the same identical project. (See, Tr., at 119).

39. The notices that Wheeling gave to the public as required by law all contained the alternative rate proposals. The public was fully informed that revenues would need to increase by 70% unless the matter was protested sufficiently to trigger a municipal appeal, in which case they needed to increase by 80%. Another key is that rates must be approved so that a CPA can certify that the debt service coverage will be sufficient for all of the years of 2013 through 2017 or 2018, i.e., three years after the project is substantially complete. (See, Tr., at 124-126).

40. Currently, Wheeling has four separate series of outstanding bond issues secured by the net revenues of the City's combined waterworks and sewerage system operations. Series 2006 A and Series 2010 A bonds were sold on the municipal bond market and are held by investors. Both the Series 2006 A bonds and the Series 2010 A bonds were issued with municipal bond insurance. The bond insurers guarantee the repayment of the debt service on the bonds to the holders of the bonds, thus resulting in a lower cost of borrowing for the City. In return for these guarantees, the bond insurers are paid a fee by the City from the proceeds of the bonds and the bond insurers require certain covenants from the City with respect to the bonds. (See, City Exhibit No. 10, pp. 2-3).

41. Wheeling Series 2005 A and 2010 B bonds are held by the WDA on behalf of DEP, Clean Water State Revolving Loan Program, collectively called SRF bonds. (See, City Exhibit No. 10, pp. 2-3).

42. The Series 2006 A bonds, the Series 2010 A bonds and the SRF bonds have different rate covenants and additional bond tests, each of which must be met by the City. Accordingly, the accountant for the City must review each rate covenant and additional bond test separately and confirm that each covenant is satisfied. As "publicly issued" bonds, the rate covenants and additional bond tests for the Series 2006 A bonds and the Series 2010 A bonds were subject to negotiation with the respective bond insurer for each series. (See, City Exhibit No. 10, p. 3).

43. In order to issue additional bonds secured by the revenues of the System on parity with the prior bonds, the City must satisfy certain covenants in the documents related to the prior bonds. In this context, parity, as it relates to the City's bonds, means that the new bonds will have

a pro rata first lien on the revenues of the System, equal to the lien of the prior bonds, which enables the City to obtain the lowest borrowing cost for the new bonds while assuring that their bonds will have a market. In order to obtain parity status, the City must obtain a certificate from an independent certified public accountant that Wheeling's financial situation meets the additional bonds test established for each of the prior bonds as well as the rate covenant for each series of the prior bonds. Without the CPA Certificate, additional parity bonds cannot be issued. Also, since the System is a "combined system" for purposes of satisfying the debt service coverage requirement, the parity test requirements apply to the combined waterworks and sewerage system. Thus, the City must ensure that the rates of the combined system, not just the water rates, are sufficient to allow the independent certified public accountant to issue the CPA Certificate. (See, City Exhibit No. 10, pp.17-18).

44. The term "maximum annual debt service" means the maximum amount of debt service due in any given year on all combined issues of the City. While the additional bonds tests are different in all but one case, all outstanding issues require meeting not only the basic annual coverage, i.e., 125% of the maximum annual debt service, but also meeting that coverage requirement for all years up to and including three years following the time the project for which the parity bonds are being issued is certified as substantially complete. The three-year forward-looking coverage necessitates that the City use reasonable assumptions about future operating results, including both revenues and expenses, e.g., since Wheeling recently has experienced a downward trend in population and customers, it is reasonable to assume that this trend will continue in future years. (See, City Exhibit No. 10, pp. 18-19).

45. In Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006, a consolidated certificate application and municipal appeal proceeding for Wheeling's water rates, the Commission approved rates to support a certificate project which became effective prior to the issuance of bonds, i.e., approximately four months before the bonds were issued, rather than making those rates effective only upon substantial completion of the project. The Commission did not capitalize the interest for that project and permitted the rates to take effect on or about June 3, 2006. The debt service reserve fund was funded out of the bond proceeds. (See, Tr., at 129-130).

46. Wheeling considered all of the possible funding for the instant water project. However, since the construction alone for this project is going to cost upwards of $35,000,000, it became apparent to Wheeling that governmental funding agencies would not provide the funding. Wheeling is not qualified for funding through the United State Department of Agriculture. When Wheeling was considering funding through the IJDC, it looked at the median household income for Wheeling's customers and realized that it would not meet the median household income qualification for an IJDC loan. (See, Tr., at 130-132).

47. Wheeling did not apply to the government agencies for funding because it believed that getting maybe $3,000,000 from another lender isn't efficient because then it would have had to comply with all of the requirements for that loan in addition to satisfying the requirements for a public bond issue. Wheeling decided to forego an IJDC application after much discussion and thought. The IJDC only has about $40,000,000 a year from video lottery to loan for a

combination of economic development projects and water and wastewater projects. (See, Tr., at 132-134).

48. The determination of interest rates for publicly issued bonds hinges primarily on two factors, i.e., the perceived risk of repayment and the duration of the loan. It is no different from obtaining funds from a commercial bank. The investors are going to look at the risk and the length of the term and decide what the interest rate should be. The term is going to be 30 years. The only other key factor is for Wheeling to be able to portray to potential bond purchasers that the risk is low. This is done by obtaining a good rating from a rating agency or by obtaining bond insurance. The higher the rating the lower the interest rate will be. Since only one bond insurer is available now, compared to five or six five years ago, the rating is of utmost importance. Wheeling wants a 30-year bond term, not the Staff-recommended 20-year bond, because that is the term that the public market generally prefers. A 20-year bond would make the debt service requirement higher than a 30-year bond. A 30-year bond would have the least adverse effect on rates. The project is for a water treatment plant, which should have a useful life of well over 30 years, e.g., the City's existing water treatment plant has been in place for over 100 years. Wheeling's bond counsel opined that the public market will not accept a bond for a payment period of over 30 years. (See, Tr., at 139-143).

49. While it used 6% as its planning rate, Wheeling will try to obtain a lower interest rate. It was impossible for Wheeling to put in its certificate application what the exact interest rate would be at the time of the bond issue. In Wheeling's most-recent bond issue, the planning rate was 6.5% and the actual selling rate was 4.5%, based on the selling conditions at the time. The lag between filing the application and selling the bonds makes it impossible to state with certainty what the actual interest rate will be. (See, Tr., at 143-145).

50. Wheeling's two prior public market bond issues were sold when Wheeling had a AAA rating. Wheeling received the best possible interest rates at those times. Wheeling's bond counsel opined that Wheeling will not obtain a AAA rating. The State of West Virginia has a AA or maybe a AA+ rating. In Wheeling's bond counsel's professional opinion, a rate of 3.04% isn't even in the realm of possibility. (See, Tr., at 151-152).

51. According to Wheeling's bond counsel, a pre-funded debt service reserve is required for this proposed transaction. The pre-funded reserved could come from a surety bond or from bond proceeds. The amount of pre-funded debt service reserve affects the amount of capitalized interest, i.e., the more pre-funded debt service reserve, the less the capitalized interest will be. The capitalized interest issue has a ripple effect in that it adversely affects other costs. If one could eliminate the capitalized interest, Wheeling would have to borrow substantially less money. Some small amount of capitalized interest will be necessary, depending on when the rates take effect with respect to the date of the bond issuance, but deferring rates until the project is substantially complete will require the highest amount of money that Wheeling has to borrow. Having a high amount of capitalized interest will increase rates for many years in the future. The date the bonds are issued probably will not adversely affect the construction dates that likely would not begin until the 2013 construction season. The project construction will take approximately 24 to 27 months. (See, Tr., at 152-160).

52. Staff's Engineering Division summarized that Wheeling is proposing to make significant upgrades and improvements to its aged and outdated water treatment plant. Wheeling serves approximately 13,500 customers, including five resale customers. Its water department employs 55 persons. During the fiscal year ending on June 30, 2011, Wheeling sold approximately 1,758,887,000 gallons of water, with resale customers purchasing approximately 36% of the total volume. Sales were approximately $5,774,447, with resale customers paying approximately $1,241,069 of that total, or just under 21.5% of total sales. Resale customer include Ohio County Public Service District (approximately 4,100 customers); the Village of Bethlehem (approximately 1,160 customers); the Town of Triadelphia (approximately 500 customers); the Village of Valley Grove (approximately 330 customers); and the Borough of West Alexander, PA (approximately 400 customers). (See, Tr., 167-169; Staff Exhibit No. 2, p. 1).

53. Wheeling has a 12,000,000 gpd treatment facility that currently is able to operate only at the rate of approximately 8,000,000 to 10,000,000 gpd, due to many factors related to the fact that the facility is approximately 100 years old. The existing treatment plant obtains raw water from the Ohio River and five nearby wells and filters it with a set of open granular-media rapid sand filters. Although the existing facility is exceptionally well-maintained, it is functionally and technologically inadequate. The existing electrical systems in the pump building look like a museum display of motor-control systems. Every part of the treatment facility is old and/or worn out. The treatment technology itself is unable or soon will be unable to meet the quality requirements of the SDWA due at least in part to the presence of certain chemicals in the water source that have an adverse chemical reaction with chlorine to produce chlorine by-products that are toxic. The planned new plant will replace the worn-out and antiquated facilities and technology with a treatment system that will produce a sufficient amount of pathogen-free water. The project is both necessary and of appropriate size to meet the treatment needs of Wheeling for the foreseeable future. Without the new facility, Wheeling will be violating the SDWA and will be placing its customers at risk of consuming contaminated water that would not meet the standards of the West Virginia Bureau for Public Health and also federal laws. (See, Staff Exhibit No. 2, pp. 1-4).

54. Staff recommended that the Commission grant the certificate application to include rehabilitation and reuse of the existing pump building and some other reusable portions of the existing facility, but to include the installation of a new blower building and process blowers. The project chiefly consists of the construction of a new membrane/high-service building (27,100 square foot) that includes five membrane filtration units and associated membrane-system support components. Three new high service pumps will be included in the new filtration building to replace existing archaic pumps. New disinfection systems will be installed that will use liquid sodium hypochlorite as a replacement for the more hazardous gaseous chlorine. A new above-ground dual-chamber finished water storage tank will be built as well as membrane spent-water handling systems. New and rehabilitated plant-site piping and yard work will be installed to serve the new facility and integrate it with the usable portions of the existing system to work as a single unit. The entire plant electrical system will be upgraded and/or replaced with a 480-volt wiring system. Other work includes mechanical; HVAC; instrumentation; control (SCADA); and

electrical systems and related equipment, as well as site work, drains, pavement, landscaping, etc., as needed. (See, Staff Exhibit No. 2, pp. 1-4).

55. Staff estimated that total cost for the project would be approximately $48,935,000, including several years of capitalized interest, with construction alone costing in excess of $34,000,000. Since the project has not actually been bid, the final cost is likely to increase. At this cost, the estimated cost per customer is approximately $2,477, which Staff opined is reasonable. Engineering design fees comprise approximately 3.5% of the total project cost, which Staff opined is reasonable. After viewing the plans and specifications, Staff found no apparent violations of the Commission's *Water Rules* or other applicable Commission standards. The West Virginia Bureau for Public Health has issued Permit No. 18,823 for the project. Most or all of the necessary permits have been obtained. The project will increase O&M expenses by approximately $358,757, including an estimated $115,640 in order to fund a membrane replacement fund where the membranes would be replaced on a ten-year cycle. Membrane replacement is an expensive certainty. (See, Staff Exhibit No. 2, pp. 4-7).

56. At going-level, without considering the project, Wheeling would have a net income of approximately $568,852. Under Wheeling's rate ordinance, the proposed 70% increase would increase Wheeling's net income to approximately $4,472,413, and the proposed 80% increase would increase Wheeling's net income to approximately $5,029,771, after Staff made the adjustments it believes are appropriate to conform to Staff's method of accounting and classifying various account items. (See, Tr., at 169-171; Staff Exhibit Nos. 3 and 4).

57. The City has proposed to finance the project through a publicly-marketed 30-year bond issue at a fixed 6% interest rate. The total project includes approximately $7,096,000 in capitalized interest; approximately $3,766,000 for pre-funding the debt reserve; approximately $200,000 for cost of issuance; approximately $367,013 for underwriters discount; and approximately $1,014 for miscellaneous costs. Staff acknowledged that the 6% interest rate is only a planning rate. In its last water rate case, Case No. 05-1807-W-CN, Wheeling had a planning interest rate of 6.5% with the same type of proposed financing, but the actual interest rate was approximately 4.8%, i.e., its Series 2006 A bond issue. (See, Tr., at 172-175; Staff Exhibit No. 5, pp. 1-4).

58. According to the Federal Reserve, as of May 11, 2012, the interest rate for a treasury bond was 3.04%. The 4.85% rate the City received in September 2006 was comparable to a treasury bond issuance of 4.85% in September 2006. The 2010 A bond debt was issued on April 22, 2010, at a 2.94% interest for six years, according to Wheeling's Rule 42 exhibit, Statement C. The treasury bond rate for 5 years for that week was 3.25% and the treasury bond rate for 7 years for that week was 2.56%. The annual payment for the 2006 bond ended up lower than what was presented in the case, but the tariff was not adjusted to reflect this decrease in revenue needed for this project. (See, Staff Exhibit No. 5, p. 4).

59. Staff recommended that the Commission approve an interest rate of 3.04% for the bonds to be issued to fund the certificate project. Staff would not recommend that the project go forward with a 6% interest rate. (See, Staff Exhibit No. 5, p. 5).

60. Staff recommended an overall sales revenue decrease of 11.4% below going-level at the non-project level. These pre-project rates should generate revenues sufficient to cover the City's operating cash requirements of $3,952,550 and debt service requirements of $1,260,206 and provide approximately $453,936 for average plant additions and a 136.02% debt service coverage ratio. (See, Staff Exhibit No. 5, pp. 6-7).

61. The Commission last reviewed Wheeling's water rates in 2006 in Case Nos. 05-1807-W-CN and 06-0044-W-MA. However, the City adopted an ordinance on February 16, 2010, without protest, i.e., without Commission review, that increased rates by 5% across-the-board. Currently, the Series 2006 A bond payment is less than what was proposed in Case No. 05-1807-W-CN because the City received a more favorable interest rate than the planning rate. The City also refinanced its 1997 bond issue in 2010. (Staff Exhibit No. 5, pp. 7-8).

62. Upon certification of substantial completion of the project, Staff recommends an increase in revenues of approximately 50.5%, which would increase sales revenues by approximately $2,862,439 over the Staff-recommended non-project rates, which should generate operating cash requirements of approximately $4,319,995, and provide debt service coverage payments of approximately $3,450,410 and reserve funding of approximately $219,020, which should provide a surplus of approximately $650,565, which is consistent with Wheeling's five-year average of capital additions, and provide $115,640 for membrane replacement and provide a debt service coverage of 125.2%. (See, Staff Exhibit No. 5, pp. 8-9).

63. In order to reach the Staff-recommended revenue requirements, Staff adjusted the project principal and interest to reflect a 3.04% bond issue for a 20-year term, which decreased Wheeling's proposed principal and interest payment to $2,190,204; Staff also included a debt reserve payment of $219,020. The Staff-recommended project rates would not become effective until the project has been certified as substantially complete. The Staff-recommended rate design differs from the City's rate design, which is an across-the-board rate increase. (See, Staff Exhibit No. 5, pp. 9-13).

64. Staff recommended that, if the City cannot obtain financing for the project with an interest rate of no more than 3.04% for a 20-year term, the application for a certificate be denied and that the City file a new certificate case. Staff still believes that Wheeling could obtain financing for the project from the IJDC. (See, Staff Exhibit No. 5, pp. 13-14).

65. Staff did not do the same type of analysis that Wheeling did for all future years through 2018, but did do an analysis for 2015, which is when Staff believes that the project will be substantially complete. (See, Tr., at 175-181).

66. Staff did not discuss the availability of funding for the project with anyone from the IJDC. Staff's opinion that such funding would be available to Wheeling is just Staff's opinion. Staff acknowledged that it had never used the treasury bill interest rate to estimate an appropriate interest rate in any other rate case to support a certificate project. The Staff financial witness also discussed this matter with her supervisors, Dixie Kellmeyer and Diane Davis, to arrive at her

opinion. The Staff financial witness is not sure whether either of those Staff members have used a treasury bill rate as the basis for a reasonable interest rate. The Staff financial witness is not aware of any prior Commission case that used this method to predict what interest rate would be reasonable. When the Staff witness made her recommendation, she did not have the benefit of Ms. Prezioso's testimony. (See, Tr., at 181-186).

67. Staff acknowledged that capitalizing the interest will increase the cost of the project by approximately $7,000,000, but believes that is Commission policy. Staff acknowledged that rates would be lower if the interest was not capitalized. (See, Tr., at 192-195).

CONCLUSIONS OF LAW

1. Since Wheeling's existing bonds contain provisions and tests that require a 120% combined water and sewer debt service coverage, and since the decision in Case No. 11-1772-S-MA approved rates that barely met this requirement under the assumption that the rates for the water operation would remain constant, it is not reasonable to reduce Wheeling's rates prior to the project.

2. The public convenience and necessity require the proposed project.

3. It is reasonable to approve the proposed financing for the project, which is comprised of the issuance of a municipal revenue bond offering to the public in an amount not to exceed $41,850,000 at a rate not to exceed 6% with a term not to exceed 30 years.

4. It is reasonable under the limited facts and circumstances of this proceeding for the rates to support the project to become effective on October 2, 2012, which corresponds to the rate suspension period imposed by the Commission.

5. Should the scope, plans, project costs or financing for the project change, the City must obtain prior Commission approval before commencing construction.

6. Since the project rates are sufficient, but not more than sufficient, to cover O&M expenses and debt service coverage requirements, including the 120% combined water and sewer operation requirements of existing bonds, and provide a reasonable amount for average capital improvements; are based primarily on the cost of service; and are just, reasonable and non-discriminatory and otherwise satisfy all applicable state laws and Commission rules and regulations, it is reasonable to approve the rates and charges attached hereto as Appendix A.

7. Having approved the project rates to become effective upon the date the bonds are issued, it is reasonable to require that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements, plus a reasonable amount to cover historically average capital additions, into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete. This will ensure that the project will be built and that the bonds will be attractive, while, at the same time, not permit Wheeling to receive a windfall rate.

8. It is also reasonable to approve the cash flow analysis attached as Appendix B.

ORDER

IT IS, THEREFORE, ORDERED that that the application for a certificate of public convenience and necessity filed with the Commission on January 5, 2012, by the City of Wheeling pursuant to *Code* §24-2-11 to construct additions, improvements and replacement of the City's existing water treatment plant be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project comprised of a public municipal bond offering in an amount not to exceed approximately $41,850,000, depending upon the actual interest rate obtained, the actual date of offering and the amount of capitalized interest incurred, for a term not to exceed 30 years and at an interest rate not to exceed 6%, be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the project cost, financing, scope or plans change for any reason, the City of Wheeling obtain prior Commission approval before commencing construction.

IT IS FURTHER ORDERED that the City of Wheeling submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the City of Wheeling notify the Commission when the project engineer has performed the substantial completion inspection and submit the certificate of substantial completion to the Commission as soon as it becomes available.

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 rates and charges contained and set forth in the municipal rate ordinance enacted on or about November 15, 2011, be, and hereby are, rejected, set aside and disapproved.

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 the date that Wheeling issues the bonds for the project certificated herein.

IT IS FURTHER ORDERED that, within 30 days of this Recommended Decision becoming final, the City of Wheeling file an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements, plus a reasonable amount to cover its historical annual average of capital additions, into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete

IT IS FURTHER ORDERED that the cash flow analysis contained in Appendix B be, and hereby is, approved.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery; by electronic service upon all parties of record who have filed an e-service agreement with the Commission; and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (customers with metered water supply)

First	1,000 gallons used per month	$11.60 per 1,000 gallons
Next	499,000 gallons used per month	$ 5.25 per 1,000 gallons
All Over	500,000 gallons used per month	$ 3.22 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following, according to the size of meter installed:

5/8-inch meter	$ 11.60 per month
3/4-inch meter	$ 17.40 per month

1 -inch meter	$ 29.00 per month
1-1/2 -inch meter	$ 58.00 per month
2 -inch meter	$ 92.80 per month
3 -inch meter	$174.00 per month
4 -inch meter	$290.00 per month
6 -inch meter	$580.00 per month
8 -inch meter	$928.00 per month

SALE FOR RESALE

All water for resale will be billed in accordance with the approved rate of $3.38 per 1,000 gallons used per month.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee will be charged to all customers applying 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	$315
1-inch and larger	$420

RECONNECTION - $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

$0.51 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her 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.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.

SCHEDULE II

APPLICABILITY

Applicable for public and private fire protection service.

RATE

The yearly rates reflected below may be billed on a monthly basis:

Fire Service Lines:	
2 inch or smaller	$ 60.00 per year
3 inch	$ 96.00 per year
4 inch	$156.00 per year
6 inch	$324.00 per year
8 inch	$564.00 per year
10 inch or greater	$900.00 per year
If unmetered	$ 90.00 per year
Hydrants:	
$ - connection	$156.00 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.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

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Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

CASH FLOW ANALYSIS

Available Cash		
Operating Revenue		$9,082,746
Forfeited Discounts		$ 127,950
Other Operating Revenue		$ 348,729
Other Income		$ 89,660
Total Available Cash		$9,649,085
Cash Requirements		
Operation and Maintenance Expense		$4,196,041
Taxes Other Than Income Taxes		$ 18,650
Total Cash Requirements		$4,214,691
Cash Available for Debt Service	(A)	$5,434,394

Debt Service Requirements		
Interest and Principal	(B)	$4,341,206
Debt Service Reserve		-
Total Debt Service Requirements Before Renewal and Replacement Fund		$4,341,206
Remaining Cash Surplus (Deficit)		$1,093,188
Cash Surplus Available for Capital Additions		
Renewal and Replacement Reserve (2.5%)		$ 241,227
Membrane Replacement		$ 115,640
Remaining Surplus after R&R Fund and Membrane Replacement		$ 736,321
		$1,093,188
Total Available for Capital Additions		$1,093,188
Debt Service Coverage Factor (A)/(B)		125.18%

CHARTER

OF THE CITY OF

WHEELING

CHARTER

OF THE CITY OF

WHEELING

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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.

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

CITY OF WHEELING

BOOK 30 PAGE 35

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

STATE OF WEST VIRGINIA,
COUNTY OF OHIO

I, Andy McKenzie, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, 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 3rd day of July, 2012.

Andy McKenzie, Mayor

Taken, sworn to and subscribed before me this 3rd day of July, 2012.

David Sims
Judge of the Circuit Court of
Ohio County, West Virginia

Patricia A Fahey
OHIO County 10:35:03 AM
Instrument No 19459344
Date Recorded 07/09/2012
Document Type OATH
Pages Recorded 1
Book-Page 30-35

BOOK 30 PAGE 40

CITY OF WHEELING

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

STATE OF WEST VIRGINIA,
COUNTY OF OHIO

I, Gloria Delbrugge, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, 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 3rd day of July, 2012.

Gloria Delbrugge
Gloria Delbrugge

Taken, sworn to and subscribed before me this 3rd day of July, 2012.

David Sims
Judge of the Circuit Court of Ohio County, West Virginia

Patricia A Fahey
OHIO County 10:39:18 AM
Instrument No 19459355
Date Recorded 07/09/2012
Document Type OATH
Pages Recorded 1
Book-Page 30-40

CITY OF WHEELING

BOOK 30 PAGE 41

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

STATE OF WEST VIRGINIA,
COUNTY OF OHIO

I, Ken Imer, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, 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 3rd day of July, 2012.

Ken Imer

Taken, sworn to and subscribed before me this 3rd day of July, 2012.

David Sims
Judge of the Circuit Court of
Ohio County, West Virginia

Patricia A Fahey
OHIO County 10:39:56 AM
Instrument No 19459357
Date Recorded 07/09/2012
Document Type OATH
Pages Recorded 1
Book-Page 30-41

CITY OF WHEELING

BOOK 30 PAGE 37

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

STATE OF WEST VIRGINIA,
COUNTY OF OHIO

I, Robert "Herk" Henry, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, 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 3rd day of July, 2012.

Robert "Herk" Henry

Robert "Herk" Henry

Taken, sworn to and subscribed before me this 3rd day of July, 2012.

David Sims
Judge of the Circuit Court of
Ohio County, West Virginia

Patricia A Fahey
OHIO County 10:37:20 AM
Instrument No 19459349
Date Recorded 07/09/2012
Document Type OATH
Pages Recorded 1
Book-Page 30-37

BOOK 30 PAGE 36

CITY OF WHEELING

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

STATE OF WEST VIRGINIA,
COUNTY OF OHIO

I, David Miller, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, 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 3rd day of July, 2012.

David Miller

Taken, sworn to and subscribed before me this 3rd day of July, 2012.

David Sims
Judge of the Circuit Court of
Ohio County, West Virginia

Patricia A Fahey
OHIO County 10:36:41 AM
Instrument No 19459347
Date Recorded 07/09/2012
Document Type OATH
Pages Recorded 1
Book-Page 30-36

BOOK 30 PAGE 38

CITY OF WHEELING

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

STATE OF WEST VIRGINIA,
COUNTY OF OHIO

I, Don Atkinson, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, 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 3rd day of July, 2012.

Don Atkinson

Taken, sworn to and subscribed before me this 3rd day of July, 2012.

David Sims
Judge of the Circuit Court of
Ohio County, West Virginia

Patricia A Fahey
OHIO County 10:37:58 AM
Instrument No 1945935O
Date Recorded 07/09/2012
Document Type OATH
Pages Recorded 1
Book-Page 30-38

CITY OF WHEELING

BOOK 30 PAGE 39

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

STATE OF WEST VIRGINIA,
COUNTY OF OHIO

I, Eugene T. Fahey, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and the Charter of the City of Wheeling, 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 3rd day of July, 2012.

Eugene T. Fahey

Eugene T. Fahey

Taken, sworn to and subscribed before me this 3rd day of July, 2012.

David Sims

David Sims
Judge of the Circuit Court of
Ohio County, West Virginia

Patricia A Fahey
OHIO County 10:38:40 AM
Instrument No 19459353
Date Recorded 07/09/2012
Document Type OATH
Pages Recorded 1
Book-Page 30-39

Wheeling, West Virginia
March 19, 2013

Council of the City of Wheeling met in Council Chambers, City-County Building on the above date with Mayor Andy McKenzie presiding.

The invocation was offered by Vice-Mayor Eugene Fahey.

On roll call, the following were present:

McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson and Fahey - 7

Mr. Fahey moved, seconded by Mr. Henry, that the minutes of the March 5, 2013 meeting be approved as received. Motion carried.

MAYOR'S REPORT

Mayor McKenzie presented a proclamation to Sondra Jackson proclaiming March 17-24 as National Safe Place Week in the City of Wheeling. Ms. Jackson expressed gratitude to Council for the proclamation and unveiled the new "Safe Place" logo for the public's awareness.

Mayor McKenzie informed those present that there will not be any discussion from Council on the Planning Commission Report at this evening's meeting.

UNFINISHED BUSINESS

ADOPTING TRAFFIC RULE NO. 4426 - HANDICAPPED PARKING - WARWOOD AVE. NEAR N. 18TH ST.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4426.

The ordinance was read a second time by title. Mrs. Delbrugge moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4427 - NO PARKING ZONE - S. SIDE OF KENTUCKY STREET, NEAR 32 KENTUCKY STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4427.

The ordinance was read a second time by title. Mr. Imer moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4428 - COMMERCIAL LOADING ZONE - EAST SD. OF EOFF NEAR 13TH ST.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4428.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4429 - HANDICAPPED PARKING - EAST SD. OF EOFF NEAR 13TH ST.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4429.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

STEPHENS AUTO CENTER - ONE (1) 2013 JEEP CHEROKEE SUV **(WATER)**

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT AND EXPEND FUNDS IN THE AMOUNT OF $24,561.00 WITH STEPHENS AUTO CENTER, OF DANVILLE, WV, FOR ONE (1) 2013 JEEP CHEROKEE SUV - WV STATE CONTRACT, TO BE CHARGED TO WATER DIVISION VEHICLE REPLACEMENT FUND - #400.1128.05.00.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

Mr. Fahey moved, seconded by Mr. Atkinson, that the Wheeling Human Rights Commission Minutes - 11/26/12 & 01/28/13; Greater Wheeling Sports and Entertainment Authority Minutes - 12/4/12; Greater Wheeling Sports and Entertainment Authority Income Statement - 12/31/12;Greater Wheeling Sports and Entertainment Authority Audit - FY 2011-2012 **(available in Clerk's office);** Wheeling Traffic Commission Minutes - 2/14/13; Board of Zoning Appeals Minutes - 12/20/12; Wheeling Housing Authority Minutes - 1/9/13; Wheeling Municipal Parking System Financial Statement - 1/31/13; Robert C. Byrd Intermodal Transportation Center Financial Statement - 1/31/13; which were held over, be approved as received. Motion carried.

REMARKS FROM MEMBERS OF COUNCIL

Mr. Miller congratulated Blake Humphreys, a member of the Wheeling Park High School Debate Team, which recently won their 34th consecutive State Title. He also recognized their coach, Mr. Bill Cornforth.

REPORT OF COMMITTEES

Mr. Fahey moved, seconded by Mrs. Delbrugge, to dispense with the reading of the minutes and accept them as received. Motion carried.

For Council's record, the minutes are as follows:

DEVELOPMENT COMMITTEE REPORT - MARCH 14, 2013

The Development Committee of Wheeling City Council met on Thursday, March 14, 2013 at 12:00 p.m. in City Coouncil Chambers. Committee members present: Mayor Andy McKenzie, Vice Chair Gloria Delbrugge, Member Gene Fahey; Councilors Robert Henry and Donnie Atkinson. Others present: City Manager Robert Herron, City Solicitor Rose Humway-Warmuth, Finance Director Michael Klug, Economic and Ecommunity Development Director Nancy Prager, ECD Assistant Director Tom Connelly,City Clerk Janice Jones and the media.

The following matters were discussed:

Request by Sara Dean to have the property located at 2149 Market Street (former Saseen's Restaurant) designated as a Redevelopment Site.

City Manager Robert Herron explained that he had received the request from Sara Dean who would like to use the building for a retail space for a craft and specialty beer store along with an upscale pub and residential apartments on the second and third floors. He reviewed the Land Use Map, showing the distances of schools, churches, and other establishments, with those present. He commented that the Administration believes that this is a worthwhile project and is recommending approval of the redevelopment site. Following this, Mr. Fahey moved, seconded by Mrs. Delbrugge, to approve 2149 Market Street as a redevelopment site. Motion carried.

Lane Abandonment Request - Lotus Lane - Progressive Bank

Assistant Economic and Community Development Director Tom Connelly told the Committee that the lane abandonment request was previously for Prospect Lane, which met with resistance from surrounding land owners and residents; however, Progressive Bank has amended their request to ask for a portion of Lotus Lane between N. 17th St. And Prospect Lane to be abandoned. The majority of city departments and utilities have no objection to the request and several utilities have given conditional approval. Mr. Connelly said that the conditional approval responses indicate the need to retain access to their infrastructure. The applicant has stated that the proposed layout will still allow accessibility because the new building will be entirely on the private property, although the requested area will house a portion of the drive-through facilities. Therefore, based on the understanding all public and private utilities will still have unlimited access to their interests, the staff recommends approving the request to close Lotus Lane between N. 17th Street and Prospect Lane as a public thoroughfare. Mr. Connelly commented that it would still have to go to the Planning Commission for site approval and the Board of Zoning Appeals for variances for setbacks. City Manager Herron indicated that the Administration is recommending approval of the lane abandonment. Following this discussion, Mrs. Delbrugge moved, seconded by Mr. Fahey, approval of the lane abandonment.

Mayor McKenzie commented that these two requests are great projects and thanked the individuals who brought these forward.

Discussion on Schenk Bridge Replacement

City Manager Herron explained that we have been monitoring the bridge for about two years and just recently it has developed another hole on the surface of the bridge. He commented that this bridge is vital to residents of Fulton, East Wheeling and the Peninsula. As this bridge is eligible for CDBG funds, he is recommending reprogramming of CDBG funds in the amount of approximately 219,000.00 for this project. A large portion of the reprogramming would come from the streets and sidewalks line item and street resurfacing line item. He added that this would not cover the total project and we would have to draw funds from the Capital Projects Fund to pay for the remaining portion of the project. He said that the project would take approximately 30 to 60 days. The Committee agreed with the need for this bridge. No action was taken from the Development Committee but Council will hold a public hearing before voting to reprogram CDBG funds, which will take place at the April 2, 2013 City Council meeting.

Discussion of Possible Home Rule Amendment

Mayor McKenzie said that this will not be a topic of discussion at today's meeting; however, he updated everyone on the status of the bill before the Legislature. He said that it looks favorable and will possibly be sent to the Governor by the end of next week. As it stands, Home Rule would be in effect for another five years and will allow smaller cities to participate.

There being no further business to come before the Committee, Mr. Fahey moved, seconded by Mrs. Delbrugge, to adjourn. Time: 12:16 p.m.

REPORT OF CITY MANAGER

City Manager Robert Herron commented that there will be a first reading of a bond ordinance authorizing the issuance of bonds for the Water Treatment Plant. He said that this type of ordinance requires three readings with a public hearing scheduled before the third reading, which will be April 16, 2013. The bid opening for the Water Treatment Plant is scheduled for Friday, March 22, 2013 at 2:00 p.m. If all goes well, we would award the bid in early June, with construction to start at the end of July or early August. In response to a question from Mr. Fahey as to the length of the project, Mr. Herron indicated that it would take at least two years to construct.

REPORT OF OTHER OFFICERS

Mr. Fahey moved, seconded by Mr. Henry, that the Planning Commission Minutes - 2/11/13; Comprehensive Plan Committee Minutes - 2/11/13; Historic Landmarks Commission Minutes - 1/3/13; Planning Commission Report - 3/12/13; Wheeling Housing Authority Minutes - 2/13/13; CDBG Program Status Report - 2/28/13; HOME Program Status Report - 2/28/13; CDBG Building Demolition Status Report - 3/13/13;Wheeling-Ohio County Board of Health Minutes - 1/15/13; Financial Statement - 2/28/13; be held over until the next meeting. Motion carried.

In response to a question from Mr. Miller in regard to the Planning Commission Minutes of 2/11/13, about a Home Occupation that was approved, City Solicitor Rose Humway-Warmuth said that all requirements were met in regard to this application.

ORIGINAL PROPOSITIONS

DESIGNATING DEPOSITORIES - 2013

The following was then read:

AN ORDINANCE DESIGNATING BRANCH BANKING AND TRUST COMPANY (BB & T), UNITED NATIONAL BANK, PROGRESSIVE BANK, N.A., WHEELING, WESBANCO BANK WHEELING, J. P. MORGAN CHASE AND COMPANY,

AND MAIN STREET BANK WHEELING, AS BANKS WITHIN THE CITY WHICH SHALL BE CITY DEPOSITORIES FOR CALENDAR YEAR 2013, AND AUTHORIZING AN AGREEMENT BETWEEN THE CITY AND EACH SUCH DEPOSITORY WHICH SHALL FIX ALL TERMS AND CONDITIONS OF THE DEPOSIT OF PUBLIC MONEY, IN ACCORDANCE WITH ARTICLE 185 OF THE CODIFIED ORDINANCES OF THE CITY OF WHEELING.

BOND ORDINANCE - COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2013- (1ST READING OF THREE)

The following was then read:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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$49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

AGREEMENT - HAYS LANDSCAPE ARCHITECTURE STUDIO, LTD. - MARKET PLAZA DESIGN

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT AND EXPEND FUNDS IN AN AMOUNT NOT TO EXCEED $39,950.00 WITH HAYS LANDSCAPE ARCHITECTURE STUDIO, LTD., OF ST. CLAIRSVILLE, OH, FOR MARKET PLAZA DESIGN, TO BE CHARGED TO T. I. F. - PROJECT NO. 4.

RESOLUTION - ADOPTION OF GENERAL FUND BUDGET - FY 2013-2014

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING APPROVING THE FY 2013-2014 GENERAL FUND BUDGET.

Mr. Fahey moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

RESOLUTION - ADOPTION OF COAL SEVERANCE BUDGET - FY 2013-2014

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF

WHEELING APPROVING THE FY 2013-2014 COAL SEVERANCE BUDGET

Mr. Fahey moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

THOSE WISHING TO BE HEARD

Bill Blair, Ohio Valley Tennis Academy, addressed Council about the need of tennis courts in the City of Wheeling. Mayor McKenzie advised Mr. Blair to set up a meeting with himself and the City Manager to discuss this further.

Stuart Levy, Wendy Scatterday, David Croft, Laura Carter, all residents of the Woodsdale Area, spoke in opposition to the zone change on Bethany Pike. They believe that any type of development on the hillside would damage their properties and lead to devaluation of it. Ms. Scatterday presented a slideshow outlining their concerns.

Geneva Barrax, 89 Finch Avenue; Frank Calabrese, Arlington Drive; spoke in support of funding the Human Rights Commission.

Tom Triveri, 125 N. 19th Street, addressed Council with his opposition about a proposed "fracking plant" that is planning to come to the Warwood area. He vehemently opposes this plant as he believes it would be very detrimental to the City's drinking water.

Mr. Fahey moved, seconded by Mr. Atkinson, to return the Mayor's Report. Motion carried. Mayor McKenzie assured those present that it is his intention to uphold the process of the Planning Commission in regard to their recommendation to deny the zone change for Bethany Pike.

There being no further business, Mr. Henry moved, seconded by Mr. Atkinson, to adjourn. Motion carried. Time:6:15 p.m.

_____ City Clerk

_____ Mayor

Wheeling, West Virginia
April 2, 2013

Council of the City of Wheeling met in Council Chambers, City-County Building on the above date with Vice Mayor Gene Fahey presiding.

The invocation was offered by.

On roll call, the following were present:

Delbrugge, Imer, Henry, Miller, Atkinson and Fahey - 6

Mayor McKenzie was absent.

Mr. Henry moved, seconded by Mr. Atkinson, to suspend the regular order of business to conduct a public hearing. Motion carried.

"PUBLIC HEARING - REPROGRAMMING FY 2012 CDBG BLOCK GRANT FUNDS"

City Manager Robert Herron explained that the reprogramming of approximately $219,000.00 in various CDBG line items would be used for the Schenk Bridge Replacement Project. This bridge is used by residents of the Fulton area as well as businesses located in the Peninsula. As there was no one who signed up to speak at this public hearing, Mr. Henry moved, seconded by Mr. Atkinson, to conclude the public hearing and resume the regular order of business. Motion carried.

Mr. Atkinson moved, seconded by Mr. Henry, that the minutes of the March 19, 2013 meeting be approved as received. Motion carried.

MAYOR'S REPORT

Vice Mayor Eugene Fahey commented that Mayor McKenzie is in Charleston to attend the Legislative Session dealing with Home Rule and to meet with the Gov/Org Committee. Vice Mayor Fahey presented Economic and Community Development Department Director Nancy Prager with a proclamation designating the month of April, 2013 as Fair Housing Month in the City of Wheeling. He also read a proclamation recognizing April 9, 2013 as Mayors Day of Recognition for National Service in the City of Wheeling.

Vice Mayor Fahey informed the audience that G. C. & P. Development withdrew their zone change request prior to the City Council meeting today.

UNFINISHED BUSINESS

DESIGNATING DEPOSITORIES - 2013

The following was then read:

AN ORDINANCE DESIGNATING BRANCH BANKING AND TRUST COMPANY (BB & T), UNITED NATIONAL BANK, PROGRESSIVE BANK, N.A., WHEELING, WESBANCO BANK WHEELING, J. P. MORGAN CHASE AND COMPANY, AND MAIN STREET BANK WHEELING, AS BANKS WITHIN THE CITY WHICH SHALL BE CITY DEPOSITORIES FOR CALENDAR YEAR 2013, AND AUTHORIZING AN AGREEMENT BETWEEN THE CITY AND EACH SUCH DEPOSITORY WHICH SHALL FIX ALL TERMS AND CONDITIONS OF THE DEPOSIT OF PUBLIC MONEY, IN ACCORDANCE WITH ARTICLE 185 OF THE CODIFIED ORDINANCES OF THE CITY OF WHEELING.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 6

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

Vice Mayor Fahey commented that the next ordinance is the second reading of three readings and will not be acted upon this evening.

BOND ORDINANCE - COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2013- **(1ST READING OF THREE)**

The following was then read:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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$49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

AGREEMENT - HAYS LANDSCAPE ARCHITECTURE STUDIO, LTD. - MARKET PLAZA DESIGN

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT AND EXPEND FUNDS IN AN AMOUNT NOT TO EXCEED $39,950.00 WITH HAYS LANDSCAPE ARCHITECTURE STUDIO, LTD., OF ST. CLAIRSVILLE, OH, FOR MARKET PLAZA DESIGN, TO BE CHARGED TO T. I. F. - PROJECT NO. 4.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 6

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor

thereupon declared the ordinance adopted.

Mr. Miller moved, seconded by Mr. Atkinson, to suspend the regular order of business so that the City Manager could speak about the Planning Commission Report process. Motion carried. Mr. Herron discussed the mechanics and procedures for Zone Change Requests which flow between Council and the Planning Commission. Mr. Miller moved, seconded by Mr.Atkinson, to return to the regular order of business. Motion carried.

Mr. Henry moved, seconded by Mr. Miller, that the Planning Commission Minutes - 2/11/13; Comprehensive Plan Committee Minutes - 2/11/13; Historic Landmarks Commission Minutes - 1/3/13; Planning Commission Report - 3/12/13; Wheeling Housing Authority Minutes - 2/13/13; CDBG Program Status Report - 2/28/13; HOME Program Status Report - 2/28/13; CDBG Building Demolition Status Report - 3/13/13;Wheeling-Ohio County Board of Health Minutes - 1/15/13; Financial Statement - 2/28/13; that were held over, be approved as received. Motion carried.

REMARKS FROM MEMBERS OF COUNCIL

REPORT OF COMMITTEES

Mr. Atkinson moved, seconded by Mr. Miller, to dispense with the reading of the minutes and accept them as received. Motion carried.

As a matter of record and for the minutes, they are as follows:

FINANCE COMMITTEE REPORT - MARCH 19, 2013

The Finance Committee of Wheeling City Council met on Tuesday, March 19, 2013 at 5:00 p.m. in City Council Chambers. Committee Members present: Chair Gene Fahey, Vice Chair David Miller and Member Don Atkinson. Others present: Mayor Andy McKenzie, Councilors Gloria Delbrugge, Ken Imer, and Robert Henry; City Manager Robert Herron, Finance Director Michael Klug, Fire Chief Larry Helms, Economic and Community Development Director Nancy Prager, City Clerk Janice Jones and the media.

The following matters were discussed:

Financial Statement - February 28, 2013

City Manager Robert Herron reported that the balance in the General Fund Budget at the end of February was $1,899,000.00, down slightly from last year's balance of $2,172,000.00 but comparable to 2011 balance of $1,958,000.00. The revenue year-to-date is about $24,000.00 more than it was for the same time period last year. Mr. Herron pointed out several line items that revenue was anticipated to be less than last year. Among them, were video lottery, CDBG reimbursement, table gaming and health reimbursement accounts. Expenditures are about 2% behind where we were for the same time last year. Relevant to planning for next year's budget, Mayor McKenzie expressed concern about the bill that's before the Legislature in regard to the Wheeling Island Race Track proceeds. Following a short discussion, Mr. Atkinson moved, seconded by Mr. Miller, to accept the February 28, 2013 Financial Statement as presented. Motion carried.

Other Items for Discussion

Mr. Herron reports that at the last City Council meeting, the CDBG public service requests were distributed to Council. He reviewed each public service agency's request for funds. The Administration is recommending the following requests to be approved: Greater Wheeling Coalition for the Homeless, $5,000; Seeing Hand Association, $4,250; Soup Kitchen, $10,000; Wheeling Health Right, $30,000; Wheeling Human Rights Commission, $7,000; Nelson Jordan Center, $33,000 and Wheeling Police Department, $50,026. A public hearing on this will be held at the April 16, 2013 City Council meeting. No action is required this evening.

There being no further business to come before the Committee, Mr. Atkinson moved, seconded by Mr. Miller to adjourn. Time: 5:20 p.m.

REPORT OF CITY MANAGER

City Manager Herron distributed copies of the Wheeling Water Treatment Plant Improvements Project Cost Summary to those present (a copy of which is contained in Council Meeting Papers for April 2, 2013) and gave a synopsis of the report and process which was required by the City in order to meet the bond covenants and Public Service Commission requirements.

Mr. Herron reported that the WV Department of Highways will be assisting with the remaining funds to fix the Schenk Bridge.

REPORT OF OTHER OFFICERS

Mr. Henry moved, seconded by Mrs. Delbrugge, that the Wheeling Human Rights Commission Minutes, 2/25/13; Board of Zoning Appeals Minutes, 2/21/13 regular meeting and 2/21/13 special meeting; Greater Wheeling Sports & Entertainment Authority Minutes, 2/26/13; and Greater Wheeling Sports & Entertainment Authority Financial Statement, 1/31/13; be held over until the next meeting. Motion carried.

Mr. Miller moved, seconded by Mr. Atkinson, to return to the City Manager's Report. Motion carried. Mr. Atkinson pointed out how important this Water Treatment Plant Improvements Project is to all the residents of Wheeling and outlying areas. He commented that it is long overdue and that the residents will benefit from it for years to come. Mr. Miller moved, seconded by Mr.Atkinson, to resume the regular order of business. Motion carried.

ORIGINAL PROPOSITIONS

LANE ABANDONMENT - PORTION OF LOTUS LANE BETWEEN PROSPECT LANE AND N. 17TH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING VACATING AND ABANDONING A PORTION OF LOTUS LANE BETWEEN PROSPECT LANE & NORTH 17TH STREET AUTHORIZING THE CITY MANAGER TO EXECUTE SUCH QUITCLAIM DEEDS TO IMPLEMENT THIS ABANDONMENT.

MUNICIPAL COUNCIL LEVY ESTIMATE - FY 2013-2014

The following was then read:

AN ORDINANCE OF THE MUNICIPAL COUNCIL LEVY ESTIMATE, PRESCRIBED BY THE WEST VIRGINIA STATE AUDITOR, KNOWN AS THE ANNUAL APPROPRIATION FOR FISCAL YEAR 2013-2014 BUDGET FOR WHEELING MUNICIPALITY, OHIO COUNTY.

RESOLUTION - IDENTIFYING 2149 MARKET STREET AS A DEVELOPMENT - REDEVELOPMENT SITE

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING IDENTIFYING 2149 MARKET STREET AS A DEVELOPMENT/REDEVELOPMENT SITE.

Mr. Henry moved, seconded by Mrs. Delbrugge, that the Resolution be adopted. Motion carried.

THOSE WISHING TO BE HEARD

Robert Slabaugh, Sandra Cowden, Casey Forsch, Tom Triveri, Michael Voelliger and Robin Mahonen, Warwood residents, spoke in opposition to the proposed fracking plant in Warwood, citing an increase in traffic, concerns about air and water quality, etc.

Wendy Scatterday asked Vice Mayor Gene Fahey what was contained in the letter that was given to Council members prior to Council concerning the proposed GCP development project. Vice Mayor Fahey commented that he has not yet had the chance to read it in full as he just received it and is reluctant to make any comments until he reads it thoroughly. Karen Cox, 163 S. Park St., spoke in opposition to the proposed GCP Development, citing drainage and runoff problems.

Jim Taylor, 181 Shawnee Rd., representing the Woodsdale Baseball & Softball Association, requested the City's assistance, either financially or physically, in fixing up the Greggsville, Fulton and Tank Fields.

There being no further business, Mr. Henry moved, seconded by Mr. Atkinson, to adjourn. Motion carried. Time: 12:50 p.m.

City Clerk

Mayor

Wheeling, West Virginia
April 16, 2013

Council of the City of Wheeling met in Council Chambers, City-County Building on the above date with Mayor Andy McKenzie presiding.

The invocation was offered by Vice-Mayor Eugene Fahey.

On roll call, the following were present:

McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson and Fahey - 7

Mr. Fahey moved, seconded by Mr. Henry, that the minutes of the April 2, 2013 meeting be approved as received. Motion carried.

Mr. Fahey moved, seconded by Mrs. Delbrugge, to suspend the regular order of business to conduct a public hearing. Motion carried.

City Manager Herron explained the process for the levy rates. He commented that the rates are the same as last year.

"PUBLIC HEARING - MUNICIPAL COUNCIL LEVY ESTIMATE - FY 2013-2014"

No one was present to speak at this public hearing. Mr. Henry moved, seconded by Mrs. Delbrugge to conclude this public hearing. Motion carried.

Mr. Fahey moved, seconded by Mr. Henry, to conduct a second public hearing. Motion carried. Mr. Herron explained that correspondence has been received from HUD in regard to this years entitlement. They have indicated that there will be a 5% reduction but it could even go lower than that. HUD has instructed us to submit a budget based on the past year's entitlement, which is $1,122,076.00. Mr. Herron reviewed the various line items in the proposed CDBG Budget.

"PUBLIC HEARING - FY 2013 ACTION PLAN - COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AND THE HOME INVESTMENT PARTNERSHIP (HOME) PROGRAM"

Jerry Craig, John Moses, Geneva Barrax, Jeremiah Jasper, all spoke in favor of full funding to the Wheeling Human Rights Commission. Jerri Sterling, James Singer, Don Rebich, Mark Szafran, Ruth Osborne, all spoke in favor of funding Wheeling Health Right. Stephanie Hall, Island Community Association, thanked Council for the past support of CDBG funds to Wheeling Island.
There being no one else to speak at this public hearing, Mr. Fahey moved, seconded by Mr. Henry, to conclude this public hearing.

Mr. Fahey moved, seconded by Mr. Henry, to conduct a third public hearing. Motion carried. City Manager Herron explained that the bond ordinance to authorize this is on the agenda for third reading and subsequent adoption at tonight's meeting. The Contract to build the facility is also on the agenda for first reading this evening.

"PUBLIC HEARING - BOND ORDINANCE - COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2013"

No one being present to speak at this public hearing, Mr. Fahey moved, seconded by Mr. Henry, to conclude the public hearing. Motion carried.

Mr. Fahey moved, seconded by Mr. Henry, to resume the regular order of business. Motion carried.

MAYOR'S REPORT

Mayor Andy McKenzie announced that WVNCC will be having a ribbon cutting of their new building on May 6 at 11:30 a.m.

Mayor McKenzie recognized Allegro Dance Company and its founder Anna

Pishner Harsh on Allegro Dance Company's 20th Anniversary.

Mayor McKenzie recognized Vincent O'Leary, a Wheeling Central High School Senior, who was recently honored for his research on invasive crayfish at the 2013 Intel Science Talent Search in Washington, DC..

Mayor McKenzie commented that during the Sesquicentennial Celebration, the WV State Legislature will be holding their Interims here in Wheeling, along with a West Virginia Municipal League meeting on Home Rule on June 20, 2013.

UNFINISHED BUSINESS

BOND ORDINANCE - COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2013- **(3rd READING OF THREE)**

The following was then read:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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$49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

The ordinance was read a second time by title. Mr. Miller moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

LANE ABANDONMENT - PORTION OF LOTUS LANE BETWEEN PROSPECT LANE AND N. 17TH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING VACATING AND ABANDONING A PORTION OF LOTUS LANE BETWEEN PROSPECT LANE & NORTH 17TH STREET AUTHORIZING THE CITY MANAGER TO EXECUTE SUCH QUITCLAIM DEEDS TO IMPLEMENT THIS ABANDONMENT.

The ordinance was read a second time by title. Mrs. Delbrugge moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

MUNICIPAL COUNCIL LEVY ESTIMATE - FY 2013-2014

The following was then read:

AN ORDINANCE OF THE MUNICIPAL COUNCIL LEVY ESTIMATE, PRESCRIBED BY THE WEST VIRGINIA STATE AUDITOR, KNOWN AS THE ANNUAL APPROPRIATION FOR FISCAL YEAR 2013-2014 BUDGET FOR WHEELING MUNICIPALITY, OHIO COUNTY.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Imer, Henry, Miller, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

Mr. Henry moved, seconded by Mrs. Delbrugge, that the Wheeling Human Rights Commission Minutes, 2/25/13; Board of Zoning Appeals Minutes, 2/21/13 regular meeting and 2/21/13 special meeting; Greater Wheeling Sports & Entertainment Authority Minutes, 2/26/13; and Greater Wheeling Sports & Entertainment Authority Financial Statement, 1/31/13; which were held over, be approved as received. Motion carried.

REMARKS FROM MEMBERS OF COUNCIL

Mr. Atkinson, Council's representative on the Wheeling Hall of Fame Board, announced that the annual dinner will take place on Saturday, April 20, 2013 at Wesbanco Arena at 5:30 p.m.

Mrs. Delbrugge thanked Chief Schwertfeger for allowing the canine unit to come to a function for children that was held at the Soup Kitchen.

Mr. Fahey commented that he appreciated everyone's thoughts on CDBG and how the funds are allocated. He urged people to contact their local delegation in Washington DC to tell them that we oppose the cuts that are being considered by HUD. He also commented on how well the Centre Market area is doing and publicly thanked Kurt Zende for his work in that area. Mr. Fahey congratulated Fire Chief Larry Helms for the Annual Report that was on this evening's agenda. He also thanked the Wheeling newspapers for the two editorials that were in the week-end newspapers supporting the city on various issues.

REPORT OF CITY MANAGER

In regard to the CDBG entitlement, as presented in President Obama's Proposed FY 2014 Budget, Mr.. Herron said that trying to get rid of the "grandfathering" provision is clearly a way that the Federal Government is trying to shift funds from smaller cities to larger cities. He also commented that Item 9/2, which is the reprogramming of CDBG funds for the Schenk Bridge Project, that the Department of Highways has indicated that they would fund the remaining portion of the project.

REPORT OF OTHER OFFICERS

Mr. Fahey moved, seconded by Mr. Henry, that the Historic Landmarks Commission Minutes - 3/7/13; CDBG Program Status Report - 3/31/13; HOME Program Status Report - 3/31/13; Wheeling Municipal Parking System Financial Statement - 2/28/13; Robert C. Byrd Intermodal Transportation Center Financial Statement - 2/28/13; Fire Department Annual Report - 2012; Police Civil Service Commission Annual Report - 2012; Fire Civil Service Commission Annual Report - 2012; Municipal Civil Service Commission Annual Report - 2012; Financial Statement -3/31/13; be held over until the next meeting. Motion carried.

ORIGINAL PROPOSITIONS

SHOOK CONSTRUCTION - WATER TREATMENT PLANT FILTRATION UPGRADE AND PLANT IMPROVEMENTS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2013

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT AND EXPEND FUNDS IN THE AMOUNT OF $30,548,000.00 WITH SHOOK CONSTRUCTION, OF DAYTON, OH, FOR WATER TREATMENT PLANT FILTRATION UPGRADE AND PLANT IMPROVEMENTS, TO BE CHARGED TO COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS - SERIES 2013.

RESOLUTION - REPROGRAMMING COMMUNITY DEVELOPMENT BLOCK GRANT FUND - SCHENK BRIDGE REPAIR PROJECT

The following was then read:

A RESOLUTION OF WHEELING CITY COUNCIL TO AMEND THE FISCAL YEAR 2012 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUDGET TO CREATE A NEW LINE ITEM KNOWN AS THE SCHENK BRIDGE REPAIR PROJECT.

Mr. Henry moved, seconded by Mr. Fahey, that the Resolution be adopted. Motion carried.

RESOLUTION - AUTHORIZING PARTICIPATION IN THE NORTHERN PANHANDLE HOME CONSORTIUM - FY 2013-2014

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING PARTICIPATION IN THE NORTHERN PANHANDLE HOME CONSORTIUM FOR THE PERIOD OF JULY 1, 2013 TO JUNE 30, 2014.

Mr. Henry moved, seconded by Mr. Fahey, that the Resolution be adopted. Motion carried.

THOSE WISHING TO BE HEARD

Mark Eddy, Patricia Jacobsen, Tom Triveri, Dave Cupp and Bob Heier, all spoke in opposition to the proposed fracking plant in Warwood. Jeremiah Jasper, spoke in regard to CDBG funding cuts. Mayor McKenzie told those speaking that if they need to discuss anything further, he would be available following the meeting.

Mr. Fahey moved, seconded by Mr. Atkinson, to return to the City Manager's Report. Motion carried. In regard to Rev. Jasper's remarks, City Manager Herron said that the proposed budget does not include an 8% reduction as HUD has instructed us to submit it as it is currently; however, they did indicate that an 8% reduction is possible. Mr. Herron commented that the CDBG Budget has been cut by 37% over the last two years by HUD. He also remarked that none of the Public Service Agencies were funded at all last year. This budget attempts to restore some funds to various Public Service Agencies.

There being no further business, Mr. Fahey moved, seconded by Mr. Atkinson, to adjourn. Motion carried. time: 6:20 p.m.

City Clerk

Mayor

HEARING ON THE CITY OF WHEELING BOND ORDINANCE

A public hearing will be held on the following- entitled Ordinance at a regular meeting of the Council of the City of Wheeling (the "City") to be held on Tuesday, April 16, 2013, at 5:30 p.m. at the City Hall, Wheeling, West Virginia, and at such hearing any person interested may appear before the City and present protests, and all protests and suggestions shall be heard by the City and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

CITY OF WHEELING

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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 $49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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 (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Bonds are payable from the revenues derived from the System. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the City of Wheeling on April 2, 2013. A certified copy of the above-entitled Ordinance is on file with the City for review by interested parties during regular office hours.

Following the public hearing, the City intends to enact the Ordinance upon final reading.

/s/ Janice Jones
Clerk
Int. April 4, 11, 2013

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Connie Balle *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:*

4-4-13 4-11-13

Given under my hand this 11th *day of* April, 2013

Sworn to and subscribed before me this 11th *day of* April 2013 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathy Dayton
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 19, 2021

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY DAYTON
425 Fishers Lane
Mozart
Wheeling, West Virginia 26003
My Commission Expires Apr. 19, 2021

Amended by PSC Order
in Case No. 11-1770-W-MA 15

CITY OF WHEELING, WEST VIRGINIA

ORDINANCE NO. 14251

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER DIVISION OF THE CITY WILL CHARGE ITS CUSTOMERS LOCATED INSIDE AND OUTSIDE OF ITS CORPORATE LIMITS, FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

WHEREAS, the City Council of the City of Wheeling deems it advisable and necessary that its present water rates and charges for service provided to customers of its water system be increased in order for the City to meet its going-level expenses and bond coverage and to cover the cost of an upcoming water plant upgrade; and

WHEREAS, in order to keep the rate increase as low as reasonably possible, the City Council deems it necessary to adopt alternative rates which reflect a) a lower increase which will take effect within 45 days of the date of adoption of the ordinance assuming that no valid protest to this ordinance is filed with the Public Service Commission of West Virginia under the provisions of *West Virginia Code* §24-2-4b; or b) a higher increase which will take effect at the earliest possible date permitted by the Public Service Commission if a valid protest to this ordinance is filed with the Public Service Commission. **The rate differential of the two alternatives reflects the impact of the effect of a likely delay in the payment of interest on the bonds that will be issued to construct the water plant upgrade in the event of a valid protest to this ordinance**; and

WHEREAS, the City Council of the City of Wheeling finds that the following rates are just and equitable for the service provided to its water customers through the use of its water treatment and distribution system and that such rates will be sufficient to meet its going-level expenses and bond coverage requirements and to provide for debt coverage associated with the upcoming water plant upgrade project.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WHEELING as follows:

The following schedule of rates, fees and charges are hereby fixed and determined as the rates, fees and charges to be charged to customers of the water system of the City of Wheeling throughout the entire territory served:

SECTION 1. SCHEDULE OF RATES

ALTERNATIVE I
[Effective 45 Days From Passage of Ordinance, assuming there is no valid appeal of the Ordinance]

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial, and sale for resale water service.

RATE

First	1,000 gallons used per month	$12.69 per 1,000 gallons
Next	499,000 gallons used per month	5.817 per 1,000 gallons
Over	500,000 gallons used per month	2.997 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than the amounts listed below per month, which are the equivalents of 1,000 gallons of water:

5/8	inch meter	$ 12.69 per month
3/4	inch meter	19.04 per month
1	inch meter	31.73 per month
1 - 1/2	inch meter	63.45 per month
2	inch meter	101.52 per month
3	inch meter	190.35 per month
4	inch meter	317.25 per month
6	inch meter	634.50 per month
8	inch meter	1,015.20 per month

SALE FOR RESALE
All water for resale will be billed in accordance with the approved rate of $3.34 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 and 3/4 inch	$400.00
1 inch and larger	$500.00

DISCONNECTION/RECONNECTION/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent water bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected, is reconnected, a reconnection fee of $25.00 shall be charged.

LEAK ADJUSTMENT

$0.30 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on 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.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for nonpayment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

RATE SCHEDULE 2

AVAILABILITY OF SERVICE
Available for public and private fire protection service.

RATE

The yearly rates reflected below may be billed on a monthly basis:

Fire Service Lines:		
2 inch or smaller	$ 60.00	per year
3 inch	96.00	per year
4 inch	156.00	per year
6 inch	324.00	per year
8 inch	564.00	per year
10 inch or greater	900.00	per year
If Unmetered	90.00	per year
Hydrants:	$ 156.00	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.

ALTERNATIVE II

[Effective upon the earliest date permitted by the Public Service Commission assuming the filing of a valid protest to this rate ordinance]

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial, and sale for resale water service.

RATE

First	1,000 gallons used per month	$13.43	per 1,000 gallons
Next	499,000 gallons used per month	6.160	per 1,000 gallons
Over	500,000 gallons used per month	3.173	per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the amounts listed below per month, which are the equivalents of 1,000 gallons of water:

5/8	inch meter	$ 13.43	per month
3/4	inch meter	20.15	per month
1	inch meter	33.58	per month
1 - 1/2	inch meter	67.15	per month
2	inch meter	107.44	per month
3	inch meter	201.45	per month
4	inch meter	335.75	per month
6	inch meter	671.50	per month
8	inch meter	1,074.40	per month

SALE FOR RESALE

All water for resale will be billed in accordance with the approved rate of $3.537 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 and 3/4 inch	$400.00
1 inch and larger	$500.00

DISCONNECTION/RECONNECTION/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent water bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected, is reconnected, a reconnection fee of $25.00 shall be charged.

LEAK ADJUSTMENT

$0.30 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on 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.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for nonpayment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

RATE SCHEDULE 2

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

RATE

The yearly rates reflected below may be billed on a monthly basis

Fire Service Lines:		
2 inch or smaller	$ 60.00	per year
3 inch	96.00	per year
4 inch	156.00	per year
6 inch	324.00	per year
8 inch	564.00	per year
10 inch or greater	900.00	per year
If Unmetered	90.00	per year
Hydrants:	$ 156.00	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.

SECTION 2. EFFECTIVE DATE

The Alternative I rates, fees, and charges set forth above shall become effective 45 days after the enactment hereof, assuming there is no valid protest to this rate ordinance filed with the Public Service Commission.

The Alternative II rates, fees, and charges set forth above shall become effective at the earliest date permitted by the Public Service Commission, assuming that a valid protest to this rate ordinance is filed with the Commission.

SECTION 3. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish a copy of a Public Notice of this Ordinance as a **Class II-O** legal publication in qualified newspapers of opposite politics published and of general circulation in the City of Wheeling, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **15th day of November, 2011**, at **7:00 p.m.**, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises.

Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.

The above Ordinance has been introduced at a meeting of Council held on November 1, 2011.

Passed on First Reading: November 1, 2011

Passed on Second Reading
Following Public Hearing: November 15, 2011

November 15th 2011

s/s Janice L. Jones

City Clerk

PUBLIC NOTICE OF CHANGE IN SEWER RATES

NOTICE is hereby given that the City Council of the City of Wheeling has adopted by Ordinance on November 15, 2011, a tariff containing a two-phase increase in rates, tolls and charges for furnishing sewer service to 12,650 sewer customers in the City of Wheeling in Ohio County. The Phase I rates will become effective December 30, 2011, unless otherwise ordered by the Public Service Commission and will produce approximately $780,000 annually in additional revenue, an increase of 15%. The average monthly bill for the various classes of customers will be changed as follows:

Residential
Increase ($) $3.12
Increase (%) 15%

Commercial
Increase ($) $16.06
Increase (%) 15%

Industrial
Increase ($) $93.15
Increase (%) 15%

Resale
Increase ($) $1,776.60
Increase (%) 15%

The Phase II rates, to take effect upon substantial completion of the sewer system improvement project already approved in Public Service Commission Case No. 09-0752-S-CN, will produce approximately $600,000 annually in additional revenue, an increase of 10% above Phase I rates. The average monthly bill for the various classes of customers will be changed as follows:

Residential
Increase ($) $2.48
Increase (%) 10%

Commercial
Increase ($) $12.78
Increase (%) 10%

Industrial
Increase ($) $74.75
Increase (%) 10%

Resale
Increase ($) $1,332.45
Increase (%) 10%

Sewer resale customers of the City of Wheeling include the City of Benwood, Village of Bethlehem, Village of Clearview, Town of Triadelphia, and Ohio County Public Service District.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P. O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the City Clerk's Office, City County Building, 1500 Chapline Street, Wheeling, West Virginia.

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

N.R. Nov. 21, 28, 2011

11:52 PM DEC 27 2011 PSC EXEC SEC DIV

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Connie Ballen *for the publisher of the Wheeling News Register 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:*

11-21-11 11-28-11

Given under my hand this 1st *day of* Dec, 2011

Sworn to and subscribed before me this 1st *day of* December, 2011 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathy Dayton
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 19, 2021

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY DAYTON
425 Fishers Lane
Mozart
Wheeling, West Virginia 26003
My Commission Expires Apr. 19, 2021

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Connie Ball *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:*

1-11-12

04:46 PM FEB 21 2012 PSC EXEC SEC DIV

Given under my hand this 11th

day of Jan, 2012

Sworn to and subscribed before me this 11th

day of January, 2012 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathy Dayton
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 19, 2021

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY DAYTON
425 Fishers Lane
Mozart
Wheeling, West Virginia 26003
My Commission Expires Apr. 19, 2021

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 6th day of January, 2012.
Case No. 12-0011-W-CN

CITY OF WHEELING

Application for a certificate of convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

NOTICE OF FILING

On January 5, 2012, the City of Wheeling, a municipal utility, filed an application, duly verified, for a certificate of convenience and necessity for improvements to its aging water treatment plant in Ohio County, and seeking the Commission's approval of the financing of the project.

The applicant's proposed improvements to its water treatment plant, which will operate from 8 mgd (average) to 12 mgd (peak), include repair/replacement of the existing low service pumps and pre sedimentation, aeration and mixing, flocculation and sedimentation basins. In addition, the existing blower building will be replaced, the conventional filters will be replaced by a membrane filtration system, and the existing clearwell will be replaced with a 900,000 gallon above ground finished storage/clearwell facility. Chemical feed equipment and storage facilities will be replaced as well as necessary controls, piping, valves and appurtenances. New membrane/high service pump and administration buildings will be built.

In the event deductions to the proposed project becomes necessary, site work, ventilation, painting, masonry repairs and replacement of windows and doors in existing buildings would be eliminated at a savings of approximately $755,660.00. If project funding permits additions to the project, generators could be installed in the pump station and membrane building, the filtration building could be demolished and the piping in the existing pump building could be removed. The total of these additions is approximately $2,400,000.00.

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, In Charleston, West Virginia.

The total estimated project cost is $34,004,188.00 which the City intends to finance through the issuance of $48,935,000.00 of publicly marketed bonds with preliminary issuance date of August, 2012, at 6% interest, and a maturity date of 30 years from the date of issuance.

On November 15, 2011, the City Council adopted the rates and charges to customers of its water system. The Ordinance provided two (2) alternative rate schedules. The first alternative was to become effective within 45 day of passage if no protests were received. The second alternative was included in the Ordinance should a valid protest to the proposed water rate increase be filed with the Commission. A valid protest was filed and on December 16, 2011, the Commission established Case No. 11-1770-W-MA to review the rates. The rates have been suspended by the Commission until April 28, 2012, to permit a review, hearing and decision on the proposed increased rates.

The City's proposed increased water rates, which are currently under review by the Public Service Commission in Case No. 11-1770-W-MA, all project related, are:

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial, and sale for resale water service.

RATE
First 1,000 gallons used per month
$13.43 per 1,000 gallons

Next 499,000 gallons used per month
$6.160 per 1,000 gallons

Over 500,000 gallons used per month
$3.173 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than the amounts listed below per month, which are the equivalents of 1,000 gallons of water:

5/8 inch meter per month	$ 13.43
3/4 inch meter per month	20.15
1 inch meter per month	33.58
1-1/2 inch meter per month	67.15
2 inch meter per month	107.44
3 inch meter per month	201.45
4 inch meter per month	335.75
6 inch meter per month	671.50
8 inch meter per month	1,074.40

SALE FOR RESALE
All water for resale will be billed in accordance with the approved rate of $3.537 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 and 3/4 inch	$400.00
1 inch and larger	$500.00

DISCONNECTION/RECONNECTION/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent water bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected, is reconnected, a reconnection fee of $25.00 shall be charged.

LEAK ADJUSTMENT
$0.30 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on 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.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for non-payment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

RATE SCHEDULE 2

AVAILABILITY OF SERVICE
Available for public and private fire protection service.

RATE
The yearly rates reflected below may be billed on a monthly basis

Fire Service Lines:
2 inch or smaller $ 60.00 per year
3 inch 96.00 per year
4 inch 156.00 per year
6 inch 324.00 per year
8 inch 564.00 per year
10 inch or greater 900.00 per year
If Unmetered 90.00 per year
Hydrants:
$156.00 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.

These rates represent the following project-related increases to become effective upon the earliest date permitted by the Public Service Commission in Case No. 11-1770-W-MA:

Residentail
($) Increase 14.80
(%) Increase 80%

Commercial
($) Increase 90.84
(%) Increase 80%

Industrial
($) Increase 129.18
(%) Increase 80%

Resale
($) Increase 15,720.00
(%) Increase 80%

The City's water resale customers are City of Bethlehem, Town of Triadelphia, Ohio County PSD, Village of Valley Grove, and Donegal Township, Pennsylvania.

The proposed project related increased rates and charges, currently under review by the Public Service Commission in Case No. 11-1770-W-MA, will produce approximately $4,500,000.00 annually in additional revenue, an increase of 80%. The total increase granted will not exceed this estimate unless further notice is provided.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges among the various classes of customers are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of Case No. 11-1770-W-MA.

Anyone desiring to protest or intervene in this Certificate proceeding should file a written protest or request to intervene with the Commission within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or request to intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene. Requests to intervene must comply with the rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and requests to intervene should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on the Commission's review of the evidence submitted with the application.

Int. Jan. 11, 2012

RECEIVED FEB 21 2012 PM EXEC SEC OFC

water

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Connie Balla *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:*

11-4-11 11-11-4

Given under my hand this 11th
day of Nov, 2011

Sworn to and subscribed before me this 11th
day of November, 2011 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathy Dayton
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 19, 2021

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY DAYTON
425 Fishers Lane
Mozart
Wheeling, West Virginia 26003
My Commission Expires Apr. 19, 2021

PUBLIC NOTICE OF PROPOSED ORDINANCE RELATING TO WATER RATES, FEES AND CHARGES

Notice is hereby given that on the 1st day of November, 2011, the City Council of the City of Wheeling caused to be read an Ordinance proposing increased water rates, fees and charges in lieu of its present water rates and charges for service provided to customers of its water system in Wheeling, Ohio County, in order to meet its going-level expenses and bond coverage and to cover the cost of an upcoming water plant upgrade.

The City Council of Wheeling will have its final reading and vote on the ordinance on November 15, 2011, at 7:00 pm. The meeting for the vote on said adoption will be open to the public and will be held in the City Council Chambers City-County Building, 1500 Chapline Street, in the City of Wheeling, West Virginia. Interested parties may appear at the meeting and be heard with respect to the proposed rates, fees or charges.

A copy of the proposed ordinance is available for public inspection at the City Clerk's Office, Room 301, 1500 Chapline Street, Wheeling, WV 26003. The proposed ordinance reads as follows:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER DIVISION OF THE CITY WILL CHARGE ITS CUSTOMERS LOCATED INSIDE AND OUTSIDE OF ITS CORPORATE LIMITS, FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

WHEREAS, the City Council of the City of Wheeling deems it advisable and necessary that its present water rates and charges for service provided to customers of its water system be increased in order for the City to meet its going-level expenses and bond coverage and to cover the cost of an upcoming water plant upgrade; and

WHEREAS, in order to keep the rate increase as low as reasonably possible, the City Council deems it necessary to adopt alternative rates which reflect a) a lower increase which will take effect within 45 days of the date of adoption of the ordinance assuming that no valid protest to this ordinance is filed with the Public Service Commission of West Virginia under the provisions of West Virginia Code Section 24-2-4b; or b) a higher increase which will take effect at the earliest possible date permitted by the Public Service Commission if a valid protest to this ordinance is filed with the Public Service Commission. The rate differential of the two alternatives reflects the impact of the effect of a likely delay in the payment of interest on the bonds that will be issued to construct the water plant upgrade in the event of a valid protest to this ordinance; and

WHEREAS, the City Council of the City of Wheeling finds that the following rates are just and equitable for the service provided to its water customers through the use of its water treatment and distribution system and that such rates will be sufficient to meet its going-level expenses and bond coverage requirements and to provide for debt coverage associated with the upcoming water plant upgrade project;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WHEELING as follows:

The following schedule of rates, fees and charges are hereby fixed and determined as the rates, fees and charges to be charged to customers of the water system of the City of Wheeling throughout the entire territory served:

SECTION 1. SCHEDULE OF RATES

ALTERNATIVE I
[Effective 45 Days From Passage of Ordinance, assuming there is no valid appeal of the Ordinance]

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial, and sale for resale water service.

RATE:
First: 1,000 gallons used per month, $12.69 per 1,000 gallons
Next: 499,000 gallons used per month, $5.817 per 1,000 gallons
Over: 500,000 gallons used per month, $2.997 per 1,000 gallons.

MINIMUM CHARGE:
No bill will be rendered for less than the amounts listed below per month, which are the equivalents of 1,000 gallons of water:

5/8 inch meter, $12.69 per month.
3/4 inch meter, $19.04 per month.
1 inch meter, $31.73 per month.
1 - 1/2 inch meter, $63.45 per month.
2 inch meter, $101.52 per month.
3 inch meter, $190.35 per month.
4 inch meter, $317.25 per month.
6 inch meter, $634.50 per month.
8 inch meter, $1,015.20 per month.

SALE FOR RESALE
All water for resale will be billed in accordance with the approved rate of $3.34 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
5/8 and 3/4 inch
Charge $400.00
Size of Tap
1 inch and larger
Charge $500.00

DISCONNECTION/RECONNECTION/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent water bill is collected by the water company, an administrative fee of $25.00 shall be charged.
Whenever water service, which has been previously disconnected, is reconnected, a reconnection fee of $25.00 shall be charged.

LEAK ADJUSTMENT
$0.30 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on 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.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for nonpayment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

RATE SCHEDULE 2

AVAILABILITY OF SERVICE
Available for public and private fire protection service.

RATE
The yearly rates reflected below may be billed on a monthly basis:

Fire Service Lines:
2 inch or smaller, $60.00 per year.
3 inch, $96.00 per year.
4 inch, $156.00 per year.
6 inch, $324.00 per year.
8 inch, $564.00 per year.
10 inch or greater, $900.00 per year.
If Unmetered $90.00 per year.
HYDRANTS: $156.00 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.

ALTERNATIVE II
[Effective upon the earliest date permitted by the Public Service Commission assuming the filing of a valid protest to this rate ordinance]

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial, and sale for resale water service.

RATE
First: 1,000 gallons used per month, $13.43 per 1,000 gallons.
Next: 499,000 gallons usd per month, $6.160 per 1,000 gallons.
Over: 500,000 gallons used per month, $3.173 per 1,000 gallons.

MINIMUM CHARGE
No bill will be rendered for less than the amounts listed below per month, which are the equivalents of 1,000 gallons of water:
5/8 inch meter $13.43 per month.
3/4 inch meter, $20.15 per month.
1 inch meter, $33.58 per month.
1-1/2 inch meter, $67.15 per month.
2 inch meter, $107.44 per month.
3 inch meter, $201.45 per month.
4 inch meter, $335.75 per month.
6 inch meter, $671.50 per month.
8 inch meter, $1,074.40 per month.

SALE FOR RESALE
All water for resale will be billed in accordance with the approved rate of $3.537 per 1,000 gallons used per month.

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Charge: $400.00
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If Unmetered, $90.00 per year.
Hydrants: $156.00 per hydrant.

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SECTION 2. EFFECTIVE DATE

The Alternative I rates, fees, and charges set forth above shall become effective 45 days after the enactment hereof, assuming there is no valid protest to this rate ordinance filed with the Public Service Commission.
The Alternative II rates, fees, and charges set forth above shall become effective at the earliest date permitted by the Public Service Commission, assuming that a valid protest to this rate ordinance is filed with the Commission.

SECTION 3. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish a copy of a Public Notice of this Ordinance **as a Class II-0** legal publication in qualified newspapers of opposite politics published and of general circulation in the City of Wheeling, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **15th day of November, 2011, at 7:00 p.m.**, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises. Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.
The above Ordinance has been introduced at a meeting of Council held on November 1, 2011.

CITY OF WHEELING

Water

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Connie Ballen *for the publisher of the* ***Wheeling News Register*** *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:*

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Kathy Dayton
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 19, 2021

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
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RATE SCHEDULE 2

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Available for public and private fire protection service.

RATE
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ALTERNATIVE II
[Effective upon the earliest date permitted by the Public Service Commission assuming the filing of a valid protest to this rate ordinance]

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Hydrants: $156.00 per hydrant.

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SECTION 3.
STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish a copy of a Public Notice of this Ordinance as a **Class II-O** legal publication in qualified newspapers of opposite politics published and of general circulation in the City of Wheeling, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **15th day of November, 2011,** at **7:00 p.m.**, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises. Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.
The above Ordinance has been introduced at a meeting of Council held on November 1, 2011.

CITY OF WHEELING

Water 1 of 1

News Register

AGENDA

Wheeling, West Virginia
DATE: November 1, 2011

CONVENED:_____
ADJOURNED: _____
INVOCATION:
ROLL CALL: Taken and _____members responded.
READING OF THE MINUTES - October 18, 2011

"PUBLIC HEARING - LEASE RENEWALS - COLEMAN'S UNION FISH MARKET; THE SOUP SHACK AND MICHAEL'S BEEF HOUSE - CENTRE MARKET"

MAYOR'S REPORT

1. **CLERK'S REPORT**
2. **UNFINISHED BUSINESS**
   1. BBR Drilling Co. - Woodland Drive Piling & Lagging Wall
   2. Amending Codified Ordinances - Section 5 - Wards - Charter

HELD OVER: Historic Landmarks Commission Minutes - 7/7/11; Wheeling Housing Authority Minutes - 8/17/11; Wheeling Human Rights Commission Minutes - 8/31/11; CDBG Status Report - 9/30/11; HOME Program Status Report - 9/30/11; HPRP Program Status Report - 9/30/11; Financial Statement - 9/30/11; Wheeling Arts Commission Minutes - 9/13/11.

3. **REMARKS FROM MEMBERS OF COUNCIL**

4. **REPORT OF COMMITTEES**
   1. Finance Committee Report - 10/18/11

5. **REPORT OF CITY MANAGER**

6. **REPORT OF OTHER OFFICERS**
   1. Wheeling-Ohio County Board of Health Minutes - 9/13/11
   2. Wheeling Traffic Commission Minutes - 10/13/11

7. **PETITIONS OF REDRESS OR GRIEVANCE**

8. **PETITIONS OF ALL OTHER KINDS**

9. **ORIGINAL PROPOSITIONS**
   1. Adopting Traffic Rule No. 4346 - Handicapped Parking - 3644 Chapline St.
   2. Adopting Traffic Rule No. 4347 - Handicapped Parking - 54 Monroe Ave.
   3. Adopting Traffic Rule No. 4348 - Handicapped Parking - 100 N. Wabash St.
   4. Adopting Traffic Rule No. 4349 - Handicapped Parking - 2227 Eoff St.
   5. Adopting Traffic Rule No. 4350 - Commercial Loading Zone - Lane C & 11th St.
   6. Adopting Traffic Rule No. 4351 - Handicapped Parking - 3741 Wood St.
   7. Adopting Traffic Rule No. 4352 - No Parking Zone - East Side of East Cove Ave.
   8. Adopting Traffic Rule No. 4353 - 4 Way Stop - 37th & Jacob Sts.
   9. Adopting Traffic Rule No. 4354 - No Parking Zone - North Side of Cypress Ave.
   10. Adopting Traffic Rule No. 4355 - No Parking Zone - West Side of Chapline St. At 23rd St.
   11. Adopting Traffic Rule No. 4356 - No Parking Zone - East Side of Chapline St. At 23rd St.
   12. Adopting Traffic Rule No. 4357 - No Parking Zone - West Side of Warwood Ave. At Warwood Commons Driveway
   13. Tyler Technologies - Computer Maintenance **(Finance)**
   14. Amending Codified Ordinances - Article 935 - Emergency Ambulance Service
   15. Resolution - Lease - Michael's Beef House - Centre Market
   16. Resolution - Lease - Colemans/Union Fish Market - Centre Market
   17. Resolution - Lease - The Soup Shack - Centre Market
   18. Resolution - Support - On Trac's Design Guideline Manual
   19. Resolution - Authorizing Payment of Invoices - Wastewater Project - Series 2010B **(WPCD)**
   20. Resolution - General Fund Budget Revision No. 2 - FY 2011-2012
   21. Ordinance Establishing and Fixing Rates, Fees and Charges for the Treatment and Distribution Of Potable Water
   22. Ordinance Establishing and Fixing Rates, Fees and Charges for the Collection and Treatment of Sanitary Sewage
   23. Bond Authorizing Resolution & Ordinance providing for the issuance of the City's Subordinate Tax Increment Revenue Bonds, Series 2011 in an amount not to exceed $4,000,000 in connection

With the City of Wheeling Redevelopment Project District No. 1

THOSE WISHING TO BE HEARD

Council of the City of Wheeling met in Council Chambers, City-County Building on the above date with Mayor Andy McKenzie presiding.

The invocation was offered by Vice-Mayor Eugene Fahey. A moment of silence was observed in memory of Mary Lou Sterling, a retired long-time city employee.

On roll call, the following were present:

McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson and Fahey - 7

Mr. Seals moved, seconded by Mr. Henry, that the minutes of the November 1, 2011 meeting be approved as received. Motion carried.

Mr. Seals moved, seconded by Mr. Henry, to suspend the regular order of business to conduct a public hearing. Motion carried. City Manager Herron explained that these leases are generally 10 year leases, with 2% escalations charges per year, with the exception of The Soup Shack, which is month to month for six months, as they are planning an expansion to their business.

Public Hearing - Lease Renewals - Centre Market
Coleman's Fish Market, The Soup Shack, Michael's Beef House

Mayor McKenzie asked if there was anyone to speak at the public hearing. There being no one signed up to speak, Mr. Seals moved, seconded by Mr. Henry, to close the public hearing and resume the regular order of business. Motion carried.

MAYOR'S REPORT

Mayor McKenzie asked for Council's concurrence in the appointment of John Hargleroad to the Arts and Culture Commission. Mr. Seals moved, seconded by Mr. Fahey, Council's concurrence in the appointment. Motion carried.

UNFINISHED BUSINESS

AMENDING CODIFIED ORDINANCES - SECTION 5 - WARDS - CHARTER

The following was then read:

AN ORDINANCE AMENDING THE CODIFIED ORDINANCES OF THE CITY OF WHEELING BY UPDATING THE LISTING OF PRECINCTS WITHIN SECTION 5 OF THE CHARTER.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Seals, Henry, Tiu, Atkinson, Fahey - 6

NOES: Delbrugge - 1

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

Mr. Fahey moved, seconded by Mr. Seals, that the Historic Landmarks Commission Minutes, 7/7/11; Wheeling Housing Authority Minutes, 8/17/11; Wheeling Human Rights Commission Minutes, 8/31/11; CDBG Status Report - 9/30/11; HOME Program Status Report, 9/30/11; HPRP Program Status Report, 9/30/11; Financial Statement, 9/30/11; and

Wheeling Arts Commission Minutes, 9/13/11; which were held over, be approved as received.. Motion carried.

REMARKS FROM MEMBERS OF COUNCIL

Mr. Delbrugge expressed her appreciation to City Manager Herron and Public Works Director Rusty Jebbia for their assistance in the paving of Riley Hill Road. She has received many positive phone calls in regard to this issue.

REPORT OF COMMITTEES

FINANCE COMMITTEE REPORT - OCTOBER 18, 2011

The Finance Committee of Wheeling City Council met on Tuesday, October 18, 2011 at 6:15 p.m. in the Office of the City Manager. Committee Members present: Chair Vernon Seals and Vice Chair Gene Fahey, Member James Tiu. Others present: Mayor Andy McKenzie, Councilors Gloria Delbrugge, Don Atkinson, and Robert Henry; City Manager Robert Herron, Finance Director Michael Klug, City Solicitor Rose Warmuth, Economic and Community Development Director Nancy Prager, City Clerk Janice Jones and the media.

The following matters were discussed:

General Fund Budget Revision No. 2 - FY 2011-2012

City Manager Robert Herron explained that this Budget Revision is necessary to adjust the following line items:

City Manager for Gift Certificates for Employees - offset by taxes;
Fire Department for Firefighters' Grants - Personal Protective Equipment;
Police Department for PROs at Ohio County schools (increase $12,000) and transfer to Public Safety for Police Electronics (decrease $24,356);
Human Rights for refunds received for cancelled activities.

Following a short discussion, Mr. Fahey moved, seconded by Mr. Tiu, to approve the Budget Revision as presented and forward it to Council. Motion carried.

The Committee moved acceptance of this portion of the report. Motion carried.

Financial Statement - September 30, 2011

Mr. Herron reported that the General Fund Balance is $1,114,000.00 as compared to $1,700,000 last year, which warrants careful review; however, this year's balance does not reflect the 911 revenue that was included in last year's balance. We have since received a payment. He commented that October is a significantly big revenue month and that statement will give us a better look as to where we are. Mr. Herron said that expenditures are at 29% of budget which is the same as last year for the same time period. A discussion on ambulance fees ensued. Following a short discussion, Mr. Fahey moved, seconded by Mr. Tiu, to recommend that the Administration work out the figures needed for an increase in Ambulance Fees, equal to that of Medicare. Motion carried. Mr. Herron pointed out that the Hotel and Motel Tax is significantly higher than last year's figures. This is due mainly to the influx of people working for the drilling companies. Mr. Seals inquired as to whether there has been any thought about what else can be done for employees, other than gift certificates. Mr. Herron said that he will work on this. Mr. Fahey moved, seconded by Mr. Tiu, to accept the September Financial Statement as presented. Motion carried.

The Committee moved acceptance of this portion of the report. Motion carried.

There being no further business to come before the Committee, Mr. Tiu moved, seconded by Mr. Seals, to adjourn. Time: 6:37 p.m.

The Committee moved acceptance of the entire report. Motion carried.

REPORT OF CITY MANAGER

City Manager Herron commented, in regard to the Finance Committee Report that was just read, that the General Fund balance at the end of October was $2.6 million dollars, a slight increase from last year for the same period. Mr. Herron distributed a list of revisions to

the Bel-o-Mar Transportation Improvement Plan. He reviewed the list with Council. In response to a question from Mr. Fahey in regard to two projects in the Elm Grove area, Mr. Herron assured Mr. Fahey that they are in the current Bel-O-Mar Transportation Improvement Plan, and the list that he distributed are revisions to that plan. He added that the projects that Mr. Fahey was referring to were approved at the last Bel-O-Mar quarterly meeting.

REPORT OF OTHER OFFICERS

Mr. Fahey moved, seconded by Mr. Seals, that the Wheeling-Ohio County Board of Health Minutes, 9/13/11; and the Wheeling Traffic Commission Minutes, 10/13/11; be held over until the next meeting. Motion carried.

ORIGINAL PROPOSITIONS

ADOPTING TRAFFIC RULE NO. 4346 - HANDICAPPED PARKING - 3644 CHAPLINE ST.

The following was then read:
AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4346.

ADOPTING TRAFFIC RULE NO. 4347 - HANDICAPPED PARKING - 54 MONROE AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4347.

ADOPTING TRAFFIC RULE NO. 4348 - HANDICAPPED PARKING - 100 N. WABASH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4348.

ADOPTING TRAFFIC RULE NO. 4349 - HANDICAPPED PARKING - 2227 EOFF STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4349.

ADOPTING TRAFFIC RULE NO. 4350 - COMMERCIAL LOADING ZONE - LANE C & 11TH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4350.

ADOPTING TRAFFIC RULE NO. 4351 - HANDICAPPED PARKING - 3741 WOOD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4351.

ADOPTING TRAFFIC RULE NO. 4352 - NO PARKING ZONE - EAST SIDE OF EAST COVE AVE.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4352.

ADOPTING TRAFFIC RULE NO. 4353 - 4 WAY STOP - 37TH & JACOB STS.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4353.

ADOPTING TRAFFIC RULE NO. 4354 - NO PARKING ZONE - NORTH SIDE OF CYPRESS AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4354.

ADOPTING TRAFFIC RULE NO. 4355 - NO PARKING ZONE - WEST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4355.

ADOPTING TRAFFIC RULE NO. 4356 - NO PARKING ZONE - EAST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4356.

ADOPTING TRAFFIC RULE NO. 4357 - NO PARKING ZONE - WEST SIDE OF WARWOOD AVENUE AT WARWOOD COMMONS DRIVEWAY

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4357.

TYLER TECHNOLOGIES - COMPUTER MAINTENANCE (FINANCE)

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $26,415.92 WITH TYLER TECHNOLOGIES, OF DALLAS, TX, FOR COMPUTER MAINTENANCE - 11/1/11 TO 10/31/12, TO BE CHARGED TO FINANCE - #001.4414.30.2198.

AMENDING CODIFIED ORDINANCES - ARTICLE 935 - EMERGENCY AMBULANCE SERVICE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AMENDING ARTICLE 935 OF THE CODIFIED ORDINANCES OF THE CITY OF WHEELING ENTITLED

AEMERGENCY AMBULANCE SERVICE@ BY AMENDING AND REENACTING SECTION 935.03 - CHARGE FOR SERVICE; COLLECTION, SO THAT THE MUNICIPAL CHARGES ARE IN PARITY WITH SIMILAR EMERGENCY MEDICAL SERVICE COSTS IN THE GEOGRAPHIC AREA.

RESOLUTION - LEASE - MICHAEL'S BEEF HOUSE - CENTRE MARKET

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE WITH KIM AGOSTINELLI, DBA MICHAEL'S BEEF HOUSE, FOR A PORTION OF THE CENTRE MARKET PROPERTY LOCATED IN THE 2200 BLOCK OF MARKET STREET.

Mr. Henry moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - LEASE - COLEMANS/UNION FISH MARKET - CENTRE MARKET

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE WITH JOSEPH COLEMAN, DBA COLEMANS/UNION FISH MARKET, FOR A PORTION OF THE CENTRE MARKET PROPERTY LOCATED IN THE 2200 BLOCK OF MARKET STREET.

Mr. Henry moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - LEASE - THE SOUP SHACK - CENTRE MARKET

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE WITH FRANK WARREN, III, DBA THE SOUP SHACK, FOR A PORTION OF THE CENTRE MARKET PROPERTY LOCATED IN THE 2200 BLOCK OF MARKET STREET.

Mr. Henry moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - SUPPORT - ON TRAC'S DESIGN GUIDELINE MANUAL

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING GRANTING SUPPORT FOR THE VOLUNTARY USE OF ONTRAC'S DESIGN GUIDELINE MANUAL FOR WHEELING'S DOWNTOWN HISTORIC AREA.

Mr. Fahey moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - AUTHORIZING PAYMENT OF INVOICES - WASTEWATER PROJECT -

SERIES 2010B **(WPCD)**

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING APPROVING INVOICES RELATING TO THE CONSTRUCTION AND OTHER SERVICES FOR THE WASTEWATER PROJECT AND AUTHORIZING PAYMENT THEREOF.

Mr. Seals moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

RESOLUTION - GENERAL FUND BUDGET REVISION NO. 2 - FY 2011-2012

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING DIRECTING THAT THE GENERAL FUND BUDGET BE REVISED AS PER BUDGET REVISION NO. 2 - BR1180.01.02.

Mr. Seals moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER DIVISION OF THE CITY WILL CHARGE ITS CUSTOMERS LOCATED INSIDE AND OUTSIDE OF ITS CORPORATE LIMITS, FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER POLLUTION CONTROL DIVISION OF THE CITY WILL CHARGE ITS CITIZENS AND ITS CUSTOMERS LOCATED OUTSIDE OF ITS CORPORATE LIMITS, FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

BOND AUTHORIZING RESOLUTION & ORDINANCE PROVIDING FOR THE ISSUANCE OF THE CITY'S SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011 IN AN AMOUNT NOT TO EXCEED $4,000,000 IN CONNECTION WITH THE CITY OF WHEELING REDEVELOPMENT PROJECT DISTRICT NO. 1

The following was then read:

A RESOLUTION AND ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF NOT MORE THAN $4,000,000 AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011, OF THE CITY OF WHEELING, TO FINANCE COSTS OF PROPERTY ACQUISITION, DEMOLITION, SITE PREPARATIONS, INFRASTRUCTURE IMPROVEMENTS AND REDEVELOPMENTS, AND REDEVELOPMENT OF

BUILDINGS AND PROPERTIES IN THE PROJECT AREA DEPICTED IN THE CITY'S AMENDED PROJECT PLAN NO. 3 AND RELATED INFRASTRUCTURE, RENOVATIONS TO THE MARKET PLAZA AREA OF THE CITY AND RENOVATION AND REHABILITATION OF THE CAPITOL CITY MUSIC HALL, TOGETHER WITH COSTS OF PREPARATION OF AMENDED PROJECT PLAN NO. 3 AND COSTS AND EXPENSES RELATED THERETO AND TO THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND A BOND PURCHASE AGREEMENT; AUTHORIZING DISTRIBUTION OF A PRIVATE PLACEMENT MEMORANDUM OR OTHER OFFERING DOCUMENT; AUTHORIZING EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF SUCH BONDS; PROVIDING PARAMETERS FOR THE PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND OTHER TERMS OF SUCH BONDS; AUTHORIZING THE MAYOR AND CITY MANAGER TO APPROVE A CERTIFICATE OF DETERMINATIONS RELATING TO THE FINAL TERMS OF THE BONDS; APPOINTING A TRUSTEE, REGISTRAR, PAYING AGENT AND OTHER PARTICIPANTS IN THE FINANCING; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO THE PROJECT AND ISSUANCE OF SUCH BONDS.

THOSE WISHING TO BE HEARD

Mr. Jerome Poynton signed up to speak but, when called, declined.

There being no further business, Mr. Henry moved, seconded by Mr. Atkinson, to adjourn. Motion carried. time: 7:25 p.m.

City Clerk

Mayor

AGENDA

Wheeling, West Virginia
DATE: November 15, 2011

CONVENED:_____
ADJOURNED: _____
INVOCATION:
ROLL CALL: Taken and _____members responded.
READING OF THE MINUTES - November 1, 2011

"PUBLIC HEARING - AMENDING CODIFIED ORDINANCES - EMERGENCY AMBULANCE SERVICE"

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR TREATMENT AND DISTRIBUTION OF POTABLE WATER"

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR COLLECTION & TREATMENT OF SANITARY SEWAGE"

"PUBLIC HEARING - BOND ORDINANCE - TAX INCREMENT REVENUE BONDS, SERIES 2011 - REDEVELOPMENT PROJECT DISTRICT NO. 1"

"PUBLIC HEARING - REPROGRAMMING OF CDBG FUNDS"

MAYOR'S REPORT

1. **CLERK'S REPORT**
2. **UNFINISHED BUSINESS**
    1. Adopting Traffic Rule No. 4346 - Handicapped Parking - 3644 Chapline St.
    2. Adopting Traffic Rule No. 4347 - Handicapped Parking - 54 Monroe Ave.
    3. Adopting Traffic Rule No. 4348 - Handicapped Parking - 100 N. Wabash St.
    4. Adopting Traffic Rule No. 4349 - Handicapped Parking - 2227 Eoff St.
    5. Adopting Traffic Rule No. 4350 - Commercial Loading Zone - Lane C & 11th St.
    6. Adopting Traffic Rule No. 4351 - Handicapped Parking - 3741 Wood St.
    7. Adopting Traffic Rule No. 4352 - No Parking Zone - East Side of East Cove Ave.
    8. Adopting Traffic Rule No. 4353 - 4 Way Stop - 37th & Jacob Sts.
    9. Adopting Traffic Rule No. 4354 - No Parking Zone - North Side of Cypress Ave.
    10. Adopting Traffic Rule No. 4355 - No Parking Zone - West Side of Chapline St. At 23rd St.
    11. Adopting Traffic Rule No. 4356 - No Parking Zone - East Side of Chapline St. At 23rd St.
    12. Adopting Traffic Rule No. 4357 - No Parking Zone - West Side of Warwood Ave. At Warwood Commons Driveway
    13. Tyler Technologies - Computer Maintenance **(Finance)**
    14. Amending Codified Ordinances - Article 935 - Emergency Ambulance Service
    15. Ordinance Establishing and Fixing Rates, Fees and Charges for the Treatment and Distribution Of Potable Water
    16. Ordinance Establishing and Fixing Rates, Fees and Charges for the Collection and Treatment of Sanitary Sewage
    17. Bond Authorizing Resolution & Ordinance providing for the issuance of the City's Subordinate Tax Increment Revenue Bonds, Series 2011 in an amount not to exceed $4,000,000 in connection With the City of Wheeling Redevelopment Project District No. 1

    HELD OVER: Wheeling-Ohio County Board of Health Minutes - 9/13/11; Wheeling Traffic Commission Minutes - 10/13/11

3. **REMARKS FROM MEMBERS OF COUNCIL**
4. **REPORT OF COMMITTEES**
    1. Public Safety Committee Report - 11/08/11
5. **REPORT OF CITY MANAGER**
6. **REPORT OF OTHER OFFICERS**
    1. Wheeling Arts Commission Minutes - 9/13/11
    2. Wheeling Housing Authority Minutes - 9/14/11
    3. Wheeling Municipal Parking System Financial Statement - 9/30/11
    4. Robert C. Byrd Intermodal Transportation Center Financial Statement - 9/30/11
    5. Greater Wheeling Sports & Entertainment Authority Minutes - 9/27/11
    6. Greater Wheeling Sports & Entertainment Authority Financial Statement - 9/30/11
    7. CDBG Status Report - 10/31/11
    8. HOME Program Status Report - 10/31/11
    9. HPRP Program Status Report - 10/31/11
    10. Financial Statement - 10/31/11
7. **PETITIONS OF REDRESS OR GRIEVANCE**
8. **PETITIONS OF ALL OTHER KINDS**
9. **ORIGINAL PROPOSITIONS**
    1. Demolition Liens - Various Properties

2. Resolution - Safe Community/DUI Enforcement Project Grant

THOSE WISHING TO BE HEARD

Wheeling, West Virginia
November 15, 2011

Council of the City of Wheeling met in Council Chambers, City-County Building on the above date with Mayor Andy McKenzie presiding.

The invocation was offered by Vice-Mayor Eugene Fahey.

On roll call, the following were present:

McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson and Fahey - 7

Mr. Seals moved, seconded by Mr. Henry, that the minutes of the November 1, 2011 meeting be approved as received. Motion carried.

Mayor Andy McKenzie presented a proclamation to Anne Stephens of Amedisys Hospice Care proclaiming the month of November as National Hospice Month.

Mr. Seals moved, seconded by Mr. Henry, to suspend the regular order of business to conduct five public hearings. Motion carried.

"PUBLIC HEARING - AMENDING CODIFIED ORDINANCES - EMERGENCY AMBULANCE SERVICE"

City Manager Robert Herron explained that this was necessary to keep ambulance fees at or above Medicare levels or market levels throughout the region. He added that about 42% of the Fire Department budget is funded through Fire Service Fees and Ambulance Fees. There was no who signed up to speak at this public hearing.

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR TREATMENT AND DISTRIBUTION OF POTABLE WATER"

Mr. Herron explained that the proposed water rate ordinance is specifically being proposed to construct a new Water Treatment Plant. He said that the existing Water Plant was built in 1924. Mr. Herron explained that the estimated cost of the project is approximately $39 million dollars, which would be covered by the proposed 70% rate increase. Mr. Herron distributed an overall view of the project as well as costs associated with the project and rate impacts on customers. The average increase in the water bill would amount to an increase of about $13.61/month. In response to a question from Mayor McKenzie in regard to implementing the increase in phases, City Manager Herron said that this is not possible as the rates have to be in place in order to sell the bonds to fund the project.

Mr. John Wojchowski, 100 Edgewood Street, owner of Minit Car Wash, spoke in opposition to the proposed increase due to the volume of water used in his business. Mr. Herron advised him that the installation of a sewer meter could possibly cut down on the costs of his water bill. Ray Stocke, 87 National Road, also spoke in opposition to the increase as he is on a fixed income. Charles Ballouz, Windsor Manor, was opposed to the increase as he believes it will ultimately affect the rental rates of residents in his building. In response to a suggestions from Mr. Ballouz about setting aside some of the surplus general fund revenue for this purpose, Mayor McKenzie explained that general fund revenue cannot be used on Water and Sewer Projects. Randy Berisford, Valley View Avenue, suggested a temporary rate increase over a four year period. Chris Moroski, 8 Hamilton Avenue, asked Council to consider phasing in the increases. As stated earlier, Mayor McKenzie, stated that under EPA and PSC regulations, that is not possible, as the rates have to be set before the project is started. Those who spoke all indicated that they weren't questioning the need for the project.

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR COLLECTION & TREATMENT OF SANITARY SEWAGE"

City Manager Herron pointed out that this proposed increase is a 15% increase to cover the wastewater treatment plant and its bond covenants for the next three years. No one signed up to speak at this public hearing.

"PUBLIC HEARING - BOND ORDINANCE - TAX INCREMENT REVENUE BONDS, SERIES 2011 - REDEVELOPMENT PROJECT DISTRICT NO. 1"

City Manager Herron explained the various Tax Increment Projects and their boundaries. The project would include demolition and property acquisition within the amended Project Plan Area 3, a $200,000 match to the Capitol Theatre "Save Our Treasures Grant, required relocation expenses and site development expenses.

Martin Wach, 905 Main Street, spoke in opposition because of the historical nature of the buildings that would be affected. Grace Norton, 427 Hazlett Avenue, spoke in opposition to the bond ordinance and suggested rehabilitation of the existing buildings. Mayor McKenzie responded saying that the City of Wheeling has had a long time practice of preserving buildings and listed numerous examples of this.

"PUBLIC HEARING - REPROGRAMMING OF CDBG FUNDS"

Mr. Herron explained that this reprogramming is to upgrade swimming pools to new Federal ADA requirements. No one signed up to speak at this public hearing.

Mr. Seals moved, seconded by Mr. Fahey, to conclude the public hearings and resume the regular order of business. Motion carried. Mayor McKenzie commented that if anyone has additional questions in regard to any of these matters, he will be available following the meeting to further discuss these issues.

UNFINISHED BUSINESS

ADOPTING TRAFFIC RULE NO. 4346 - HANDICAPPED PARKING - 3644 CHAPLINE ST.

The following was then read:
AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4346.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4347 - HANDICAPPED PARKING - 54 MONROE AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4347.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4348 - HANDICAPPED PARKING - 100 N. WABASH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4348.

The ordinance was read a second time by title. Mr. Seals moved, seconded by

Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4349 - HANDICAPPED PARKING - 2227 EOFF STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4349.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4350 - COMMERCIAL LOADING ZONE - LANE C & 11TH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4350.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4351 - HANDICAPPED PARKING - 3741 WOOD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4351.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4352 - NO PARKING ZONE - EAST SIDE OF EAST COVE AVE.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4352.

The ordinance was read a second time by title. Mr. Fahey moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4353 - 4 WAY STOP - 37TH & JACOB STS.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4353.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4354 - NO PARKING ZONE - NORTH SIDE OF CYPRESS AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4354.

The ordinance was read a second time by title. Mr. Atkinson moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor

thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4355 - NO PARKING ZONE - WEST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4355.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4356 - NO PARKING ZONE - EAST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4356.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4357 - NO PARKING ZONE - WEST SIDE OF WARWOOD AVENUE AT WARWOOD COMMONS DRIVEWAY

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4357.

The ordinance was read a second time by title. Mrs. Delbrugge moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

TYLER TECHNOLOGIES - COMPUTER MAINTENANCE (FINANCE)

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $26,415.92 WITH TYLER TECHNOLOGIES, OF DALLAS, TX, FOR COMPUTER MAINTENANCE - 11/1/11 TO 10/31/12, TO BE CHARGED TO FINANCE - #001.4414.30.2198.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

AMENDING CODIFIED ORDINANCES - ARTICLE 935 - EMERGENCY AMBULANCE SERVICE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AMENDING ARTICLE 935 OF THE CODIFIED ORDINANCES OF THE CITY OF WHEELING ENTITLED AEMERGENCY AMBULANCE SERVICE@ BY AMENDING AND REENACTING SECTION 935.03 - CHARGE FOR SERVICE; COLLECTION, SO THAT THE MUNICIPAL CHARGES ARE IN PARITY WITH SIMILAR EMERGENCY MEDICAL SERVICE COSTS IN THE GEOGRAPHIC AREA.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER DIVISION OF THE CITY WILL CHARGE ITS CUSTOMERS LOCATED INSIDE AND OUTSIDE OF ITS CORPORATE LIMITS, FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

The ordinance was read a second time by title. Mrs. Delbrugge moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Tiu, Atkinson, Fahey - 6

NOES: Henry - 1

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER POLLUTION CONTROL DIVISION OF THE CITY WILL CHARGE ITS CITIZENS AND ITS CUSTOMERS LOCATED OUTSIDE OF ITS CORPORATE LIMITS, FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Tiu, Atkinson, Fahey - 6

NOES: Henry - 1

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

BOND AUTHORIZING RESOLUTION & ORDINANCE PROVIDING FOR THE ISSUANCE OF THE CITY'S SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011 IN AN AMOUNT NOT TO EXCEED $4,000,000 IN CONNECTION WITH THE CITY OF WHEELING REDEVELOPMENT PROJECT DISTRICT NO. 1

The following was then read:

A RESOLUTION AND ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF NOT MORE THAN $4,000,000 AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011, OF THE CITY OF WHEELING, TO FINANCE COSTS OF PROPERTY ACQUISITION, DEMOLITION, SITE PREPARATIONS, INFRASTRUCTURE IMPROVEMENTS AND REDEVELOPMENTS, AND REDEVELOPMENT OF BUILDINGS AND PROPERTIES IN THE PROJECT AREA DEPICTED IN THE CITY'S AMENDED PROJECT PLAN NO. 3 AND RELATED INFRASTRUCTURE, RENOVATIONS TO THE MARKET PLAZA AREA OF THE CITY AND RENOVATION AND REHABILITATION OF THE CAPITOL CITY MUSIC HALL, TOGETHER WITH COSTS OF PREPARATION OF AMENDED PROJECT PLAN NO. 3 AND COSTS AND EXPENSES RELATED THERETO AND TO THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND A BOND PURCHASE AGREEMENT; AUTHORIZING DISTRIBUTION OF A PRIVATE PLACEMENT MEMORANDUM OR OTHER OFFERING DOCUMENT; AUTHORIZING EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF SUCH BONDS; PROVIDING PARAMETERS FOR THE PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND OTHER

TERMS OF SUCH BONDS; AUTHORIZING THE MAYOR AND CITY MANAGER TO APPROVE A CERTIFICATE OF DETERMINATIONS RELATING TO THE FINAL TERMS OF THE BONDS; APPOINTING A TRUSTEE, REGISTRAR, PAYING AGENT AND OTHER PARTICIPANTS IN THE FINANCING; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO THE PROJECT AND ISSUANCE OF SUCH BONDS.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

Mr. Fahey moved, seconded by Mr. Seals, that the Wheeling-Ohio County Board of Health Minutes, 9/13/11; and the Wheeling Traffic Commission Minutes, 10/13/11; which were held over be approved as received. Motion carried.

REMARKS FROM MEMBERS OF COUNCIL

Mr. Fahey thanked everyone who spoke at the public hearings and commented that he had met with his constituents concerning these increases. He also thanked Grace Norton for her time and efforts in compiling the information that she distributed to Council. Mr. Fahey said that the City had met with the Historical Society about two years ago and they said a lot of the same things that Mrs. Norton pointed out. The City worked on and encouraged private development in that area since then and nothing has happened.

REPORT OF COMMITTEES

PUBLIC SAFETY COMMITTEE REPORT - NOVEMBER 8, 2011

The Public Safety Committee of Wheeling City Council met on Tuesday, November 8, 2011 at 3:30 p.m. in the Office of the City Manager. Committee Members present: Chair Gene Fahey, Vice Chair James Tiu and Member Robert Henry. Others present: Mayor Andy McKenzie, Councilors Gloria Delbrugge, Vernon Seals and Don Atkinson, City Manager Robert Herron, Police Chief Robert Matheny, Deputy Police Chiefs Martin Kimball and Michael Van Kirk, Finance Director Michael Klug, City Solicitor Rosemary Humway-Warmuth, City Clerk Janice Jones and the media.

Others in attendance: Eugene Bernie

The following matters were discussed:

Discussion of Vandalism in Various Areas of the City.

City Manager Robert Herron said that concern has been expressed in regard to recent vandalism that has occurred throughout the city, in particular in the Woodsdale area and East Wheeling area. Chief Robert Matheny said that his department is stepping up their patrols in these areas, as well as other parts of the city. He updated the committee on the Police Department's proactive plan to address this vandalism. A discussion ensued in regard to penalties associated with these acts of vandalism. Relevant to incidences that occurred in the East Wheeling area, particularly at 15th and Jacob Sts., Mr. Eugene Bernie, bar manager at the American Legion Post 89, was present and commented that his establishment has hired off-duty police officers, which he said has made 100% difference. Mr. Bernie and other officers of the American Legion had previously met with City Manager Herron with their concerns about the area.

Update on Truck Scales

Police Chief Matheny updated the committee on the progress of the truck scales since their implementation. City Manager Herron said that, as a result of this program, Chesapeake Energy entered into an agreement with the City stating that they would repair any damage to our roads that we can document as well as posting a $250,000 bond. Mayor McKenzie expressed concern about the overweight trucks being able to travel on city roads without a permit. Chair Fahey thanked Police Chief Matheny and Deputy Chiefs Kimball and Van Kirk, for their hard work and dedication.

In another matter, Chief Matheny reported that the crime rate in Wheeling has dropped 12.85 percent this year.

There being no further business to come before the Committee, Mr. Henry moved, seconded by Mr. Tiu, to adjourn. Time: 4:25 p.m.

The Committee moved acceptance of the entire report. Motion carried.

REPORT OF CITY MANAGER

Mr. Herron reported that the paving contract is about 65% complete; however, if they are not able to complete the contract this fall, provisions in the contract state that they will complete them in the Spring at the same cost as originally agreed upon.

REPORT OF OTHER OFFICERS

Mr. Fahey moved, seconded by Mr. Duffy, that the Wheeling Arts Commission Minutes - 9/13/11; Wheeling Housing Authority Minutes - 9/14/11; Wheeling Municipal Parking System Financial Statement - 9/30/11; Robert C. Byrd Intermodal Transportation Center Financial Statement - 9/30/11; Greater Wheeling Sports & Entertainment Authority Minutes - 9/27/11; Greater Wheeling Sports & Entertainment Authority Financial Statement - 9/30/11; CDBG Status Report - 10/31/11; HOME Program Status Report - 10/31/11; HPRP Program Status Report - 10/31/11; Financial Statement - 10/31/11; be held over until the next meeting. Motion carried.

ORIGINAL PROPOSITIONS

DEMOLITION LIENS - VARIOUS PROPERTIES

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING FIXING THE ASSESSMENTS FOR THE COSTS OF RAZING DILAPIDATED STRUCTURES ON CERTAIN PROPERTIES IN THE CITY IN ACCORDANCE WITH APPLICABLE SECTIONS OF THE WEST VIRGINIA CODE AND THE CODIFIED ORDINANCES OF THE CITY OF WHEELING.

RESOLUTION - SAFE COMMUNITY/DUI ENFORCEMENT PROJECT GRANT

The following was then read:

A RESOLUTION AUTHORIZING THE CITY OF WHEELING TO ACCEPT THE TERMS AND CONDITIONS OF THE CONTRACT RELATING TO THE SAFE COMMUNITY/DUI ENFORCEMENT PROJECT GRANT - #F12-HS-04 IN THE AMOUNT OF $525,000.00.

Mr. Seals moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

THOSE WISHING TO BE HEARD

There being no further business, Mr. Atkinson moved, seconded by Mrs. Delbrugge, to adjourn. Motion carried. time: 8:15 p.m.

City Clerk

Mayor

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 31, 2012

FINAL

8/20/2012

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

RECOMMENDED DECISION

This Recommended Decision grants the application for a certificate of public convenience and necessity; approves the funding for the project; approves rates that will support the project; and requires that the City of Wheeling (Wheeling or City) file a proper tariff and all necessary governmental agency approvals, rights-of-way, user agreements and other certifications required in all certificate cases.

Case No. 11-1770-W-MA

On or about November 15, 2011, the City of Wheeling (Wheeling or City), a municipal corporation, Wheeling, Ohio County, adopted an ordinance increasing its rates and charges to provide water service to its customers inside and outside its corporate boundaries, to become effective December 30, 2011. Wheeling published a notice of these rates, and, pursuant thereto, on or about December 14, 2011, the Ohio County Public Service District (District), the Town of Valley Grove (Valley Grove) and the Town of Triadelphia (Triadelphia), resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's proposed November 15, 2011 rate ordinance, alleging discrimination to their respective customers. Subsequently, numerous protests have been filed by residential customers of Wheeling. Pursuant to the protests and pursuant to *West Virginia Code (Code)* §24-2-4b, by the

December 16, 2011 Commission Order Suspending Rates and Referring to Administrative Law Judge (Order), the Commission invoked its jurisdiction over the municipal appeal.

By said December 16, 2011 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., April 28, 2012, 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 March 29, 2012, effectively 29 days prior to the end of the statutory suspension period, since April 28, 2012, is a Saturday. Finally, the Order directed Commission Staff to file its report on or before February 13, 2012.

By Procedural Order issued on January 4, 2012, the Administrative Law Judge (ALJ) adopted a procedural schedule to process and resolve Case No. 11-1770-W-MA, including a Tuesday, February 21, 2012 hearing date.

Case No. 12-0011-W-CN

On January 5, 2012, the City filed an application with the Commission for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing to fund the project. The City estimated that the project would cost approximately $34,004,188, which would be financed through the issuance of publicly marketed revenue bonds totaling approximately $48,935,000, bearing 6% interest for a 30-year term.

By Commission Order entered January 6, 2012, the Commission directed that Wheeling publish the Notice of Filing, which provides a 30-day protest period, one time in a newspaper qualified under *Code* §59-3-1 *et seq.*, published and generally circulated in each county where it provides service and separately mail a copy of the Notice of Filing to each of its resale customers.

Consolidated Case

By Commission Order entered January 27, 2012, responding to a motion from Wheeling, the Commission consolidated Case Nos. 11-1770-W-MA and 12-0011-W-CN; tolled the statutory deadline in Case No. 11-1770-W-MA until October 2, 2012, thereby deferring the use of the rates contained in the ordinance until12:01 a.m., on October 2, 2012; referred Case No. 12-0011-W-CN to the ALJ Division for decision no later than August 2, 2012; extended the decision due date in Case No. 11-1770-W-MA until August 2, 2012; required that Staff filed its reports in Case No. 12-0011-W-CN by May 18, 2012; and extended the date for Staff to file its reports in Case No. 11-1770-W-MA until May 18, 2012.

On February 1, 2012, Staff Attorney Chris Howard submitted the Initial Joint Staff Memorandum in Case No. 12-0011-W-CN, attaching the January 26, 2012 Utilities and

Engineering Divisions Initial Memorandum prepared by Utilities Analyst Pamela Latocha, Utilities Division, and Staff Engineer Jonathan Fowler, P.E., Engineering Division, indicating that, once it had completed its investigation and evaluation, Commission Staff would file reports and data supporting a final substantive recommendation.

By Order Canceling Hearing issued on February 17, 2012, the ALJ canceled the procedural schedule adopted by the January 4, 2012 Order in Case No. 11-1770-W-MA, including the hearing scheduled to convene on Tuesday, February 21, 2012.

On February 21, 2012, Wheeling filed a publication affidavit showing that the Notice of Filing in Case No. 12-0011-W-CN was published on January 11, 2012, in the *Intelligencer*, a newspaper published and generally circulated in Ohio County. Wheeling also filed copies of United States Certified Mail receipts representing that it mailed a copy of the Notice of Filing to each of its resale customers.

By Order Establishing Procedural Schedule for Consolidated Proceeding issued on March 2, 2012, the ALJ adopted a procedural schedule to process and resolve this consolidated matter, including a Friday, May 25, 2012 hearing date.

After the ALJ encountered a scheduling conflict with the hearing date and confirmed that the parties and their witnesses would be available for hearing on Thursday, May 24, 2012, by Order Modifying Procedural Schedule for Consolidated Proceeding issued on April 19, 2012, the ALJ modified the procedural schedule adopted by the March 2, 2012 Order, including changing the hearing date to May 24, 2012; required that Wheeling publish the Notice of Hearing attached to April 19, 2012 Order as a Class II legal advertisement once a week for two (2) consecutive weeks in a newspaper duly qualified under *West Virginia Code* (*Code*) §59-3-1, *et seq.*, published and generally circulated in Ohio County and provide proof of such publication at the hearing; and adopted a briefing schedule.

On May 24, 2012, the ALJ convened the hearing as scheduled. Wheeling appeared at the hearing by counsel, Robert R. Rodecker, Esquire; Commission Staff appeared by counsel, Staff Attorney Christopher L. Howard, Esquire; and the Intervenors appeared by David B. Hanna, Esquire. Wheeling presented the testimony of six witnesses and presented 12 exhibits. Commission Staff presented the testimony of four witnesses and presented five exhibits.

On August 15, 2011, the reporter submitted a 175-page transcript and a one-page certificate that the transcript is a true and accurate record of the August 7, 2011 hearing.

After the hearing, the parties availed themselves of their rights to filed proposed findings of fact and conclusions of law, briefs, replies and other written legal arguments, all of which the ALJ considered, together with all of the evidence, prior to rendering this Recommended Decision.

EVIDENCE

The parties stipulated that the project is needed. (Tr., at 10).

Wheeling called the superintendent of its water operation, William F. Huggins, as its first witness. He identified his prepared direct testimony, received as City Exhibit No. 1. Mr. Huggins has served as the superintendent for 33 years. One of his duties is to prepare Wheeling's annual budget. He opined that the project is needed and that the rates proposed by Wheeling are necessary to support the operation and maintenance (O&M) expenses and debt service requirements that Wheeling will incur upon the project becoming operational and to provide the proper debt service coverage and an adequate surplus for reasonable capital additions. The project is comprised chiefly of a new water treatment plant, designed by CT Consultants (CT). The existing treatment plant is approximately 90 years old and has substantial structural problems, especially in the main filter building. The new plant is necessary to meet the United States Environmental Protection Agency (EPA) regulations. He believes that the project has been designed properly. The membrane design planned for the treatment plant provides a more effective barrier against contamination of the City's finished water when compared to the existing treatment plant that uses sand filters for this purpose. (Tr., at 13-14; City Exhibit No. 1).

Next, Wheeling called Craig W. Juday, P.E., the project engineer who works for CT. He identified his prepared direct testimony, received as City Exhibit No. 2. Mr. Juday is responsible for the implementation of engineering services associated with the planning, design and funding of the proposed improvements to the City's water treatment plant. The major components of the project include:

1. Rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation;

2. Replacing the existing blower building and equipment;

3. Replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation;

4. Replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance;

5. Constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls;

6. Replacing the existing clearwell with a new above-ground storage tank; and

7. Making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the plant.

(Tr., at 15-17; City Exhibit No. 2, pp. 1-2).

Mr. Juday is responsible for deploying, managing and coordinating CT's engineering resources and a sub-consultant, Malcolm Pirnie, Inc. (MP), now called Ardadis, Inc. (Arcadis), in the preparation of reports, design plans, bidding and contract documents, technical specifications and opinions of probable construction costs. He listed several publications and reports that were consulted during this process. (City Exhibit No. 2, pp. 2-4).

Mr. Juday stated that Wheeling had obtain Permit No. 18,823 from the West Virginia Office of Environmental Health Services (OEHS). He opined that the project as designed is necessary and in the best interests of Wheeling and its customers. The project improves and upgrades an old existing water treatment plant with state-of-the art equipment which is more energy-efficient to operate, provides greater operational stability to suit variable conditions with river source water and provides a more reliable and sustainable means to comply with continually emerging drinking water regulations, e.g., the "long term 2 enhanced surface water treatment rules" or LT2ESWTR, which establish performance criteria for the effective removal of microbial contaminants and which place an increased focus on the optimization of the filtration process. The proposed design will provide a cost-effective approach to providing an increased level of treatment, treatment control and optimization of operation, all of which are in the best interests of the customers. (City Exhibit No. 2, pp. 4-5).

Mr. Juday opined that, from a regulatory requirements viewpoint, the new filtration building with membrane filtration, which will replace the existing conventional granular media filtration system, provides a much greater particle removal capability. The project will provide improved chemical feed systems for optimum coagulation and disinfection by-product control. (City Exhibit No. 2, p. 5).

Mr. Juday opined that, from an efficiency and safety viewpoint, the new project will repair existing reinforced concrete; replace existing walkways for safer access to equipment; improve the existing influent pump by distributing the pumping among three pumps rather than one; repair existing valves and gates that currently are difficult to operate; replace flocculators to reduce maintenance expenses, e.g., parts are not available because they are so old; repair other existing unit process equipment to reduce maintenance expenses; and replace existing deteriorated equipment such as the baffle wells that are structurally failing. (City Exhibit No. 2, p. 6).

Mr. Juday also opined that, from an increased level of treatment control and optimization of operation view, the project will upgrade the existing aeration blowers with new ones that are more energy-efficient, reliable and variable in operation; upgrade the instrumentation and control with SCADA remote monitoring to monitor all processes in real time and keep the operator interfaced with equipment functions when necessary for quality operation; and replace finished water pumps with newer, more energy-efficient pumps that will provide more flexibility in pump operation depending on the conditions that exist at the time. (City Exhibit No. 2, p. 7).

The next witness for Wheeling was John S. Bodkin, Jr., CPA, who identified his prepared direct testimony, received as City Exhibit No. 3. Mr. Bodkin prepared the City's Rule 42 exhibit required in this joint proceeding. The rates that Wheeling enacted in its rate ordinance are the same rates that were set forth in the City's Rule 42 exhibit. He opined that the Rule 42 exhibit was prepared in accordance with Commission requirements. In preparing the rates, he tried to minimize the impact of rate increases for the City's customers, while, at the same time, generate sufficient cash flow to meet the demands of the existing and projected debt service. (Tr., at 18-20; City Exhibit No. 3, pp. 1-2).

Mr. Bodkin explained that the City must sell its bonds to finance the construction of the project before the project can begin. Increased rates must be in effect before the project begins, in order to produce sufficient cash flow to meet debt service payments and net revenues to meet the rate covenants of the outstanding bonds. "The City realized that, if a protest was filed, the effective date of the increased rates may be delayed, and, if the rate increase was delayed, the interest payments on the new bond issue (for a period of up to 2 years) would have to be capitalized, i.e., borrowed through the issuance of additional bonds. The impact of the delay caused by a protest would be approximately $10-$11million dollars of additional debt service on the bonds. The actual amount of the increase can only be determined when interest rates are fixed at the date of the bond issue." Accordingly, Wheeling enacted two sets of rates, one representing a 70% increase in revenues, assuming no protest, and the other increasing revenues by 80% to cover the increased costs if the matter was protested. He opined that the 80% increase is required. (City Exhibit No. 3, pp. 2-3).

Mr. Bodkin explained that Wheeling's bonds for its water operation are combined with its bonds for its sewer operation. Wheeling also enacted increased rates for its sewer operation, which are the subject of Case No. 11-1772-S-MA. The sewer system rate increase was necessary because Wheeling historically struggles to pay its O&M expenses and maintain its capital assets for the sewer operation. The sewer increase "was simply designed to provide funds to meet expenses and to meet the rate covenant tests of the combined system at June 30, 2012. This rate covenant test must be met at June 30, 2012, in order to issue bonds later in 2012 for the water project." He further explained that the City realized that the requested water increase would not be effective by June 30, 2012, and, therefore, needed the sewer rate increase that would be effective by that date in order to meet the coverage requirements of the combined system. (City Exhibit No. 3, pp. 3-5).

Mr. Bodkin identified the City's Rule 42 exhibit, received as City Exhibit No. 4. (Tr., at 20; City Exhibit No. 4).

Mr. Bodkin has reviewed all of the reports prepared by Commission Staff. He has no problems with the Staff Rule 42 exhibit prepared by Marian Russell. He takes exception, however, to the Staff-recommended revenue requirements and rates prepared by Pamela Latocha. He is surprised that Staff has recommended a rate decrease at going-level and believes that Staff may not understand the need for an 80% increase to support the project, rather than 70%, due to the time that passes when a rate ordinance is protested. This delay due to the protest of the rate ordinance will cost Wheeling between $10,000,000 and $12,000,000 in additional principal and

interest. One of the key elements to this case is that, under the City's existing bonds, it must issue a certificate from a CPA indicating that coverage is in place that satisfies all of the bond covenants and requirements. This certification that the coverage is in place at going-level and will be in place for the three years following the completion of construction must be filed well in advance of selling the bonds. Since construction of the project will take at least two years, this certification actually has to be for a five-year period. The rates in the ordinance are designed to provide the required debt service coverage looking forward five years as well as at going-level. (Tr., at 21-24).

Mr. Bodkin opined that, under Staff's analysis, the first payment on the bonds would be due in 2015. He opined that the proper debt service coverage has to be provided for in the rates now, not just once the project is operational. He realizes that payment will not be due on the bonds until the construction is finished, but the coverage has to be in place at going-level, not just after construction. Mr. Bodkin identified a document he prepared depicting the debt service requirements for all of Wheeling's existing and proposed bonds through 2042, received as City Exhibit No. 5. He corrected the document by changing the heading "2012 State Issue" to "2013 Staff Issue." He explained that Wheeling anticipated that the bonds for the proposed project would be issued during the 2012 accounting year, but now realizes that they will not be issued until well into the 2013 year. This corrected column contains the debt service requirement anticipated by Staff's analysis, which assumes a 3.04% bond rate for a 30-year term. Using Staff's assumptions, Mr. Bodkin has developed the maximum annual debt service as it relates to the coverage tests contained in Wheeling's existing bond issues. The bond language states that the maximum annual debt service starts in the year in which the bonds are sold, not the year when the first payment is due. "Under the rate covenant that the City is required to meet, we have to add in the debt service associated with this 2013 issue. (Tr., at 24-29; City Exhibit No. 5).

Mr. Bodkin identified a document he prepared titled "Rate Decrease in 2013," received as City Exhibit No. 6. This document depicts an abbreviated cash flow statement for per books and for project years 2012 through 2018, putting the emphasis on the debt service coverage requirements for the water operation, the sewer operation and the combined operation. This document reflects Staff's recommended going-level rate decrease. This decrease would result in a decrease in revenues in the year ending June 30, 2013, of approximately $633,000. The project rate increase is not anticipated by Staff until 2015, i.e., the date the project is substantially complete. (Tr., at 29-31; City Exhibit No. 6).

Mr. Bodkin indicated that the column "Projected 6/30/15" is the first one that reflects the Staff-recommended increased rates, i.e., $2,861,634. The $633,322 decrease which Staff recommends at going-level is reflected in all of the columns beginning with the column "Projected 6/30/13." He explained that, since the actual numbers for the year ending on June 30, 2012, are not yet known, the column "Projected 6/30/12" are simply a repeat of the column "Per Books 6/30/11," with a slight increase due to inflation. The first sub-column in each named column is for the water operation, the second sub-column is for the sewer operation (labeled "WPCD" for water pollution control department) and the third sub-column is for the combined water and sewer operations. City Exhibit No. 6 shows a projected debt service coverage factor of only approximately 78% for the WPCD for the projected year ending on June 30, 2012. The

column "Projected 6/30/13" shows an increase in the sewer rates of approximately $139,694.18, which reflects the 2.7% increase contained in the Recommended Decision recently entered in the just-completed sewer rate case. The combined debt service coverage for the column "Projected 6/30/12" is approximately 122.55%. Due to the Staff-recommended decrease in the instant water rate case, the column "Projected 6/30/13" shows a combined debt service coverage of only 72.17%. The Staff-recommended rate decrease at going-level would reduce revenue by approximately $633,000, i.e., from approximately $6,003,000 to approximately $5,600,000. This illustrates what Mr. Bodkin believes would happen if the Commission approves the Staff-recommended rate decrease at going-level. (Tr., at 31-34; City Exhibit No. 6).

Mr. Bodkin further explained that the central purpose of City Exhibit No. 6 is to illustrate what the combined debt service coverage will be for the years through June 30, 2018. The first sub-column in the column "Projected 6/30/13" shows the figure $2,409,224 as the total projected debt service for that year, which is the same figure shown in the Staff-recommended 2013 column in City Exhibit No. 5. Again, this figure assumes what Staff assumed, i.e., that Wheeling would be able to issue bonds at 3.04% for a 30-year term. Staff does not include in its analysis this debt service requirement until the year ending on June 30, 2015. Staff does not believe that any debt service requirement will exist until 2015 when Wheeling actually has to begin making payments on the principal and interest for the bonds to be issued for the project in this case. This is the core difference between Staff's position and Wheeling's position. Wheeling believes that the bonds require a debt service coverage to be present even if no payments are due, i.e., the maximum annual debt service increases when the bonds are issued, not when payment is to be made on the principal and interest on those bonds. (Tr., at 34-37; Wheeling Exhibit No. 6).

Mr. Bodkin explained that, irrespective of when the project is substantially complete, once the bonds are issued, the maximum annual debt service increases. He opined that the maximum annual debt service is the test, not cash flow. Under the Staff-recommended rates, in 2013, when the bonds are issued, the debt on those bonds will be outstanding and the combined water service and sewer service debt service coverage will only be approximately 72%. He opined that the combined debt service requirement is 120%. The debt service of approximately $2,409,224 on the 2013 issue noted on City Exhibit No. 5 must be included in the calculation of the combined debt service coverage. Unless rates to support the 120% combined debt service requirement are in place before the bonds are issued, the bonds cannot be issued. Assuming, as planned, that the construction starts in 2013 and it takes two years, as estimated, the project will not be completed until 2015. Under the Staff-recommended rates, which would not become effective until the project is certified as substantially complete, the City's rates will not be sufficient to provide the 120% combined debt service coverage, the bonds will not be issued and the project will not be built. The certification of that 120% coverage test must also be made for three years after substantial completion, which means that rates must be in effect which meet that test beginning no later than when the bonds are issued and must continue to meet the 120% coverage requirement through at least 2017, depending on when the project actually is completed. (Tr., at 37-40; City Exhibit No. 5).

Mr. Bodkin clarified that his analysis only used the Staff-recommended interest rate of 3.04%. Mr. Bodkin identified a document titled "Rate Decrease in 2013/PSC Exhibit 1 Debt/Rate

Increase in 2015," received as City Exhibit No. 7. At the hearing, Mr. Bodkin added the words "Capitalized Interest Debt," to indicate what the document chiefly depicts. This document, like City Exhibit No. 6, is based on Staff's recommendations, including the 3.04% rate for which Staff believes the bonds can be sold. Much of the document is the same as City Exhibit No. 6 and follows the same format. City Exhibit No. 7 is to illustrate, for example, that, if the Staff-recommended rates are approved and do not become effective until the project is substantially complete, what the debt service coverage would be for the years 2013 through 2018. Under this analysis, the combined debt service coverage would be approximately 122.59% in 2013; 130.02% in 2014; 123.62% in 2014; 111.20% in 2015; 107.40% in 2016; 122.04% in 2017; and 117.3% in 2018. Since he has to certify, before the bonds are sold, that the combined debt service coverage will be met each year from 2013 through at least 2017, depending on the project completion date, City Exhibit No. 7 illustrates why he could not issue that certification if the Staff-recommended rates are approved. Mr. Bodkin explained that his calculations in City Exhibit No. 7 are based on Staff's recommendations and calculation methods so that a reliable comparison can be made. He opined that no one would want to purchase a bond when the certificate states that the combined debt service coverage will not be met during the years before the project is substantially complete and the three years subsequent to that. (Tr., at 40-48; City Exhibit No. 7).

Mr. Bodkin summarized that, if the Commission grants the certificate and the project is bid in early 2013, as anticipated, and the rates do not become effective until the project is certified as substantially complete, then the bonds for the project cannot be issued. Even if, for example, the debt service coverage in 2013 is approximately 130%, as Staff believes, that does not mean much, since he must certify that the 120% combined coverage test will be met for all of the years from the time the bonds are issued until three years after the project is certified as substantially complete. He has to look forward to 2017 or 2018, not just consider the coverage in 2013, when he makes his certification. The City adopted rates in its ordinance that would enable Mr. Bodkin to certify that the 120% combined debt service requirement would be met through 2017 or 2018, i.e., the rate increase must be at least 70%. He acknowledged that the rates in the ordinance would generate greater cash flow than what the Commission approves for most water utilities, but the financing for those utilities are not the kind of financing available to Wheeling. (Tr., at 48-49).

Wheeling has been very carefully managing the combined debt service coverage requirement in its existing bonds for many years and has taken several steps in planning for the project, e.g., the City refunded or refinanced the 1997 bond issue, which had a balloon payment due in 2012, so that this payment could be spread out over several years. The City had to pass an ordinance in 2009 to increase its water rates by 5% to make this refinancing possible and that ordinance was not protested. Wheeling has taken similar measures to make this project and the bond issue for this project feasible and has not been wasting revenues, but has been readying its finances so that the project could be possible. The 5% rate increase in 2009 was not to pad Wheeling's coffers, but to cover the cost of the refinancing of the balloon payment so that it could be spread out over several years. Mr. Bodkin emphasized that, if the Staff-recommended rates are approved, he will not be able to certify that Wheeling can meet the 120% combined debt service requirement and the bonds will not be issued. (Tr., at 49-52).

Mr. Bodkin explained that the two chief components that cause the debt service coverage to be lower than 120% in some of the years, according to his analysis, are the vacillating debt service requirements and anticipated O&M expenses during certain years. Wheeling has several different bond issues with different requirement in different years. The 120% combined debt service coverage test is 120% of the maximum annual debt service. This number changes from year to year, e.g., new bonds are issued or old ones are retired. He indicated that he estimated the increased O&M expenses for years subsequent to 2013 on common sense or experience, i.e., he has to assume that the O&M expenses in 2018 will be greater than they will be in 2013. He has used several tools, such as the cost of living index, which has gone up approximately 2.37% over the past 10 years, in making his estimates of increased O&M expenses in future years. He opined that his estimate is reasonable and is supportable by historic data and that it would not be reasonable to make an assumption that the O&M expenses would be level through 2017 or 2018. He opined that it would be more reasonable, when he makes his certification, to rely upon his methodology that assumes increased O&M expenses in future years, rather than to rely upon the City passing rate ordinances as needed that would ensure that the 120% debt service coverage requirement would be met in each of the years which he has to certify, e.g., members of Wheeling's City Council might not pass a new rate ordinance if they believed that doing so would cause them to not get reelected. He opined that, in making his analysis, he has projected, based on historical data, and not merely speculated what the increased O&M expenses would be. (Tr., at 52-57).

Mr. Bodkin explained that his certification is basically certifying to those who would purchase the bonds that Wheeling has sufficient collateral to ensure that they, the investors who buy the bonds, will recover their investments and earn the promised interest on those investments. He opined that investors will not rely upon a speculation that the City will pass additional rate ordinances in order to continue to pay the principal and interest on those bonds, as well as existing bond issues. He believes it is more reasonable for him to make a projection of the increased O&M expenses for future years and it is more reasonable for investors to rely upon such a projection. He also pointed out that his revenue projections for future years is not level, i.e., it decreases over time due to the historical trend that Wheeling is losing population, which means its customer base is becoming smaller. However, with City Exhibit No. 7, he has illustrated the Staff-recommended approach to show that the Staff-recommended rates and charges will not support the project, since he cannot certify that the 120% combined debt service coverage requirement will be met in each of the pertinent years. (Tr., at 57-59; City Exhibit No. 7).

Mr. Bodkin opined that the effective cost of this case being protested is approximately $10,000,000 to $11,000,000, which represents the cost that Wheeling will incur because it could not borrow the money when anticipated, i.e., Wheeling has had to capitalize the additional interest that it will incur due to the delay. "If the City could have borrowed the money already, without this protest, they could have borrowed substantially less money because they have to borrow the money during the construction period, because the contractor needs to be paid." This subject was explained to the resale customers who came to a meeting regarding the rate increase. The 70% increase in the ordinance was for rates that would have been necessary without any protest, i.e., for rates that would have become effective 45 days after enactment of the rate ordinance.

However, the ordinance also includes an 80% increase to allow for the protest that has occurred. The 70% increase would have been sufficient absent the protest, but, since the matter has been protested, thereby prolonging the process, the 80% increase is now necessary. Since the Staff-recommended rates would not go into effect until the project has been certified as substantially complete, Wheeling has to incur short-term loans as the project is being built in order to pay the contractors and suppliers on a timely basis during the construction period. These loans will then be rolled into the long-term financing, thereby capitalizing the interest for the short-term financing. Under the Staff-recommended rates, the additional revenue approved in this case to support the project would not be available until the project is certified as substantially complete, which increases the effective total cost of the project. (Tr., at 59-63).

Mr. Bodkin opined that, not only would it be unreasonable to assume that Wheeling would enact a rate ordinance to increase rates to meet the 120% combined debt service coverage test, it would also be possible for the Commission to lower rates should the ordinance be enacted and protested, e.g., Mr. Bodkin believes that it was very unreasonable for the Commission to have decreased the going-level sewer rates in Case No. 11-1772-S-MA, yet that is what the Commission did. "It sure didn't seem reasonable to me. I was more than surprised to see that, especially since the reduction seemed to be a reaction to the City's good fiscal policy." (Tr., at 63-64).

Mr. Bodkin explained that it probably will be early 2013 before the bonds for the project are issued, if at all, and so many things could happen between now and that time that could cause the interest rates on the bonds to increase. Essentially, no one will purchase the bonds unless they can earn what is a reasonable interest rate on the day of purchase. Also, he acknowledged that the interest rate could be lower than it would be on the day of hearing. Even on the date of issue, the interest rate could change perhaps a quarter of a percent. The underwriters for the bond issue are motivated to sell the bonds and they will try to get the interest rate as low as possible, e.g., the actual interest rate for the 2006 issue was lower than the planning or predicted rate. So many different variables affect the interest rate of bonds sold on the public market. The 1997 bond issue lowered debt service, which was one of the goals of that bond issue. By lowering the interest rate, you lower the threshold for passing the 120% combined debt service coverage requirement. However, this act of good fiscal policy ended up causing the Commission to reduce the rates by approximately 11% for the sewer operation. (Tr., at 64-65).

Also, in defense of his projected O&M expenses in forecasting the resultant debt service coverage for future years, he opined that the Commission engages in a type of projection when it approves rates to meet expenses and cover debt service. Case No. 11-1772-S-MA was a rate case only, i.e., no certificate case accompanied it directly. However, one of the purposes of that case was to approve post-project rates for a certificate case that had been approved less than two years earlier and still was in the process of being completed. The Commission approved a rate decrease at going-level until that sewer project was completed and approved a rate increase for post-project rates because the rates originally approved to support the sewer project were not sufficient. Between the time that the Commission approved rates that it believed were sufficient to support the project and project completion, it had to increase rates by approximately 17.5%. While he has to certify that the 120% combined debt service coverage requirement will be met until 2017 or

2018, no guarantee exists that Wheeling would enact a new rate ordinance to keep the coverage at a sufficient level or that the Commission would approve a rate in a municipal appeal case that would be sufficient, which is why the rate adopted in this case needs to be sufficient so that he can issue the certification that the combined debt service coverage will be sufficient from 2013 to at least three years after the project is substantially complete. (Tr., at 65-67).

Mr. Bodkin stated that Wheeling is not exactly a not-for-profit entity, but it has no profit motive since it is a municipality. However, a profit measurement is done annually, i.e., the City "has to generate profits in order to fund capital improvements. It has to generate profits in this case in order to meet debt service coverage. Debt service coverage is 120 percent of available money, so it has to generate profits." Rates are not taxes, but are fees paid by customers to obtain a service and are used by the utility to provide that service. There has to be a balance between revenues received and money spent for O&M expenses and debt service coverage and to provide a surplus to allow for reasonable capital improvements. Mr. Bodkin opined that Wheeling has to pay for all of its operation by exercising good fiscal responsibility and saving money anywhere it can. If Wheeling has to borrow money, it has to have the ability to pay back the money it borrows. The benefit to the customer is improved water service. As far as Mr. Bodkin knows, none of the engineers or any of the parties believes that the project is not needed, but a disagreement exists as to what Wheeling has to do to obtain the financing for the project. While there are many variables that must be balanced, you cannot have a complete balance between good service and low rates, i.e., you usually cannot have both. (Tr., at 67-70).

Mr. Bodkin explained that, while the proposed funding for this project is from the issuance of bonds to be sold on the public market and Wheeling already has the same kind of bond issues, it also has some bonds that are from public funds, e.g., 2010 bond issue 2010 B. Wheeling wants to obtain the lowest cost financing possible. No need exists to issue bonds to be sold on the public market if funding from governmental agencies exists. (Tr., at 70-71). Mr. Bodkin acknowledged that the Commission generally makes rates based on a cash flow analysis and other information obtained from a historical test year. However, that method does not always work, otherwise, Case No. 11-1772-S-MA never would have happened. (Tr., at 71-73).

Next, Wheeling called Marie L. Prezioso to testify on its behalf. Ms. Prezioso identified her prepared direct testimony, received as City Exhibit No. 8. Ms. Prezioso is a public finance investment banker and Senior Vice President at Piper Jaffray & Co. Since 1984, she has worked with many issuers of municipal bonds in West Virginia, including the State of West Virginia and its agencies, universities and colleges, municipalities, counties, hospitals, boards of education, public service districts, solid waste authorities and building commissions. From 1977 to 1984, she served in various positions in West Virginia state government, including serving as the Deputy Commissioner for Finance and Administration; Executive Director of the Municipal Bond Commission (MBC); and the Senior Investment Officer and Acting Director of Investments for the state. From 1984 to 1990, Ms. Prezioso worked for Young Moore and Company and for Wheat First Securities as a public finance investment banker. Between 1991 to 2008, she worked at Ferris, Baker Watts, Inc., as a public finance investment banker. Since 2008, she has been employed at Raymond James & Associates, Inc., as a public finance investment banker. As a public finance investment banker, Ms. Prezioso provides daily services to a wide range of

municipal bond issuers across the state, including such duties as providing structuring, underwriting and advisory services for essential public purpose projects and also for private purpose projects through the issuance of taxable and tax-exempt bonds. (Tr., at 73-75; City Exhibit No. 8, pp. 1-2).

Since 2006, Ms. Prezioso has worked on all of Wheeling's public issuances of waterworks and sewerage system bonds with her current and prior employers and is familiar with Wheeling's outstanding waterworks and sewerage system bonds. Her current employer, Piper Jaffray & Co., is serving as the underwriter to the City for the proposed issuance of tax-exempt revenue bonds for the proposed project. As the banker for this transaction, she has prepared analyses and structures for different financing options for the City. She and/or her employer plan to prepare and submit information to Assured Guaranty, the bond insurer, and/or rating agencies. She will review bond documents and prepare the transaction for the market. She will underwrite and distribute the proposed bonds and arrange for the delivery and settlement of the bonds. Wheeling has proposed two financing scenarios, both of which would provide the same amount of funds for construction, the only difference being the impact on the par amount of the bonds for the time period assumed for capitalized interest. (City Exhibit No. 8, pp. 2-3).

Ms. Prezioso explained that, when a municipality issues bonds in the public market, the bondholders expect interest to begin accruing immediately. Typically, the first interest payment on the bonds is due within nine months from the date of issuance of the bonds and semi-annually thereafter. If the City does not have enough capitalized interest funds to make interest payments on the bonds, it would need to secure additional funds from revenues or additional sources to make such interest payments, otherwise it would default on its obligations. Once the capitalized interest funds are expended, the City will be required to make monthly deposits into the revenue sinking fund held at the MBC for semi-annual interest payments to the bondholders. (City Exhibit No. 8, pp. 3-4).

Ms. Prezioso also explained that, in the context of the current certificate application, two possible scenarios exist. The first scenario assumes the issuance of approximately $41,850,000 of tax-exempt revenue bonds. This scenario assumes capitalized interest for a period of four months, allowing the City to implement the project rates upon the issuance of the bonds and to provide sufficient time to collect the revenues from the project rates. The second scenario assumes the issuance of approximately $48,935,000 of tax-exempt revenue bonds. The second scenario assumes 29 months of capitalized interest on the bonds, allowing the City to implement rates upon substantial completion of the project and to provide sufficient time to collect the revenues from the project rates. Both scenarios assume a planning interest rate of 6% and a final maturity of approximately 30 years. The $7,085,000 difference in the par amount of the bonds between the first scenario and the second scenario represents the increased borrowing required in order to delay the implementation of the project rates from the date of the issuance of the bonds until the substantial completion of the project. (City Exhibit No. 8, p. 4).

The $7,085,000 difference is not comprised solely of capitalized interest, but it does comprise the majority of that difference. The increased borrowing for capitalized interest requires a significant increase in the debt service reserve account for the bonds, which must be fully

funded at closing, as well as some minor increases in other line items, such as the cost of bond insurance. Additionally, the more capitalized interest one borrows causes more interest to be paid, since one has to pay interest on the additional borrowing. (City Exhibit No. 8, pp. 4-5).

The entire proceeds of the bonds will be advanced at closing. The monies in the capitalized interest fund and the debt service reserve fund must be invested, according to state law, and held at the MBC to be invested as part of the MBC's investments. The yield on the West Virginia Government Money Market Pool changes daily and was approximately 0.056% on April 19, 2012. In the past three years, Ms. Prezioso has not seen the interest rate paid by the Commission on such investments equal 6%. Any money that Wheeling borrows for the capitalized investment fund will have an assumed interest rate of approximately 6%, but the interest earned by Wheeling on that money will be significantly less than 6%. Realizing that the two scenarios make a number of assumptions, Ms. Prezioso opined that the total difference in the principal and interest payments to bondholders under the two scenarios would be approximately $10,743,092 over the life of the bond issue. As a result of delaying the implementation of the rates until substantial completion of the project, the projected annual average of the City's additional revenue requirements, which must be met by its customers, will be approximately $684,584 beginning in fiscal year 2017. (City Exhibit No. 8, pp. 5-6).

Based on Ms. Prezioso's professional experience, she believes that the projected debt service that Wheeling has used in this case is reasonable. The MBC has changed significantly over the past five years or so, e.g., the number of active municipal bond insurers has dropped significantly; the rating agencies are more thorough in their review of credits and conservative in their award of ratings; and potential purchasers are demanding more information, including continuing disclosure, regarding the security for bonds. While the municipal bond marketplace remains robust, access to capital is subject to more review and higher standards are placed on the quality of credits. These changes impact Wheeling by making it subject to closer scrutiny, both at the issuance of bonds and in subsequent years. Failure to meet rate covenants will likely impact the ability of the City to obtain bond insurance and may also result in lower underlying ratings assigned to the City's outstanding and future bond issues. This could also adversely affect Wheeling's ability to access the municipal bond market. Lower ratings and/or inability to access municipal bond insurance will result in higher borrowing costs for the City, which will translate to higher costs to the ratepayers. (City Exhibit No. 8, pp. 7-8).

Ms. Prezioso explained that municipal bond insurance is an insurance policy that would be purchased by Wheeling which promises to the purchasers of Wheeling's bonds that the bond insurance will make the principal and interest payments on the bonds in the event that Wheeling is unable to do so. Purchasers of such bonds rely upon the presence of municipal bond insurance, at least primarily, to determine the interest rate on the bonds. Usually, the municipality pays a one-time fee to obtain this type of insurance, the cost of which is less than the net present value of the difference between the cost of the insurance policy and the debt service savings as a result of the purchasers relying on the creditworthiness of the bond issuer as opposed to the credit of the municipality. Five years ago, several such bond insurance companies served the area. Today, only one such provider is active in the West Virginia market. On the other hand, three rating agencies exist today, i.e., Moody's; Standard & Poors; and Fitch. The purpose of a rating agency

is to examine the creditworthiness of issuers of bonds and then assign a rating to the debt of the issuer. Purchasers of bonds rely on the rating assigned by the agencies to determine the appropriate interest rate for the bonds. Bonds that are deemed less risky receive a higher rating. (City Exhibit No. 8, pp. 8-9).

Ms. Prezioso explained that Wheeling currently has four outstanding bond issues, two of which have the identical rate covenants and additional bond test requirements. The other two bond issues each have unique additional bond tests and rate covenants. Wheeling must obtain a certification from an independent certified public accountant that the covenants in each of the outstanding bond ordinances have been satisfied in order to issue additional bonds on a parity with the outstanding bonds. Without the CPA certification, additional parity bonds cannot be issued. These tests are in place to protect the security position of the prior bondholders. Parity means that the bonds are issued with a lien on the revenues and assets of the system which is equal to the lien of the existing bonds. In this case, such a parity lien is a first lien on the revenues and assets of the system equal to that of the outstanding bonds. Parity bonds provide the opportunity for the best interest on debt. Bonds which are not issued on a parity with the existing bonds, i.e., subordinate bonds, will require a higher interest rate and may not be permitted. (City Exhibit No. 8, pp. 9-10).

Ms. Prezioso opined that, if Wheeling did not meet its current debt service coverage requirements, it could not obtain the CPA certification that the rate covenants and additional bond tests are satisfied on a prospective basis. Without such a certification, the City cannot issue bonds on parity with the existing bonds. This requirement is a protection for the existing bondholders who want to ensure that additional bonds will not diminish the value of the pledge on the existing bonds. Failing to meet the rate covenant in a prior year would require that Wheeling obtain a waiver to the covenant violation from the existing bond insurers. Such a violation may negatively impact Wheeling's ability to obtain bond insurance for future bond issues and may adversely affect Wheeling's credit rating. Violating a rate covenant is a material event and must be disclosed to the municipal market place. The impact of such disclosure may range from higher interest rates on future bonds to difficulty in accessing the capital markets at reasonable interest rates. (City Exhibit No. 8, pp. 10-11).

After reviewing the Staff reports from Pamela Latocha, Ms. Prezioso noted that Ms. Latocha objected to Wheeling's prefunding of the debt service reserve. Ms. Prezioso opined that, if Wheeling goes to the public market for bond issues, it will have to fund the debt service reserve upfront, i.e., on or before the day the bond issue is posted. Potential purchasers of such bonds will expect the reserve to be prefunded, otherwise there would be no recourse for such purchasers if Wheeling was unable to fund the reserve in the future. Buyers of such bonds want some concrete security, which, in Ms. Prezioso's opinion, means at least a year of debt service available on the day they purchase the bonds. The public market expects debt reserves to be fully funded before they purchase such bonds. (Tr., at 76-78).

Ms. Prezioso explained that Wheeling is not proposing to finance the project with a loan from a governmental agency. Ms. Prezioso believes that Ms. Latocha analyzed Wheeling's proposed bond issue as if it was going to be a government-funded bond issue. Ms. Latocha stated

that, for state-funded projects, no necessity exist for prefunding the reserve. Wheeling is proposing to sell its bonds to the public, rather than try to obtain a governmental agency loan, because, the last time that Wheeling attempted to obtain a governmental agency loan about two years ago for approximately $9,000,000, it was practically impossible to obtain that financing. Basically, at a meeting of the West Virginia Infrastructure and Jobs Development Council (IJDC), which Ms. Prezioso attended, the members of the IJDC were reluctant to loan any money to Wheeling because they believed that Wheeling had access to the public markets for issuing bonds. The IJDC told Wheeling's City Manager, "We did this one for you, but don't come back." The other problem that Wheeling would have had if it had approached the IJDC with the proposed project would have been the sheer magnitude of the project. "This is a pretty big project, and they have certain funds that they do in certain congressional districts. I don't know if the funds would be available." (Tr., at 78-79).

Ms. Prezioso opined that Wheeling must rely upon selling bonds on the public market to fund the project, which means that it will have to prefund the reserve fund. Also, Staff used in its calculations an assumed interest rate of 3.04%. Wheeling used a 6% interest rate for planning purposes, which Ms. Prezioso opined would be much more likely than anything near 3%. In 2006, with a AAA bond rating, Wheeling issued approximately $12,000,000 in a bond issue. No AAA bond insurers exist in 2012. She opined that a rating of AA will be the best that Wheeling can get in 2012 or 2013. If Wheeling cannot obtain a higher-rated insurer or some other indication to the bond purchasers that Wheeling can ensure payment of principal and interest, Ms. Prezioso opined that Wheeling would be able to obtain an interest rate of approximately 6%. As of the day prior to the hearing, the lowest interest rate Wheeling could have obtained was 6%. The planning interest rate is 6%, although interest rates could go up or down prior to the closing date. Wheeling could get a lower interest rate if it can obtain a higher bond rating or purchase bond insurance from a higher-rated bond insurer. Ms. Prezioso related that she found a small city in California called Coalinga that recently issued approximately $12,800,000 in bonds to finance a water and sewer project; this municipality had a AAA rating and obtained a 6% interest rate. Longer terms can decrease interest rates also, e.g., a 36-month issue might have an interest rate of 5.32% while a 23-year bond issue might have an interest rate of 5.19%. A rating of AAA is best and will command a lower interest rate. A rating of AA is better than a rating of A, but is not as good as a rating of AAA. Likewise, an A rating is better than a BBB rating, etc. A non-rated bond issue would likely have the highest interest rate. Without the rating agency evaluating the risk, the bond purchasers will demand a higher interest rate, since a low rating carries a greater risk. Some purchasers would prefer an unrated bond issue, since it is likely to earn a higher yield. Wheeling will be able to sell its bonds, but the eventual interest rate will be determined by many factors. However, the Staff-suggested interest rate of 3.04% is unreasonable. Wheeling will not be able to obtain that low of an interest rate in today's market. (Tr., at 80-87).

Ms. Prezioso cited a recent 20-year refinancing with an A1 rating that had a net interest cost of 3.53%. The average net interest cost that her company obtains at this time is 4.03%. She opined that Wheeling will not be able to get a better rate than that and is likely to obtain a higher rate. A refunding will get a lower rate than a new issue. Wheeling will be adding new debt to existing debt, which is not going to lower the interest that its bonds will receive. The shorter the term, the lower the interest rate likely will be. The two most important factors in determining

interest rates are term lengths and ratings. An entity with a higher rating and a bond with a shorter term will command a lower interest rate than an entity with a lower rating offering a longer term. She opined that 6% is the best planning interest rate for Wheeling, but it might be able to sell the bonds at a slightly lower rate, but not at the 3.04% rate suggested by Staff. (Tr., at 88-90).

Ms. Prezioso addressed the issue of capitalized interest. When you sell a bond issue in the public market, people who buy these bonds expect to be paid their principal and interest. The purchasers are loaning you their money, so they expect to have it repaid with interest. You can delay the repayment of principal, but bond purchasers will still want to be paid their interest. They would not want to purchase a bond in early 2013 and not be able to receive any interest until two or three years later when the project is substantially complete. She opined that bond purchasers would want to be able to start receiving payments of interest no longer than nine months after the bonds are issued. So, if the rates to support Wheeling's project cannot become effective immediately, Wheeling will have to borrow money to pay the bond purchasers their interest until the project is substantially complete, if the Staff-recommended approach is adopted. This means that the interest borrowed for this purpose will then be rolled into the total bond issue, or capitalized. Capitalized interest increases the total cost of the project. If the interest for the first two or three years of the bond issue is capitalized, that will increase the size of the total bond issue. (Tr., at 90-92).

Ms. Prezioso indicated that the total project cost is approximately $48,935,000, of which approximately $34,004,188 is for construction. The largest cost other than construction is capitalized interest, which is an additional amount of approximately $7,096,000. In order to pay the contractor approximately $34,004,188, Wheeling will have to borrow approximately $7,096,000 to pay interest from the date of the bond issue until the rates kick in when the project is substantially complete. If the construction cost increases or if it takes longer to complete the project, the capitalized interest amount also will increase. The contractor will expect to be paid at regular intervals during construction. If the bonds are not issued before construction begins, there will be no project. If the rates do not start until the project is substantially complete, the interest will have to be capitalized, which will substantially increase the project cost. If the rates were in effect on the date the bonds are issued, no need would exist for capitalizing the interest. The approach Wheeling took in its rate ordinance was to adopt a 70% rate increase if the ordinance was not protested and an 80% rate increase if the matter was protested, since the protest is costing Wheeling money also, i.e., had the rates gone into effect 45 days after passage of the ordinance, the project cost would have been substantially lower, which would have allowed for a lower rate for Wheeling's customers. Any delay in a project financed through a public offering of bonds is going to increase the total cost of the project. The total project would have cost approximately $41,000,000, including approximately $34,004,188 in construction costs, if the rate ordinance was not protested, but will cost approximately $48,935,000 due to the capitalized interest that will be incurred due to delays in the effective date of the new rates due to the protest and due to Staff's approach to not let the rates take effect until the project is certified as substantially complete. (Tr., at 92-98).

The estimated project budget rounded to the nearest thousand was received as City Exhibit No. 9, as follows:

Construction cost (includes 10% contingency)	$34,004,000
Planning and Engineering	$ 1,115,000
Additional Technical Services	$ 142,000
Construction Engineering	$ 875,000
Inspection	$ 555,000
Legal, Accounting and Permits	$ 100,000
Land and Rights	$ 170,000
Capitalized Interest based on rates becoming effective upon substantial completion of project	$ 7,096,000
Prepaid Reserves	$ 3,766,000
Cost of Insurance, Discounts, Bond Insurance, etc.	$ 1,112,000
TOTAL	$48,935,000

(City Exhibit No. 9).

Ms. Prezioso clarified that Wheeling estimated that the total project cost would be approximately $36,961,188 but for the additional costs associated with capitalized interest and other effects of the project rates not becoming effective until the project is substantially complete. Capitalizing interest causes other costs to increase, e.g., since the total cost is higher, the amount of the reserve is going to be higher and prefunding the reserve will cost more. Using 6% as the planning interest rate is more reasonable than Staff's assumption that Wheeling can issue the bonds with an interest rate of 3.04%. Going to the public market causes Wheeling to have to prefund the debt service reserve. The least expensive way of funding this project is to have the rates in place on the date of the bond issue rather than to capitalize the interest. She opined that the rates should become effective no later than the closing date of the bond issuance. (Tr., at 98-99).

Ms. Prezioso reiterated that she got the distinct impression that Wheeling had no chance of receiving funding for this project from the IJDC, based on the message the IJDC sent to Wheeling during the previous experience. The members of the IJDC disagreed on whether to fund Wheeling's previous project. Chris Jarrett abstained from voting in that instance. Wheeling did not obtain approval from the IJDC for the instant project. She does not believe that the IJDC has money available for Wheeling's project. Although the IJDC never acted on the current project as far as she knows, she just does not believe that the IJDC would provide over $40,000,000 for the project. She has never been a witness for Wheeling in Commission cases before, but has prepared documents on their behalf for use in Commission cases. She knows that, in the two public bond issues that she worked on for Wheeling, i.e., Series 2010A and Series 2006A, the debt service reserve account was prefunded each time. Ms. Prezioso cannot testify what the interest rate will be in the current case. She believes that the term will be 30 years and that 6% is the best planning interest rate. While she has no idea what the bond market will be like in six months, if the bonds were issued on the day of the hearing, the 6% interest would be obtainable. The time that the bonds are issued will determine the interest rate, the total project cost and other factors that

generally are known factors in certificate cases where the funding comes from governmental agencies. All factors cannot be known until the day of pricing the bonds, i.e., locking in the interest rate. (Tr., at 100-109).

Wheeling called its City Manager, Robert Herron, as its next witness. Mr. Herron has served as Wheeling's City Manager for over 10 years. He is familiar with Wheeling's financing of water and sewer certificate projects during that time. In May or June 2009, after Wheeling had applied to the IJDC for approximately $8,700,000 in financing for a project, he attended a meeting with a committee of the IJDC who was to vote whether to move the project forward to the entire IJDC for a vote. The West Virginia Department of Environmental Protection (DEP) presented Wheeling's wastewater project application and then a discussion ensued about Wheeling's rates. The rate change ended up being an increase of approximately 30% to 35%, which resulted in rates that would increase the amount a customer who used 4,000 gallons of water from approximately $23 to approximately $33 per month. The IJDC was concerned about a 1.5% median household income threshold. The IJDC explained to Wheeling that it needed to have rates at approximately $45 for 4,000 gallons of usage in order to achieve the 1.5% of median household income requirement. The then-IJDC Chairman, Chris Jarrett, who now is the Executive Director of the Water Development Authority (WDA), told Wheeling that it needed to sell bonds to the private market because its rates were not high enough to qualify for a low interest rate loan from the IJDC. Mr. Jarrett is still the Chairman of the IJDC and basically runs its operation. Feeling that the 2009 project was in jeopardy, Mr. Herron appealed to then-Governor Joe Manchin for assistance. Governor Manchin convinced Mr. Jarrett to let Wheeling's 2009 funding be considered for approval and it was approved. However, Mr. Jarrett abstained from voting on the matter and "indicated that until you get your rates at 1.5%, you should not consider coming back to this Council." Based on this experience and a follow-up with the Governor, Wheeling determined that it would not be fruitful or efficient to apply to the IJDC for financing for the current project. Wheeling would still be under the 1.5% of median household income rule even if the rates increase by 80% in the instant case, i.e., the current rates are only approximately 0.67% of median household income. An 80% rate increase in the instant case would make the rates about 1.1% of median household income. (Tr., at 111-115).

Mr. Herron explained that Wheeling arrived at the proposed 6% interest rate for the bonds to be issued in the instant certificate case after he and Wheeling's City Council had discussions with Ms. Prezioso and others who knew about the market, Wheeling's ability to insure the bond issue and other related issues. The 6% rate is Wheeling's planning rate and could change once the bonds actually are issued. Wheeling will do absolutely everything within its power to obtain an interest rate that is lower than the 6%, hopefully much lower, but, to some extent, that is beyond Wheeling's power. A lower interest rate will benefit Wheeling and its customers. Also, Wheeling considered the issue of capitalized interest when it was determining the rate increase to include in its rate ordinance, which was chiefly the reason the rate ordinance was structured to be 70% if unprotected and 80% if protested and became a municipal appeal case. Wheeling knew that, if the matter came before the Commission as a municipal appeal, the Commission likely would not allow rates to become effective until the project had been certified as substantially complete. Mr. Herron believes that the fact that the rates have been protested has increased the total cost of the project by at least $7,000,000, since, if the rates had become effective 45 days

after the ordinance was enacted, Wheeling already would have been collecting the proposed rates so that capitalized interest would be less. Mr. Herron believes this increased project cost is unfair to Wheeling and its customers. This information or scenario about the effect of protesting the rate case was presented to Wheeling's resale customers at a meeting; however, only a few of them showed up for the meeting. (Tr., at 115-118).

Mr. Herron explained that, in the past, Wheeling has issued bonds that were sold in the public marketplace and others that were purchased through governmental agencies, e.g., it issued approximately $14,500,000 in sewer bonds in 2003 or 2004 with an interest rate of 3% for 20 years, obtained through the West Virginia State Revolving Fund. However, to his knowledge, all of Wheeling's water bonds were sold in the public marketplace and were not obtained through the state process. He believes that the Commission allowed rates to go into effect at the time of issuance of the bonds. (Tr., at 118-119).

Mr. Herron explained that the difference in the cost for the proposed project, i.e., approximately $41,000,000 as opposed to approximately $48,000,000 is the capitalized interest. Essentially, if Wheeling could have the project rates approved and effective at the time the bonds are issued, it would save Wheeling and its customers over $7,000,000 to build the same identical project. (Tr., at 119).

Mr. Herron explained that the rate ordinance contained two alternatives, one being a 70% rate increase if no protests were filed and the other being an 80% rate increase if a protest or protests were filed that triggered a municipal appeal case. Without a protest that triggered a municipal appeal case, the rates would have become effective 45 days from enacting the ordinance. With a protest that triggered a municipal appeal case, Wheeling assumed that the rates would not take effect until not only the municipal appeal case was decided but also not until the project was certified as substantially complete. This is a time difference of perhaps three years, and, if the rates are not effective until the project is substantially complete, the interest that will be necessary during this interim period will have to be capitalized. Wheeling will have to obtain the money to build the project and be able to pay the interest during the construction period and for three years after substantial completion, which is why the additional interest that is rolled into the long-term bond issue will be so high, i.e., Wheeling will be paying interest on interest in addition to interest on principal. Irrespective of when the rates go into effect, the Commission will have to approve rates that take into account the fact that the interest rate may be different from the planned 6% rate and other factors that are caused by delay. Wheeling's position is that the rates need to take effect no later than the date that the bonds are issued. Also, Wheeling must ensure that the combined water and sewer debt service coverage will be sufficient to meet the 120% coverage for at least three years beyond the date of substantial completion of the project. Wheeling does not care how much the rate increase is, whether it is 60% or 70% or 80%, so long as the rates take effect when the bonds are issued, which will save Wheeling approximately $7,000,000, and are sufficient to meet all of the coverage requirements in the bond covenants. (Tr., at 120-124).

Mr. Herron explained that the notices that Wheeling gave to the public as required by law all contained the alternative rate proposals. The public was fully informed that revenues would

need to increase by 70%, unless the matter was protested sufficiently to trigger a municipal appeal, in which case rates needed to increase by 80%. Another key is that rates must be approved so that Mr. Bodkin can certify that the debt service coverage will be sufficient for all of the years of 2013 through 2017 or 2018, i.e., three years after the project is substantially complete. (Tr., at 124-126).

Wheeling called John C. Stump, an attorney and employee of the law firm of Steptoe & Johnson PLLC (Steptoe & Johnson) since 1993 and now an owner of the law firm. Mr. Stump identified his prepared direct testimony, received as City Exhibit No. 10. He has been serving clients in the public finance area since 1994, with his practice consisting nearly exclusively of public finance work for a variety of clients, ranging from municipalities and public service districts to corporations and not-for-profits. The majority of his practice focuses on representation of public utilities. On average, he serves as bond counsel on 40 to 50 public utility transactions in any given year. He also represents bankers and commercial lending institutions in public finance transactions. (Tr., at 126-128; City Exhibit No. 10, p. 1).

Mr. Stump stated that Steptoe & Johnson had served as bond counsel for Wheeling for over 30 years and that he had worked on those matters since 1994. He is familiar with all of Wheeling's outstanding water and sewer bonds. Currently, Wheeling has four separate series of outstanding bond issues secured by the net revenues of the City's combined waterworks and sewerage system operations. The following bonds were sold on the municipal bond market and are held by investors:

1. Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (Series 2006 A bonds); and

2. Combined Waterworks and Sewerage System Revenue Refinancing Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,445,000 (Series 2010 A bonds).

Both the Series 2006 A bonds and the Series 2010 A bonds were issued with municipal bond insurance, collectively called the bond insurers. The bond insurers guarantee the repayment of the debt service on the bonds to the holders of the bonds, thus resulting in a lower cost of borrowing for the City. In return for these guarantees, the bond insurers are paid a fee by the City from the proceeds of the bonds and the bond insurers require certain covenants from the City with respect to the bonds. Wheeling also has the following bonds that are held by the WDA on behalf of DEP, Clean Water State Revolving Loan Program, collectively called SRF bonds:

3. Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A, dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000 (Series 2005 A bonds); and

4. Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B, dated December 24, 2010, issued in the original aggregate principal amount of $8,356,000 (Series 2010 B bonds).

(City Exhibit No. 10, pp. 2-3).

Mr. Stump explained the applicable rate covenants and additional bond tests for Wheeling. The Series 2006 A bonds, the Series 2010 A bonds and the SRF bonds all have different rate covenants and additional bond tests, each of which must be met by the City. Accordingly, the accountant for the City must review each rate covenant and additional bond test separately and confirm that each covenant is satisfied. As "publicly issued" bonds, the rate covenants and additional bond tests for the Series 2006 A bonds and the Series 2010 A bonds were subject to negotiation with the respective bond insurer for each series. (City Exhibit No. 10, p. 3).

The rate covenants applicable to the City for the Series 2006 A bonds are as follows:

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. The 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 no 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 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 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. (Emphasis added by Mr. Stump).

(City Exhibit No. 10, pp. 4-5).

The rate covenants applicable to the City for the Series 2010 A bonds are as follows:

Section 6.04. Rates. Prior to the issuance of the Series 2010 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 2005 A or Series 2006 A bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the prior ordinances or (b) this ordinance, as set forth in (i) and (ii) below, and thereafter, sufficient (i) to provide for all operation and maintenance expenses of the System and (ii) leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 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 2010A bonds. All such

rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. (Emphasis added by Mr. Stump).

(City Exhibit No. 10, pp. 5-6).

The rate covenants applicable to the City for the SRF bonds are as follows:

Section 7.09. Rates. Prior to the issuance of the Series 2010 B Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the clerk of the issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce gross revenues from the System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the issuer hereby covenants and agrees that: (a) so long as the prior bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the prior ordinances or (b) this ordinance, as set forth in (i) and (ii) below, and thereafter, sufficient, together with other revenues of the System, (i) 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 2010 B bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2010 B bonds including the prior bonds; provided that, in the event that the amounts equal to or in excess of the reserve requirement are on deposit in the reserve accounts for obligations on a parity with the Series 2010 B bonds, including the prior bonds, are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 B bonds, and all other obligations secured by a lien payable from such revenues on a parity with, or subordinate to, the Series 2010 B bonds including prior bonds. (Emphasis added by Mr. Stump).

(City Exhibit No. 10, pp. 6-8).

Mr. Stump explained the significance in the differences among the rate covenant requirements. The Series 2006 A bonds require that "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," while the Series 2010 A bonds require that "the schedule or schedules of rates or charges from time to time in effect shall be

sufficient, together with other revenues of the System...to provide for all operation expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 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 2010 A bonds." (emphasis added by Mr. Stump). Accordingly, both series of bonds require that the rates be those "in effect," however, the Series 2006 A bonds measure net revenues against "annual debt service" while the Series 2010 A bonds measure net revenues against maximum annual debt service for all obligations on parity with, or subordinate to, the Series 2010 A bonds. The SRF bonds have a rate covenant requirement very similar to the Series 2010 A bonds, however, the coverage requirement is 115%. (City Exhibit No. 10, p. 8).

Mr. Stump explained the additional bonds tests applicable to Wheeling. The additional bonds test for the Series 2006 A Bonds is set forth below:

> 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 additional bonds test for the Series 2010 Bonds is set forth below:

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 respective 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 expect 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 revenue or facilities of the system, or all of such purposes.

If there are no Series 2005 A or Series 2006 A bond outstanding, no additional parity bonds shall be issued at any time 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 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 120% 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 bond Insurer), on the following:

(1) The Series 2010 A bonds then outstanding;

(2) The prior bonds outstanding;

(3) Any additional parity bonds therefore 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 provide in the above paragraphs, 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.

Notwithstanding the foregoing, the issuer shall be permitted to issue bonds which refund any outstanding Series 2010 A bonds, any additional parity bonds hereafter issued or any prior bonds if, prior to the issuance of such refunding bonds, the issuer shall have filed with the clerk: (i) a verification report of the independent accountants concluding that present value debt service savings shall be realized by the issuer as a result of such refunding, after taking into account all costs of issuance of such refunding bonds, and (ii) a certificate of the independent accountants reciting the conclusion that the estimated average increased annual net revenues to be received in each of the 3 succeeding years after the issuance of such refunding bonds shall not be less than 115% of the maximum annual debt service on the following:

(1) The prior bonds outstanding after such refunding;

(2) The Series 2010 A bonds outstanding after such refunding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in this ordinance which shall be outstanding following such refunding; and

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

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 2010 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 2010 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 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 additional bonds test for the SRF bonds is set forth below:

So long as the prior bonds, and the Series 2010 B 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 independent certified public accountants, reciting the conclusion that the net revenues actually derived, subject to the adjustment hereinafter provided for, from the system during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, plus the estimated average increased annual net revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such parity bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the following:

(1) The Bonds then outstanding;

(2) Any additional parity bonds theretofore issued pursuant to the provisions contained in the prior ordinances and this bond legislation then outstanding; and

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

The "estimated average increased annual net revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased net revenues estimated to be derived from the improvements to be financed by such parity bonds and any increase in rates enacted by the issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such 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 herein above referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the opinion of the independent certified public accountants, as stated in a certificate,

on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to the issuance of such parity bonds.

All covenants and other provisions of this ordinance (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 theretofore or subsequently issued from time to time within 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.

(See, City Exhibit No.10, pp. 9-17).

Mr. Stump opined that, in order to issue additional bonds secured by the revenues of the System on parity with the prior bonds, the City must satisfy certain covenants in the documents related to the prior bonds. In this context, parity, as it relates to the City's bonds, means that the new bonds will have a pro rata first lien on the revenues of the System, equal to the lien of the prior bonds, which enables the City to obtain the lowest borrowing cost for the new bonds while assuring that their bonds will have a market. In order to obtain parity status, the City must obtain a certificate from an independent certified public accountant that Wheeling's financial situation meets the additional bonds test established for each of the prior bonds as well as the rate covenant for each series of the prior bonds. Without the CPA Certificate, additional parity bonds cannot be issued. Also, since the System is a "combined system" for purposes of satisfying the debt service coverage requirement, the parity test requirements apply to the combined waterworks and sewerage system. Thus, the City must ensure that the rates of the combined system, not just the water rates, are sufficient to allow the independent certified public accountant to issue the CPA Certificate. (City Exhibit No. 10, pp.17-18).

Mr. Stump opined that the term "maximum annual debt service" means the maximum amount of debt service due in any given year on all combined issues of the City. While the additional bonds tests are different in all but one case, all outstanding issues require meeting not only the basic annual coverage, i.e., 125% of the maximum annual debt service, but also meet that coverage requirement for all years up to and including three years following the time the project for which the parity bonds are being issued is certified as substantially complete. The three-year forward-looking coverage necessitates that the City use reasonable assumptions about future operating results, including both revenues and expenses, e.g., since Wheeling recently has experienced a downward trend in population and customers, it is reasonable to assume that this trend will continue in future years. (City Exhibit No. 10, pp. 18-19).

Mr. Stump indicated that Wheeling's rate ordinance was enacted with two possible scenarios with two different rates, i.e., one based on four months of capitalized interest and one based on 28 months of capitalized interest. He opined that the best interests of all of Wheeling's customers, including resale customers, is served with the scenario utilizing only four months of capitalized interest. As a general rule, Mr. Stump does not recommend the use of capitalized interest, except for things like design loans. In this case, the project is basically a new water

treatment plant which will benefit all customers and does not add any new customers. Historically, Commission Staff has argued that capitalized interest is, ultimately, revenue neutral. While that theory may be true in certain interest rate environments, given the cost of the bonds and the low investment yield, both on the capitalized interest and the reserve fund, Mr. Stump opined that the amount of the capitalized interest should be kept to a minimum. He opined that, before the Commission accepts Staff's position of 28 months of capitalized interest, Staff should be required to demonstrate the impact of capitalized interest on the ratepayers under both the four-month term of capitalized interest and the 28-month term, rather than just follow existing Commission policy. (City Exhibit No. 10, p. 19).

Mr. Stump addressed Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006, a consolidated certificate application and municipal appeal proceeding for Wheeling's water rates where the Commission approved rates to support a certificate project which became effective prior to the issuance of bonds, i.e., approximately four months before the bonds were issued, rather than making those rates effective only upon substantial completion of the project. Mr. Stump opined that the Commission did not capitalize the interest for that project and permitted the rates to take effect on or about June 3, 2006. The debt service reserve fund was funded out of the bond proceeds. (Tr., at 129-130).

Mr. Stump explained the process that Wheeling follows when planning a project. One of the first steps is to identify possible funding sources, depending on whether it is a sewer project or a water project, since each operation has different possible funding sources. He opined that more federal and state money is available for sewer projects than for water projects. He stated that Wheeling had considered all of the possible funding sources for the instant water project. However, since the construction alone for this project is going to cost upwards of $35,000,000, it became apparent that governmental funding agencies would not provide the funding. He opined that Wheeling might have qualified for perhaps $3,500,000 for the project, but also opined that, for that small amount of the total project cost, "it's probably not worth going through the machinations." He stated that Wheeling is not qualified for funding through the United State Department of Agriculture. When Wheeling was considering funding through the IJDC, he looked at the median household income for Wheeling's customers and realized that Wheeling would not meet the median household income qualification for an IJDC loan. "I can assure the Commission and the ALJ that, had there been cheaper funding available, we absolutely would have suggested to the City that they do so. I represent the City, that's my obligation to the City. But we made a decision that public financing was truly the only option in this case." (Tr., at 130-132).

Mr. Stump indicated that Wheeling did not apply to the government agencies for funding because, "getting $3,000,000 from another lender really isn't efficient because suddenly you have to comply with all of their requirements in addition to what you would do for a public bond issue." This decision was not made without much discussion and thought. He explained that the IJDC "lives on about $40,000,000 a year from video lottery." He then opined that that amount is split between economic development projects and water and wastewater projects. He believes that the economic development portion is approximately 20% of the whole IJDC funding. (Tr., at

132-134).

Mr. Stump concurred with the other witnesses' description of the attitude of the IJDC members with regard to Wheeling's efforts to obtain financing for its 2009 sewer project. When rates are not near 1.5% of the median household income, the IJDC tells utilities to go to the public market for funding. Some agencies, like the Clean Water State Revolving Loan Program, have to spend their money within a specified time period. However, the "IJDC has no requirement that they spend their dollars in a certain time frame, and, in fact, Mr. Jarrett is excited about the fact that he has substantial dollars in the bank." However, Mr. Stump discussed the matter of obtaining funding for the water project with Jim Ellars, the IJDC Executive Director. Mr. Stump identified a document titled "Interest Rate Resolution," received as City Exhibit No. 11, which enunciates a policy of the IJDC to limit its lending to utilities that are located in the disadvantaged areas of the state and to encourage those utilities who have access to funding from sources other than the IJDC to utilize those sources. The document states at numbered paragraph 2:

> 2. When preparing pre-applications requesting Infrastructure Fund assistance, project sponsors with MHIs over 1.5% and under 2% should request terms of 2% and thirty years; and project sponsors with MHIs over 2% should request terms of 1% and 40 years. Project sponsors with MHIs under 1.50% who cannot obtain commercial/public market funds on terms deemed reasonable by the Council should request terms of 3% and twenty years. These terms and rates are for illustrative purposes and not a commitment of funding.

As Mr. Stump interprets that policy, in Wheeling's case, since its rates are much less than the 1.5% of the median household income (MHI), if Wheeling has access to "commercial/public market" funds, it should not apply for IJDC funds. Also, by Wheeling going to the public bond market, more money is available for IJDC loans to utilities located in more economically disadvantaged areas. (Tr., at 134-137; City Exhibit No. 11).

Mr. Stump stated that he had a conversation with Chris Jarrett the day before the hearing and showed Mr. Jarrett Commission Staff's final substantive recommendation. "And he expressed and stated that I could represent at this meeting, this hearing, that he is of the opinion that the terms of the City of Wheeling as proposed under its public issue for this project are reasonable." He further stated that Mr. Jarrett told him that the IJDC would determine them to be reasonable if an application was made and that the IJDC would not be willing to finance the project. Mr. Stump opined that Mr. Jarrett discouraged Wheeling from applying to the IJDC for funding. (Tr., at 137-139).

Mr. Stump related that the determination of interest rates for publicly issued bonds hinges primarily on two factors, i.e., the perceived risk of repayment and the duration of the loan. It is really no different than obtaining funds from a commercial bank. The investors are going to look at the risk and the length of the term and decide what the interest rate should be. The term is going to be 30 years. The only other key factor is for Wheeling to be able to portray to potential bond purchasers that the risk is low. This is done by obtaining a good rating from a rating agency or by obtaining bond insurance. The ratings range from AAA to BBB-. The individual bond

purchaser could make its own determination, but generally they rely upon the rating because they do not want to have to spend the time going through all of the data that is provided to them. The higher the rating the lower the interest rate will be. Since only one bond insurer is available now, compared to five or six five years ago, the rating is of utmost importance. Wheeling wants a 30-year bond term, not the Staff-recommended 20-year bond, because that is the term that the public market generally prefers. A 20-year bond would make the debt service requirement higher than a 30-year bond. A 30-year bond would have the least adverse effect on rates. The project is for a water treatment plant, which should have a useful life of well over 30 years, e.g., the City's existing water treatment plant has been in place for over 100 years. Mr. Stump opined that the public market will not accept a bond for a payment period of over 30 years. (Tr., at 139-143).

Mr. Stump opined that Wheeling wants the bonds for the project to be issued with the lowest interest possible. While it used 6% as its planning rate, Wheeling will try to obtain a lower interest rate. It was impossible for Wheeling to put in its certificate application what the exact interest rate would be at the time of the bond issue. In Wheeling's most recent bond issue, the planning rate was 6.5% and the actual selling rate was 4.5%, based on the selling conditions of December 7, 2005. The lag between filing the application and selling the bonds makes it impossible to state with certainty what the actual interest rate will be. (Tr., at 143-145).

Mr. Stump identified a document he prepared called "Wheeling Project Financing Timeline," received as City Exhibit No. 12. This document shows that Wheeling intends to close on the bond issue by February 2013 and other important dates, as follows:

August 2011	Accountant commences work on Rule 42 exhibit.
October 2011	City closes books for June 30, 2011
	Proposed rates presented to City Council
	City meets with re-sale customers to discuss project and rate increase
November 2011	City Council enacts rate ordinance
December 2011	Resale customers protest rates
January 2012	Certificate case filed with Commission
May 2012	Hearing before ALJ on MA and CN cases
October 2012	Statutory deadline for decision from the Commission
	Bid project
November 2012	Expiration of appeal period to Supreme Court
January 2013	Open bids
February 2013	Close bond issue

Wheeling used this timeline for planning purposes for this consolidated proceeding, just like it used 6% as the planning interest rate. This is a huge project and a longer time period had to be built in when compared to smaller projects. Even now, it is impossible to predict interest rates for the bond issue, so Wheeling chose a planning interest rate that it believed was reasonable based on the information it had at the time. Wheeling wanted to make sure that the planning interest rate was not lower than the actual rate that it might obtain on the public market so that it could sell the bonds and not have to substantially scale back the project. He opined that the bond market is volatile. He opined that, if the actual interest rate is greater than the planning rate,

Wheeling would have to start the process over again. He opined that the planning rate of 6% is reasonable and hopefully attainable. (Tr., at 145-151; City Exhibit No. 12).

Mr. Stump opined that Staff's position that Wheeling could obtain an interest rate of 3.04% is a case of trying to compare apples to oranges. Wheeling's two prior public market bond issues were sold when Wheeling had a AAA rating. Wheeling received the best possible interest rates at those times. However, he opined that Wheeling will not obtain a AAA rating, "As much as we all like the City of Wheeling, it's not going to happen." The State of West Virginia has a AA or maybe a AA+ rating. In Mr. Stump's professional opinion, "3.04% isn't even in the realm of possibility." (Tr., at 151-152).

Mr. Stump stated that a pre-funded debt service reserve is required of this proposed transaction. "I've never done a public market bond issue that didn't have a pre-funded reserve. The potential bond purchasers want to know that, if something happens to Wheeling's revenue stream, their investment will be protected. The pre-funded reserved could come from a surety bond or from bond proceeds. However, surety bonds of this type are just not available in this bond market. The amount of pre-funded debt service reserve affects the amount of capitalized interest, i.e., the more pre-funded debt service reserve, the less the capitalized interest will be. The capitalized interest issue has a ripple effect in that it adversely affects other costs. If one could eliminate the capitalized interest, Wheeling would have to borrow substantially less money. Some small amount of capitalized interest will be necessary, depending on when the rates take effect with respect to the date of the bond issuance, but deferring rates until the project is substantially complete will require the highest amount of money that Wheeling has to borrow. Having a high amount of capitalized interest will increase rates for many years in the future. The date the bonds are issued probably will not adversely affect the construction dates, since construction usually is done only during the nine months non-winter months, i.e., if all matters regarding rates were final as of the date of the hearing, actual construction likely would not begin until the 2013 construction season. The rates should go into effect at the earliest possible date, to allow time for the rates to be collected so that Wheeling will have very little capitalized interest. The earlier the rates are effective also gives the resale customers time to file and have their Rule 30-B cases processed. Wheeling has many resale customers. The project construction will take approximately 24 to 27 months. (Tr., at 152-160).

The first witness who testified on behalf of Commission Staff was Technical Analyst Joseph Marakovits, Engineering Division. Mr. Marakovits prepared the engineering allocation factors for use by Pamela Latocha to perform a customer class cost of service study. He identified Staff Exhibit No. 1, the May 11, 2012 Final Internal Memorandum that he prepared in Case No. 11-1770-W-MA, which contained the engineering allocation factors for the cost of service study. (Tr., at 164-166; Staff Exhibit No. 1).

Next, Commission Staff called Jonathan Fowler, P.E., to testify in Case No. 12-0011-W-CN. Mr. Fowler identified the Final Internal Memorandum he prepared, dated May 18, 2012, received as Staff Exhibit No. 2. Wheeling is proposing to make significant upgrades and improvements to its aged and outdated water treatment plant. Wheeling serves approximately 13,500 customers, including five resale customers. Its water department employs 55 persons.

During the fiscal year ending on June 30, 2011, Wheeling sold approximately 1,758,887,000 gallons of water, with resale customers purchasing approximately 36% of the total volume. Sales were approximately $5,774,447, with resale customers paying approximately $1,241,069 of that total, or just under 21.5% of total sales. Resale customer include Ohio County Public Service District (approximately 4,100 customers); the Village of Bethlehem (approximately 1,160 customers); the Town of Triadelphia (approximately 500 customers); the Village of Valley Grove (approximately 330 customers); and the Borough of West Alexander, PA (approximately 400 customers). (Tr., 167-169; Staff Exhibit No. 2, p. 1).

Mr. Fowler related that Wheeling has a 12,000,000 gallons-per-day (gpd) treatment facility that currently is able to operate only at the rate of approximately 8,000,000 to 10,000,000 gpd, due to many factors related to the fact that the facility is approximately 100 years old. The existing treatment plant obtains raw water from the Ohio River and five nearby wells and filters it with a set of open granular-media rapid sand filters. Although the existing facility is exceptionally well-maintained, it is functionally and technologically inadequate. "Viewing the existing electrical systems in the pump building is akin to visiting a museum display of motor-control systems." Every part of the treatment facility is old and/or worn out. The treatment technology itself is unable or soon will be unable to meet the quality requirements of the Safe Water Drinking Act (SDWA) due at least in part to the presence of certain chemicals in the water source that have an adverse chemical reaction with chlorine to produce chlorine by-products that are toxic. The planned new plant will replace the worn-out and antiquated facilities and technology with a treatment system that will produce a sufficient amount of pathogen-free water. The project is both necessary and of appropriate size to meet the treatment needs for Wheeling for the foreseeable future. Without the new facility, Wheeling will be violating the SDWA and will be placing its customers at risk of consuming contaminated water that would not meet the standards of the West Virginia Bureau for Public Health and also federal laws. Staff recommended that the Commission grant the certificate application to include rehabilitation and reuse of the existing pump building and some other reusable portions of the existing facility, but to include the installation of a new blower building and process blowers. The project chiefly consists of the construction of a new membrane/high-service building (27,100 square foot) that includes five membrane filtration units and associated membrane-system support components. Three new high service pumps will be included in the new filtration building to replace existing archaic pumps. New disinfection systems will be installed that will use liquid sodium hypochlorite as a replacement for the more hazardous gaseous chlorine. A new above-ground dual-chamber finished water storage tank will be built as well as membrane spent-water handling systems. New and rehabilitated plant-site piping and yard work will be installed to serve the new facility and integrate it with the usable portions of the existing system to work as a single unit. The entire plant electrical system will be upgraded and/or replaced with a 480-volt wiring system. Other work includes mechanical; HVAC; instrumentation; control (SCADA); and electrical systems and related equipment, as well as site work, drains, pavement, landscaping, etc., as needed. (Staff Exhibit No. 2, pp. 1-4).

Mr. Fowler stated that the estimated total cost for the project is approximately $48,935,000, with construction alone costing in excess of $34,000,000. Since the project has not actually been bid, the final cost is likely to increase. Should the project cost, scope or financing

change, Wheeling must obtain separate Commission approval prior to commencing construction. The estimated cost per customer is approximately $2,477, which Staff opined is reasonable. Engineering design fees comprise approximately 3.5% of the total project cost, which Staff opined is reasonable. After viewing the plans and specifications, Staff can find no apparent violations of the Commission's *Water Rules* or other applicable Commission standards. Also, the West Virginia Bureau for Public Health has issued Permit No. 18,823 for the project. Staff opined that most or all of the necessary permits have been obtained. The project will increase O&M expenses by approximately $358,757, including an estimated $115,640 in order to fund a membrane replacement fund where the membranes would be replaced on a ten-year cycle. Since membrane replacement is an expensive certainty, its cost should be included in O&M expenses for ratemaking purposes. From an engineering standpoint, the project should be approved. (Staff Exhibit No. 2, pp. 4-7).

Staff called Utilities Analyst Marian Russell, who prepared the Staff Rule 42 Exhibit. She identified her prepared testimony, received as Staff Exhibit No. 3. Ms. Russell explained that Wheeling's rate ordinance contained two alternatives, with one being a 70% increase if the matter was not protested and an 80% increase if the matter was protested. The protests that conferred Commission jurisdiction were from several of Wheeling's resale customers. The Commission also received some protests from Wheeling's residential customers. Staff will address several adjustments in other reports related to the project and not in its Rule 42 Exhibit. Ms. Russell made several adjustments to Wheeling's Rule 42 Exhibit to conform to Commission policy, including correcting the amounts included in construction work in progress; contributions in aid of construction and customer advances; forfeited discounts and uncollectible accounts; employee pensions and benefits; and the amount of existing debt. At going-level, without considering the project, Wheeling would have a net income of approximately $568,852. Under Wheeling's rate ordinance, the proposed 70% increase would increase Wheeling's net income to approximately $4,472,413, and the proposed 80% increase would increase Wheeling's net income to approximately $5,029,771, after Staff made the adjustments it believes are appropriate to conform to Staff's method of accounting and classifying various account items. (Tr., at 169-171; Staff Exhibit Nos. 3 and 4, Statement A).

Finally, Staff called Utilities Analyst Pamela Latocha to testify. Ms. Latocha identified her prepared direct testimony, with an attached a cash flow analysis, cost of service study and Staff-recommended rates, which was received as Staff Exhibit No. 5. The purpose of Ms. Latocha's testimony is to present Staff's recommendation on the City's revenue requirements, and the certificate case, and present a class cost of service study and the resulting Staff-recommended rates for Wheeling's water operations. The City has proposed financing the project through a publicly-marketed 30-year bond issue at a fixed 6% interest rate. The total project will cost an approximate estimated $48,935,000, including approximately $7,096,000 in capitalized interest; approximately $3,766,000 for pre-funding the debt reserve; approximately $200,000 for cost of issuance; approximately $367,013 for underwriters discount; and approximately $1,014 for miscellaneous costs. Wheeling proposed a 70% rate increase if the matter were not protested, which would have taken effect on December 30, 2011, and an 80% increase if the matter was protested, which Wheeling wants to take effect at the earliest possible date permitted by the Commission. Effectively, Wheeling is proposing the 80% increase, since the matter is protested.

Ms. Latocha acknowledged that the 6% interest rate is only a planning rate. In Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006, Wheeling had a planning interest rate of 6.5% with the same type of proposed financing, but the actual interest rate was approximately 4.8%, i.e., its Series 2006 A bond issue. (Tr., at 172-175; Staff Exhibit No. 5, pp. 1-4).

Ms. Latocha stated that, according to the Federal Reserve, as of May 11, 2012, the interest rate for a treasury bond was 3.04%. The 4.85% rate the City received in September 2006 is comparable to a treasury bond issuance of 4.85% in September 2006. Furthermore, the 2010 A bond debt was issued on April 22, 2010, at a 2.94% interest for six years, according to Wheeling's Rule 42 exhibit, Statement C. The treasury bond for 5 years for that week was 3.25% and the treasury bond rate for 7 years for that week was 2.56%. Ms. Latocha opined that the Staff-recommended interest rate of 3.04% was more reasonable than the proposed 6% interest rate. Ms. Latocha opined that Case No. 05-1807-W-CN "is a perfect example of why not to use a planning rate. The interest rate was based on a higher number which increased the principal and interest payment of the City which increased the rate increase given to the customers. The annual payment for the 2006 bond ended up lower than what was presented in the case, but the tariff was not adjusted to reflect this decrease in revenue that was needed for this project." (Staff Exhibit No. 5, p. 4).

Ms. Latocha recommended that the Commission approve an interest rate of 3.04% for the bonds to be issued to fund the certificate project. Staff would not recommend that the project go forward with a 6% interest rate. Staff recommended that Wheeling obtain more favorable financing, such as the IJDC. Currently, the IJDC has an interest rate of 3% for a 20-year bond which the City "could be eligible to receive." It does not appear that the City applied to the IJDC for funding for the project. Also, the IJDC does not require that interest payments be made until the project has been certified as substantially complete. Under the IJDC financing scenario, Wheeling would not have to borrow additional funds for capitalized interest, bond issuance, underwriters fees, pre-funding the debt service reserve or making interest payments until the project was certified as substantially complete. Using a Staff-estimated project cost of $37,161,188, the City's principal and interest payment would be approximately $2,686,932 for 20 years. Staff calculated that the City's payment on principal and interest under its proposed financing would be approximately $3,302,730 for 30 years, if the reserve is not pre-funded. (Staff Exhibit No. 5, p. 5).

Ms. Latocha emphasized that Staff does not recommended that the City pre-fund its debt reserve. Normally, the pre-funding of the reserve results in lower debt service coverage requirements. She opined that this is not the case for Wheeling. The City did not present any justification for pre-funding the debt service. "It has less of a rate impact to fund the reserve over a ten (10) year period than to borrow extra funds to pre-fund it. Even using the 6% interest rate and not pre-funding the reserve, the City will meet its debt service coverage requirements." Using the City's scenario of 6% interest for the bond issue, Staff calculated that the principal and interest payment would be approximately $3,616,447, which includes pre-funding the reserve. For coverage purposes, total debt service requirements would be approximately $4,876,653, and would require approximately $6,095,816 for cash available for debt service at 125% debt service

coverage. Using the 6% interest rate and not pre-funding the debt reserve, Staff calculated that the principal and interest payment would be approximately $3,302,730. For coverage purposes, total debt service requirements would be approximately $4,562,936 and would only require $5,703,670 for cash available for debt service for a coverage rate of 125% and would provide sufficient funds to fund the reserve over ten years. (Staff Exhibit No. 5, p. 6).

Ms. Latocha stated that the rate ordinance would have taken effect 45 days from passage with the 70% increase had it not been protested. If the matter was protested, the ordinance specified an 80% increase to become effective as soon as possible. Staff recommended an overall sales revenue decrease of 11.4% below going-level at non-project. She opined that these pre-project rates would generate revenues sufficient to cover the City's operating cash requirements of $3,952,550 and debt service requirements of $1,260,206 and provide approximately $453,936 for average plant additions and a 136.02% debt service coverage ratio. (Staff Exhibit No. 5, pp. 6-7).

Ms. Latocha explained that the Commission last reviewed Wheeling's water rates in 2006 in Case Nos. 05-1807-W-CN and 06-0044-W-MA. The City adopted an ordinance on February 16, 2010, without protest, i.e., without Commission review, that increased rates by 5% across-the-board. Currently, the Series 2006 A bond payment is less than what was proposed in Case No. 05-1807-W-CN because the City received a more favorable interest rate than the planning rate. The City also refinanced its 1997 bond issue in 2010. Ms. Latocha summarized the expected results of a non-project rate reduction, which would decrease revenues by approximately 11.4%. The non-project rates should go into effect upon the Commission's order becoming final in this case. The chart on p. 8 of Staff Exhibit No. 5 shows a comparison of the 70% increase with the Staff-recommended non-project rate. (Staff Exhibit No. 5, pp. 7-8).

Upon certification of substantial completion of the project, Staff recommends an increase in revenues of approximately 50.5%, which would increase sales revenues by approximately $2,862,439 over the Staff-recommended non-project rates, which Ms. Latocha opined would generate operating cash requirements of approximately $4,319,995 and provide debt service payments of approximately $3,450,410 and reserve funding of approximately $219,020, which would provide a surplus of approximately $650,565, which is consistent with Wheeling's five-year average of capital additions, provide $115,640 for membrane replacement and provide a debt service coverage of 125.2%. (Staff Exhibit No. 5, pp. 8-9).

In order to reach the Staff-recommended revenue requirements, Staff adjusted the principal and interest to reflect a 3.04% bond issue for a 20-year term, which decreased Wheeling's proposed principal and interest payment to $2,190,204; Staff also included a debt reserve payment of $219,020. Ms. Latocha prepared schedules that reflect her calculations and recommendations, including the customer class cost of service study; the revenue to be generated from each customer class; and a comparison of the current rates, the Staff-recommended pre-project rates, the Staff-recommended project rates and the two rates proposed in the ordinance. The Staff-recommended project rates would not become effective until the project has been certified as substantially complete. The Staff-recommended rates and rate design were based on the results of the customer class cost of service study, which ensures that no customer class

subsidizes another customer class. While the total increase in sales revenues under the Staff-recommended project rates was approximately 55%, the rates for the residential class would increase by approximately 52.3%; the rates for the commercial class would increase by approximately 57.3%; the rates for the industrial class would increase by approximately 52.1%; and the rates for the resale class would increase by approximately 70%. There would be no change in the cost for fire protection. The Staff-recommended rate design differs from the City's rate design, which is an across-the-board rate increase. (Staff Exhibit No. 5, pp. 9-13).

Ms. Latocha stated that, if the City cannot obtain financing for the project with an interest rate of no more than 3.04% for a 20-year term, the application for a certificate should be denied and the City should file a new certificate case. She again opined that Wheeling could obtain financing for the project from the IJDC. (Staff Exhibit No. 5, pp. 13-14).

Ms. Latocha outlined some other routine changes that Staff has recommended to Wheeling's tariff to reflect state law and Commission rules and policies. Staff clarified that it recommended that the project be approved, but excluding the pre-funding of the debt reserve and changing the funding to an interest rate not to exceed 3.04% for a term not to exceed 30 years. The City must obtain separate Commission approval if the scope or cost of financing for the project changes and that it must set aside the $115,640 annually for membrane replacement in a separate escrowed account to be used solely for this purpose. The non-project rates should be approved to be effective upon the order becoming final. The Staff-recommended project rates should become effective only upon substantial completion of the project. (Staff Exhibit No. 5, pp. 14-15).

Ms. Latocha pointed out some inconsistencies in City Exhibit Nos. 5, 6 and 7, related to Staff's numbers for Wheeling's sewer operation. She acknowledged that she did not do the same type of analysis that Wheeling did for all future years through 2018, but she did do an analysis for 2015, which is when Staff believes that the project will be substantially complete. She indicated that she might explain this further with a post-hearing exhibit. (Tr., at 175-181).

Ms. Latocha did not discuss the availability of funding for the project with anyone from the IJDC. Her opinion that such funding would be available to Wheeling is just her opinion. Ms. Latocha acknowledged that she had never used the treasury bill interest rate to estimate an appropriate interest rate in any other rate case to support a certificate project. She stated that one of the chief reasons she believes that a lower rate than 6% is appropriate is because the planning rate in Case No. 05-1807-S-MA was too high. She also discussed this matter with her supervisors, Dixie Kellmeyer and Diane Davis, to arrive at her opinion. She is not sure whether either of those Staff members has used a treasury bill as the basis for a reasonable interest rate. While she believes that her recommendation is prudent and reasonable, she is not aware of any prior Commission case that used this method to predict what interest rate would be reasonable. She does not believe that her recommended rate of 3.04% is a planning rate, although she believes that Wheeling's proposed rate of 6% is a planning rate. Also, when Ms. Latocha made her recommendation, she did not have the benefit of the testimony of Ms. Prezioso. (Tr., at 181-186).

Ms. Latocha believes that, while the testimony of Ms. Prezioso is logical, the rate of 3.04% is a more reasonable rate for the project. Ms. Latocha cannot predict what interest rate the market will provide. Ms. Latocha does not know whether Wheeling can obtain an interest rate at or near 3.04% in the public bond market. She believes that it is unreasonable to base the rates on an interest rate that may be too high. She believes that the 3.04% rate is a more recent rate and that it would be more reasonable to base rates on an interest rate that is too low rather than one that is too high. Ms. Latocha believes that it is unreasonable to utilize an interest rate that is too high as the basis for ratemaking. Rates should never be set higher than they need to be. She just knows that, in the 2006 case, the planning rate was 6.5% and the rates were based on that interest rate; when the actual interest rate ended up being 4.8%, the rates were not adjusted downward to reflect this lower interest rate. She does not know that the Staff-recommended interest rate is so low that it cannot be obtained on the public bond market or that the Staff-recommended interest rate would effectively kill the project. She does not think it is reasonable for her to contact the IJDC to see if it would fund the project, i.e., it is Wheeling's obligation to apply to the IJDC for funding. (Tr., at 186-190).

Ms. Latocha believes that it is more reasonable to adopt an interest rate based on a known and measurable actual interest rate, such as a treasury bill, rather than use a planning interest rate that is too high. The actual interest rate on bonds that Wheeling had issued in the past, i.e., 2006 and 2010, corresponded roughly to the treasury bill rate then in effect, not to the planning rate that had been used to make rates. She reasoned that, if Wheeling had obtained rates in the past that resembled a treasury bill rate, it should be able to obtain a similar rate in this case. (Tr., at 190-192).

Ms. Latocha acknowledged that capitalizing the interest will increase the cost of the project by approximately $7,000,000, but she believes that is Commission policy. She believes that project rates are not supposed to become effective until the project has been certified as substantially complete. She acknowledged that rates would be lower if the interest was not capitalized. Rates should go into effect once the project is substantially complete so that ratepayers are not paying for anything that is not already useful. Capitalized interest is just part of the total project cost. Rates for the total project cost should not become effective until the project is substantially complete. (Tr., at 192-195).

Ms. Latocha clarified that she does not think the project should be approved with an interest rate of 6%. She believes that the project should be approved with rates to support the project that are based on an interest rate of 3.04%, and, if the bonds are sold at a higher rate, the rates should be revisited at that time and adjusted so that the rates would support the project. At least one reason for the policy of making project rates effective upon substantial completion is to ensure that rates do not support a project that is never completed. Ms. Latohca indicated that she could prepare alternate project rates based on different scenarios regarding the interest rate, pre-funded reserve and capitalized interest, as a post-hearing exhibit. (Tr., at 195-200).

Ms. Latocha clarified some of the exhibits attached to her prepared testimony and further explained how she designed rates based on the customer class cost of service study, e.g., why the Staff-recommended rate increase for the resale class is much higher than for other classes. She

acknowledged that, if Wheeling had to make payments on principal and interest from the date of the bond closing, there has to be a mechanism in place for that, which is the capitalized interest issue. (Tr., at 203-209).

DISCUSSION

This consolidated proceeding has many interrelated components, i.e., pre-project rates, the certificate application for the proposed project and rates to support the project. The ALJ will discuss each of these components separately and as they relate to each other.

1. Pre-Project Rates

According to Commission Staff's analysis, at going-level, Wheeling's existing rates will provide approximately $6,207,283 in total operating income and $6,296,942 in total available cash, which is sufficient to cover operation and maintenance (O&M) expenses and existing debt service and provide a 186.03% debt service coverage and a reasonable amount for capital additions. As Wheeling explained its ordinance, it would have increased Wheeling's revenues by 70% had no protest been filed, i.e., with rates taking effect 45 days from the enactment of the rate ordinance, and would increase revenues by 80% since protest was filed and the Commission has acquired jurisdiction over Wheeling's water rates. According to Staff Exhibit No. 5, Wheeling's operating income would have been $10,133,124 under the 70% increase and $10,693,663 under the 80% increase scenario.

Under the Staff-recommended rates, which contain an immediate rate change unrelated to the project and a project rate change to take effect upon the project being certified as substantially complete, Wheeling's revenues would be **decreased** by approximately 11.4% for the period prior to the project completion, i.e., the Staff-recommended non-project rates would generate approximately $5,666,692 in total available cash, which, under Staff's analysis, would provide a 136.02% debt service coverage for the water operation. The Staff-recommended project rates would generate approximately $8,528,326 in total available cash, which would provide 125.20% debt service coverage for the water operation.

Wheeling has argued that the debt service coverage for the water operation alone is not the issue. Rather, as it earlier argued in the sewer rate case, Case No. 11-1772-S-MA, what is crucial to complying with Wheeling's bond ordinances is a combined water and sewer debt service coverage of at least 120% of the maximum debt service requirement for any year. This combined coverage requirement was achieved in the sewer case by assuming that the going-level water rates would not be decreased. Should the water rates decrease, without further analysis, it would appear that the 120% combined debt service coverage might not be achieved.

Wheeling has argued that its going-level rates should not be decreased, since the excess debt service coverage, if any, is due to prudent and careful spending and tight financial management by Wheeling of its available resources, and it should not be penalized for managing its utility operations properly.

Staff also prepared a rate comparison chart that demonstrates the various rate change scenarios. Wheeling's existing rate for the first 1,000 gallons of usage is $7.46 per 1,000 gallons; $3.422 per 1,000 gallons for the next 499,000 gallons; and $1.763 for all usage over 500,000 gallons. The rates in the ordinance would have increased those rates to $12.69, $5.82 and $3.00, respectively, or by approximately 70%, if the ordinance was not protested. Likewise, the ordinance would increase those same usage rates to $13.43, $6.16 and $3.17, respectively, or 80%, since the matter was protested. The resale rate currently is $1.965 per 1,000 gallons. Under the 70% scenario, the resale rate would have increased to $3.34 per 1,000 gallons while, under the 80% increase scenario, the resale rate would be $3.54 per 1,000 gallons. The Staff-recommended rates would decrease the existing rates to $6.61 per 1,000 gallons for the first 1,000 gallons of usage; to $3.03 per 1,000 gallons for the next 499,000 gallons of usage; and to $1.56 per 1,000 gallons for all usage over 500,000 gallons, all of which would be a decrease of approximately 11.5%, for all service rendered from the time the rates are approved by the Commission in this case until the project has been certified as substantially complete. The Staff-recommended rates for those same usages would be $10.15, $4.59 and $2.82 per 1,000 gallons once the project has been certified as substantially complete, which represents an increase of approximately 53.6%, 51.5% and 80.8%, respectively, above the non-project rates that Staff recommends. Likewise, the resale rate under Staff's rate design would first decrease by 11.5% to $1.74 per 1,000 gallons until the project is certified as substantially complete and would increase by approximately 70% to $2.96 per 1,000 gallons once the project is substantially complete.

In Case No. 11-1772-S-MA, the Commission considered some of the same issues that are presented in the instant consolidated water certificate and rate case. One such issue is the treatment of combined debt service coverage for Wheeling's water operations and sewer operations. The fact that the water operation's revenues are sufficient to satisfy the debt service coverage for water bonds is not the only issue. Rather, it is the combined water and sewer debt service coverage requirement that is imperative and must be satisfied.

Wheeling argued that it is imperative that the Commission appreciate the City's needs for sufficient rates as of June 30, 2012, to meet its bond covenants. That need has been met by Case No. 11-1772-S-MA, i.e., the rates in effect on June 30, 2012, per Case No. 11-1772-S-MA, combined with the existing water rates, provide a combined debt service coverage requirement of approximately 122%, according to Finding of Fact No. 28 at p. 25 in the April 19, 2012 Recommended Decision:

> 28. According to the cash flow analysis included in Staff Post-Hearing Exhibit No. 1, the Revised Staff-Recommended Non-Project Rates will provide a 125.67% debt service coverage for the sewer operation; the current water rates will provide a 191.27% debt service coverage; and the combined water and sewer debt service coverage will be 158.98%. The Revised Staff-Recommended Non-Project Rates will provide total available cash of $5,425,347. (See, Staff Post-Hearing Exhibit No. 1).

Wheeling had argued in Case No. 11-1772-S-MA that Staff's non-project recommended revenue levels put Wheeling at great risk of not being able to issue additional bonds for its

pending water project in Case No. 12-0011-W-CN, i.e., the instant certificate application. While the ALJ believed at the time he rendered the April 19, 2012 Recommended Decision in Case No. 11-1772-S-MA that this argument is not without merit, the ALJ held that Staff is correct to base its rate recommendation on a historical test year and not include the $440,989 that was included in the City's Rule 42 exhibit for the administration fee for the Series 2010 B bond issue in the pre-project rates, because payment on that item will not start until the project is substantially complete, but it would be proper to include that item in the project rates.

The ALJ held that the Staff-recommended pre-project rates in Case No. 11-1772-S-MA would enable a CPA to provide the certification that the combined water and sewer operations have rates that will satisfy all of the existing bond covenants and requirements so that Wheeling may issue additional bonds for the water project, since, under Staff's analysis, the revenue level recommended by Staff is sufficient to satisfy all of the tests mentioned by the City's witnesses, Mr. Stump and Mr. Bodkin. This is underscored by Staff's calculation that, even if the $440,989 in administration fees were included, the debt service coverage would still be approximately 131%, which exceeds the amount required by the various bond documents, i.e., the most restrictive annual coverage of 120% of the maximum amount required in any year for debt service.

When the ALJ was rendering a decision in Case No. 11-1772-S-CN, he was assuming that Wheeling's existing water rates would remain in effect. Now June 30, 2012, has come and gone. The ALJ assumes that, on or about that date, Wheeling's independent CPA was able to certify that Wheeling's existing rates for its sewer and water operations satisfied the combined debt service coverage requirements. But now, Staff recommends that the ALJ decrease Wheeling's pre-project water rates.

In her prepared testimony, Ms. Latocha recommended an overall sales revenue decrease of 11.4% below going-level at non-project. She opined that these pre-project rates would generate revenues sufficient to cover the City's operating cash requirements of $3,952,550 and debt service requirements of $1,260,206 and provide approximately $453,936 for average plant additions and a 136.02% debt service coverage ratio. (Staff Exhibit No. 5, pp. 6-7). However, the ALJ cannot find an analysis prepared by or provided by Staff that addresses the combined debt service coverage ratio of the Staff-recommended pre-project rates. Wheeling has argued that the pre-project rate decrease will not enable Wheeling to continue to satisfy the combined debt service requirements of its existing bonds. Wheeling's Exhibit No. 7, sponsored by Mr. Bodkin, presented an analysis of the Staff-recommended rates, which shows that the combined debt service coverage would be approximately 122.59% in 2013; 130.02% in 2014; 123.62% in 2014; 111.20% in 2015; 107.40% in 2016; 122.04% in 2017; and 117.3% in 2018. Mr. Bodkin is Wheeling's CPA who has to certify, before the new bonds are sold, that the combined debt service coverage will be met each year from 2013 through at least 2017, depending on the project completion date. Mr. Bodkin explained that his calculations in City Exhibit No. 7 are based on Staff's recommendations and calculation methods so that a reliable comparison can be made. He opined that no one would want to purchase a bond when the certificate states that the combined debt service coverage will not be met during the years before the project is substantially complete and the three years subsequent to that. (Tr., at 40-48; City Exhibit No. 7).

Based on Wheeling's analysis and the lack of a different analysis by Staff, the ALJ believes that decreasing Wheeling's current rates prior to the substantial completion of the project would put the project in dire straits. While the combined debt service coverage ratio might be satisfied at some points, it would not be satisfied at other points. The ALJ believes that he is required to approve rates that will enable Wheeling to put itself in a position to sell the bonds for the project at the lowest possible interest rate. This is not providing a windfall to Wheeling's water operation, it is merely keeping the combined debt service coverage ratio at or near the bond requirements. For these reasons, the ALJ will not decrease Wheeling's existing rates.

2. Project Application

The next issue the ALJ will address is the project application. All parties, including Wheeling, Staff and the Intervenors, believe that the project is needed and that the public convenience and necessity require it and have stipulated so. Basically, the project will replace Wheeling's water treatment plant that is almost 100 years old. While some components of the treatment plant still work, they use out-dated methods and incur much cost in keeping the plant operable, with some parts no longer available. Most of the components of the treatment plant are well beyond their useful life. The treatment plant is very inefficient and does not provide the quality or quantity of potable drinking water that is needed for Wheeling's customer classes. The existing treatment plant has a designed maximum capacity of 12,000,000 gallons per day, but is capable of producing only 8,000,000 to 10,000,000 gallons per day. Its source is the Ohio River and several supplemental wells. Toxic spills in the river require the use of the wells when the treatment plant cannot properly treat the raw water. The electrical system at the treatment plant needs to be totally replaced. In the near future, Wheeling's water treatment plant will be totally unable to meet the requirements of the Safe Drinking Water Act due to the presence of certain contaminants in the Ohio River that cannot be treated by chlorine alone, since those contaminants combine with chlorine to create by-products that are toxic. The new treatment plant is needed to produce pathogen-free water under all conditions. The design of the project will fulfill that need. The project represents the most cost-effective and technologically-feasible alternative. Not building this project would soon result in many thousands of people not having a safe water supply. The project is absolutely needed.

The cost of the project is a concern for the ALJ. It is estimated that the construction alone, which is the largest component of the project cost, is approximately $34,004,000. This is a very costly water project. What bothers the ALJ the most, however, is the second-largest component of the total project cost of $48,935,000, which is capitalized interest of $7,096,000. Staff acknowledged that deferring the use of the rates to support the project until the project has been certified as substantially complete would cause Wheeling to incur this $7,096,000 in capitalized interest. Wheeling argued that the rates should become effective upon the issuance of revenue bonds offered to the public so that a large portion of the capitalized interest could be avoided or eliminated.

While Staff made allusions and innuendoes that Wheeling ignored the possibility of obtaining financing from public or governmental agencies, the ALJ believes that Wheeling's

analysis of the situation is correct. While it is possible that Wheeling might have obtained some portion of the financing by applying through the IJDC, the ALJ believes that it is highly unlikely that Wheeling could have obtained a substantial portion of the total cost of $48,935,000 though such financing. Since Wheeling is likely to have had to issue revenue bonds in a public offering for the bulk of the project cost, even if it obtained some financing from governmental agencies, the ALJ believes that it is reasonable for the entire bond issue to be a public offering. It is speculation whether the IJDC would have provided any financing, although the evidence presented suggests that the IJDC would not have provided Wheeling with financing. While Wheeling's evidence is not totally convincing, Staff offered no counter evidence to dispute Wheeling's claims. The ALJ holds that the method of financing the project, revenue bonds offered to the public, as proposed by Wheeling, should be approved.

Staff and Wheeling both suggested or recommended an interest rate that should be the interest rate for the financing of this project. Frankly, as the ALJ understands all of the evidence, no one knows what the interest rate will be for Wheeling's water revenue bonds that will be issued sometime in early 2013. Staff's estimate of 3.04% probably is as reliable as Wheeling's estimate or 6%. Staff is concerned that, by permitting an interest rate that is too high, Wheeling will again obtain a windfall in rates, since rates that will support the project must be adopted that will cover the interest rate for the bonds. However, to the ALJ, it is a greater concern that a project that is needed very much could be derailed by boxing Wheeling into a corner where it cannot sell the bonds because the approved interest rate is too low for the market at the time the bonds are issued.

The ALJ decided a similar consolidated case involving Wheeling's water operation, i.e., Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006. The rates in that case became effective at 12:01 a.m., June 3, 2006, or about a week after the Recommended Decision was final, not upon substantial completion of the project. Also, the interest rate approved in that case was as follows:

> 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.

The evidence in the instant case states that the actual interest rate which Wheeling obtained when it sold those revenue bonds on the public market was approximately 4.8%. Wheeling acknowledged that the proposed 6% interest rate for the bonds in the instant case is only a planning rate. Wheeling hopes to obtain the lowest interest rate possible given the bond market, the size of the offering, the rating that Wheeling may or may not obtain when the bonds are issued, the term of the bonds, the public perception of Wheeling's ability to pay and many other factors, some of which are objective and some of which are subjective.

The ALJ holds that it is reasonable to approve the proposed financing for the instant project in the same manner as approved in Case Nos. 05-1807-W-CN and 06-0044-W-MA, i.e., bearing interest at a rate not to exceed 6% for a term not to exceed 30 years. The ALJ believes

that approving an interest rate not to exceed 3.04% would possibly prevent Wheeling from selling its bonds. Also, nothing is magical or impressive about Staff's methodology for arriving at its recommended interest rate. Ms. Latocha simply compared the 2006 and 2010 issuance interest rates to the treasury bond rates on the dates of issuance.

Ms. Latocha's logic and reasoning are not necessarily flawed nor is her mathematical interpretation of the results incorrect. However, her method is not scientific, but is anecdotal. She gave several examples where the actual interest rate obtained matched or closely resembled the treasury bond rate at the time of issuance of the revenue bonds. The flaw is that the 3.04% recommended by Staff was the treasury bond interest rate as of May11, 2012. No one knows what the treasury bond rate will be on the date the bonds are issued. Staff's recommendation involves just as much speculation as Wheeling's approach of setting a limit on how much interest it is willing to pay. The interest rate will be whatever the market allows on the date of issuance. The ALJ will not permit the sale of those bonds should the interest rate exceed 6%. Part of the reasoning behind the ALJ's holding is due to the fact that the higher the interest rate the harder it will be for Wheeling to meet the combined debt service coverage requirements. The lower that Wheeling can keep the interest rate, the easier it will be to satisfy those requirements.

Since the ALJ will approve project rates that will become effective for all service rendered on and after the date that the bonds are issued, the actual total project cost is not known precisely due to the amount of capitalized interest that will be incurred. Therefore, the ALJ will approve the project for a total cost not to exceed $41,935,000, which is the amount that Wheeling estimated the project would cost with four months capitalized interest.

In any event, since the public convenience and necessity require the project and since Staff has recommended approving it, the ALJ will grant the certificate application and approve the financing for the project in the manner that Wheeling proposed.

3. Project Rates

The ALJ has touched on some of the issues that are problematic when adopting rates that will be sufficient, but not more than sufficient, to cover Wheeling's O&M expenses and debt service coverage requirements and provide a reasonable amount for average capital additions once the project has been certified as substantially complete. The first issue is when the rates will become effective. In fact, all other issues revolve around that one issue.

As earlier discussed, the ALJ, in Case Nos. 05-1807-W-CN and 06-0044-W-MA, approved rates to support a certificate project that became effective essentially immediately, as opposed to becoming effective upon substantial completion of the project, and the Commission did not reject that recommendation. Staff has argued that the Commission's current policy limits the approval of rates to support a certificate project to becoming effective only upon the certification that the project is substantially complete. The ALJ acknowledges that this appears to be the prevailing policy of the Commission, rather than the approach taken by the ALJ in Case

Nos. 05-1807-W-CN and 06-0044-W-MA. However, the Commission did not change that decision.

Wheeling has made some compelling arguments in this case as to why the rates should become effective upon the issuance of the bonds, the most compelling of which is the fact that doing so would decrease the total cost of the project by up to $7,000,000. Those are 7,000,000 very compelling reasons to the ALJ.

Wheeling acknowledged that it would incur some capitalized interest irrespective of when the rates became effective, but believed that amount would be insignificant compared to the capitalized interest that would be incurred by delaying the effective date of the project rates until the project had been certified as substantially complete.

The ALJ cannot in good conscience add approximately $7,000,000 to the total project cost, which is an increase of approximately 20%. The policy for project rates not becoming effective until the project is substantially complete is a good policy that works possibly 99% of the time. However, the facts in this case are not usual. The total project cost is beyond the ability to obtain any type of financing other than a bond issue offered to the public. The public needs as much assurance as possible that it will earn a competitive interest rate and be able to realize that interest within a time period of less than two or three years after the bonds are issued. This is a reasonable expectation. Therefore, the ALJ will approve the project rates to become effective upon the date the bonds are issued, but will require that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete. This will ensure that the project will be built and that the bonds will be attractive, while, at the same time, not permit Wheeling to receive a windfall rate.

This project definitely is needed. Wheeling is not going to be able to continue to operate without the project, as all parties have stipulated. Wheeling's ratepayers are going to have to pay for the project, sooner or later. While starting to pay for the project upon issuance of the bonds makes the rate increase become effective sooner, it decreases the total project cost by approximately $7,000,000. The ALJ believes that it is unconscionable to increase a project's cost by $7,000,000, or by approximately 20% of the total cost. The ALJ will assume that the total capitalized interest that can be avoided is $7,000,000, since some cannot be avoided. This will make the total project cost $41,935,000 instead of $48,935,000.

The third-largest item in the estimated project cost is $3,766,000 to pre-fund or prepay the reserve funds required by Wheeling's bond issues. The ALJ believes that this is sound fiscal policy, since it will add value to the bonds that Wheeling issues, which should work to decrease the interest rate and make the bonds more attractive in the present bond market.

Therefore, when considering the proper rates to support the project, the ALJ will work on the basis that the total project cost will be approximately $41,935,000. The rates to be approved must be sufficient, but not more than sufficient, once the bonds are issued and also once the project is substantially complete, to cover all of Wheeling's O&M expenses and debt service

coverage requirements, which includes the combined water and sewer operations debt service coverage requirement of 120% of the maximum annual debt service, and provide a reasonable amount for average capital additions. Also, the approved rate must be sufficient so that Wheeling's independent CPA can certify prospectively on June 30 of each year that the combined 120% coverage will be in place for three years after the project is substantially complete. The ALJ believes that the rates hereby approved will meet this requirement, although recognizing that, until the interest rate is locked in and the project is bid, it is speculation to predict what the coverage factor will be three years after substantial completion, since, at this time, the date of substantial completion itself is an unknown.

For the reasons discussed above, the ALJ will approve the project rates and charges set forth in Appendix A, which are designed using the customer class cost of service study, for all service rendered on and after the date that Wheeling issues the project bonds.

FINDINGS OF FACT

1. On or about November 15, 2011, 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 December 30, 2011. Wheeling published a notice of these rates, and, pursuant thereto, on or about December 14, 2011, the Ohio County Public Service District, the Town of Valley Grove and the Town of Triadelphia, each of which is a resale customer of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's November 15, 2011 rate ordinance, alleging discrimination to their respective customers. Subsequently, numerous protests were filed by residential customers of Wheeling. Pursuant to the protests and pursuant to *Code* §24-2-4b, the Commission invoked its jurisdiction over the municipal appeal, made Wheeling a Respondent to this proceeding and, pending investigation, hearing and decision in this matter, suspended the aforesaid rate ordinance and deferred the use of the rates and charges stated in the rate ordinance until 12:01 a.m., April 28, 2012, unless otherwise ordered by the Commission. (See, Commission Order Suspending Rates and Referring to Administrative Law entered December 16, 2011).

2. Wheeling filed an application with the Commission for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing to fund the project. The City estimated that the project's construction would cost approximately $34,004,188, which would be financed through the issuance of publicly marketed revenue bonds totaling approximately $48,935,000, bearing 6% interest for a 30-year term. (See, certificate application filed January 5, 2012).

3. The parties stipulated that the public convenience and necessity require the project. (See, Tr., at 10).

4. The project is comprised chiefly of a new water treatment plant. The existing treatment plant is over 90 years old and has substantial structural problems, especially in the main filter building. The new plant is necessary to meet EPA regulations. The membrane design

planned for the treatment plant provides a more effective barrier against contamination of the City's finished water when compared to the existing treatment plant that uses sand filters for this purpose. (See, Tr., at 13-14; City Exhibit No. 1).

5. The the major components of the project include:

(a) Rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation;

(b) Replacing the existing blower building and equipment;

(c) Replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation;

(d) Replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance;

(e) Constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls;

(f) Replacing the existing clearwell with a new above-ground storage tank; and

(g) Making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the plant.

(See, Tr., at 15-17; City Exhibit No. 2, pp. 1-2).

6. Wheeling obtained Permit No. 18,823 from the OEHS. The project improves and upgrades an old existing water treatment plant with the state-of-the art equipment which is more energy-efficient to operate, provides greater operational stability to suit variable conditions with river source water and provides a more reliable and sustainable means to comply with continually emerging drinking water regulations, e.g., the "long term 2 enhanced surface water treatment rules" or LT2ESWTR, which establish performance criteria for the effective removal of microbial contaminants, which places an increased focus on the optimization of the filtration process. The proposed design will provide a cost-effective approach to providing an increased level of treatment, treatment control and optimization of operation. (See, City Exhibit No. 2, pp. 4-5).

7. The new filtration building with membrane filtration, which will replace the existing conventional granular media filtration system, provides a much greater particle removal capability. The project will provide improved chemical feed systems for optimum coagulation and disinfection by-product control. (See, City Exhibit No. 2, p. 5).

8. The new project will repair existing reinforced concrete; replace existing walkways for safer access to equipment; improve the existing influent pump by distributing the pumping among three pumps rather than one; repair existing valves and gates that currently are difficult to operate; replace flocculators to reduce maintenance expenses, e.g., parts are not available because they are so old; repair other existing unit process equipment to reduce maintenance expenses; and replace existing deteriorated equipment such as the baffle wells that are structurally failing. (See, City Exhibit No. 2, p. 6).

9. The project will upgrade the existing aeration blowers with new ones that are more energy-efficient, reliable and variable in operation; upgrade the instrumentation and control with SCADA remote monitoring to monitor all processes in real time and keep the operator interfaced with equipment functions when necessary for quality operation; and replace finished water pumps with newer, more energy-efficient pumps that will provide more flexibility in pump operation depending on the conditions that exist at the time. (See, City Exhibit No. 2, p. 7).

10. The City must sell its bonds to finance the construction of the project before the project can begin. Wheeling believes that increased rates must be in effect before the project begins, in order to produce sufficient cash flow to meet debt service payments and net revenues to meet the rate covenants of the outstanding bonds. The City realized that, if a protest was filed, the effective date of the increased rates may be delayed, and, if the rate increase was delayed, the interest payments on the new bond issue, for a period of approximately 2 years, would have to be capitalized, i.e., borrowed through the issuance of additional bonds. Wheeling enacted two sets of rates, one representing a 70% increase in revenues, assuming no protest, and the other increasing revenues by 80% to cover the increased costs if the matter was protested. (See, City Exhibit No. 3, pp. 2-3).

11. For determining debt service coverage requirements, Wheeling's bonds for its water operation are combined with its bonds for its sewer operation. Wheeling also enacted increased rates for its sewer operation, which were the subject matter of Case No. 11-1772-S-MA. The sewer system rate increase was necessary because Wheeling historically struggles to pay its O&M expenses and main its capital assets for the sewer operation. The sewer increase was designed to provide funds to meet expenses and to meet the rate covenant tests of the combined system at June 30, 2012. This rate covenant test must be met at June 30, 2012, in order to issue bonds later in 2012 for the water project. The City realized that the requested water increase would not be effective by June 30, 2012, and, therefore, needed the sewer rate increase that would be effect by that date in order to meet the coverage requirements of the combined system. (See, City Exhibit No. 3, pp. 3-5).

12. Under the City's existing bonds, it must issue a certificate from a CPA indicating that coverage is in place that satisfies all of the bond covenants and requirements. This certification that the coverage is in place at going-level and will be in place for the three years following the completion of construction must be filed well in advance of selling the bonds. Since construction of the project will take at least two years, this certification actually has to be for a five-year period. The rates in the ordinance are designed to provide the required debt

service coverage looking forward five years as well as at going-level. (See, Tr., at 21-24, 120-124).

13. Wheeling originally anticipated that the bonds for the proposed project would be issued during the 2012 accounting year, but now realizes that they will not be issued until well into the 2013 year. The bond language states that the maximum annual debt service starts in the year in which the bonds are sold, not the year when the first payment is due. (See,Tr., at 24-29; City Exhibit No. 5).

14. In a document titled "Rate Decrease in 2013," Wheeling depicted an abbreviated cash flow statement for per books and for project years 2012 through 2018, putting the emphasis on the debt service coverage requirements for the water operation, the sewer operation and the combined operation. This document reflects Staff's recommended going-level rate decrease. This decrease would result in a decrease in revenues in the year ending June 30, 2013, of approximately $633,000. The project rate increase is not anticipated by Staff until 2015, i.e., the date the project is substantially complete. (See, Tr., at 29-31; City Exhibit No. 6).

15. City Exhibit No. 6 shows a projected debt service coverage factor of only approximately 78% for the City's sewer system for the projected year ending on June 30, 2012. The column "Projected 6/30/13" shows an increase in the sewer rates of approximately $139,694.18, which reflects the 2.7% increase contained in the Recommended Decision recently entered in the just-completed sewer rate case. The combined debt service coverage for the column "Projected 6/30/12" is approximately 122.55%. Due to the Staff-recommended decrease in the instant water rate case, the column "Projected 6/30/13" shows a combined debt service coverage of only 72.17%. The Staff-recommended rate decrease at going-level would reduce revenue by approximately $633,000, i.e., from approximately $6,003,000 to approximately $5,600,000. (See, Tr., at 31-34; City Exhibit No. 6).

16. Irrespective of when the project is substantially complete, once the bonds are issued, the maximum annual debt service increases. The maximum annual debt service is the test, not cash flow. Under the Staff-recommended rates, in 2013, when the bonds are issued, the debt on those bonds will be outstanding and the combined water service and sewer service debt service coverage will only be approximately 72%. The combined debt service requirement is 120%. The debt service of approximately $2,409,224 on the 2013 issue noted on City Exhibit No. 5 must be included in the calculation of the combined debt service coverage. Unless rates to support the 120% debt service requirement are in place before the bonds are issued, the bonds cannot be issued. Assuming, as planned, that the construction starts in 2013 and it takes two years, as estimated, the project will not be completed until 2015. Under the Staff-recommended rates, which would not become effective until the project is certified as substantially complete, the City's rates will not be sufficient to provide the 120% combined debt service coverage, the bonds will not be issued and the project will not be built. The certification of that 120% coverage test must also be made for three years after substantial completion, which means that rates must be in effect that meet that test beginning no later than when the bonds are issued and that will continue to meet the 120% coverage requirement through at least 2017, depending on when the project actually is completed. (See, Tr., at 37-40; City Exhibit No. 5).

17. Wheeling's analysis only used the Staff-recommended interest rate of 3.04%. City Exhibit No. 7 illustrates that, if the Staff-recommended rates are approved and do not become effective until the project is substantially complete, the combined debt service coverage would be approximately 122.59% in 2013; 130.02% in 2014; 123.62% in 2014; 111.20% in 2015; 107.40% in 2016; 122.04% in 2017; and 117.3% in 2018. Wheeling's CPA has to certify, before the bonds are sold, that the combined debt service coverage will be met each year from 2013 through at least 2017, depending on the project completion date. (See, Tr., at 40-48; City Exhibit No. 7).

18. Wheeling has been very carefully managing the combined debt service coverage requirement of its existing bonds for many years and has taken several steps in planning for the project, e.g., the City refunded or refinanced the 1997 bond issue, which had a balloon payment due in 2012, so that this payment could be spread out over several years. The City had to pass an ordinance in 2009 to increase its water rates by 5% to make this refinancing possible and that ordinance was not protested. Wheeling has taken similar measures to make this project and the bond issue for this project feasible. (See, Tr., at 49-52).

19. The two chief components that cause the debt service coverage to be lower than 120% in some of the years, according to Wheeling's analysis, are the vacillating debt service requirements and anticipated O&M expenses during certain years. Wheeling has several different bond issues with different requirement in different years. The 120% combined debt service coverage test is 120% of the maximum annual debt service. This number changes from year to year as new bonds are issued or old ones are retired. Wheeling estimated the increased O&M expenses for years subsequent to 2013 on common sense or experience, i.e., it assumed that the O&M expenses in 2018 will be greater than they will be in 2013. Wheeling used several tools, such as the cost of living index, which has gone up approximately 2.37% over the past 10 years, in making estimates of increased O&M expenses in future years. (See, Tr., at 52-57).

20. The CPA certification is basically certifying to those who would purchase the bonds that Wheeling has sufficient collateral to ensure that the investors who buy the bonds will recover their investments and earn the promised interest on those investments. Investors will not rely upon a speculation that the City will pass additional rate ordinances in order to continue to pay the principal and interest on those bonds, as well as existing bond issues. (See, Tr., at 57-59; City Exhibit No. 7).

21. Since the Staff-recommended rates would not go into effect until the project has been certified as substantially complete, Wheeling would have to incur short-term loans as the project is being built in order to pay the contractors and suppliers on a timely basis during the construction period. These loans will then be rolled into the long-term financing, thereby capitalizing the interest for the short-term financing. Under the Staff-recommended rates, the additional revenue approved in this case to support the project would not be available until the project is certified as substantially complete, which increases the effective total cost of the project. (See, Tr., at 59-63, 120-124).

22. It probably will be early 2013 before the bonds for the project are issued, if at all, and many things could happen between now and that time that could cause the interest rates on the bonds to increase or decrease. Even on the date of issue, the interest rate could change perhaps a quarter of a percent. The underwriters for the bond issue are motivated to sell the bonds and they will try to get the interest rate as low as possible, e.g., the actual interest rate for the 2006 issue was lower than the planning or predicted rate. The 1997 bond issue lowered debt service, which was one of the goals of that bond issue. By lowering the interest rate, you lower the threshold for passing the 120% combined debt service coverage requirement. (See, Tr., at 64-65).

23. The proposed funding for this project is from the issuance of bonds to be sold on the public market. Wheeling already has the same kind of bond issues and it also has some bonds that are from public funds, e.g., 2010 bond issue 2010 B. Wheeling wants to obtain the lowest cost financing possible. No need exists to issue bonds to be sold on the public market if funding from governmental agencies exists. (Tr., at 70-71).

24. When a municipality issues bonds in the public market, the bondholders expect interest to begin accruing immediately. Typically, the first interest payment on the bonds is due within nine months from the date of issuance of the bonds and semi-annually thereafter. If the City does not have enough capitalized interest funds to make interest payments on the bonds, it would need to secure additional funds from revenues or additional sources to make such interest payments, otherwise it would default on its obligations. Once the capitalized interest funds are expended, the City will be required to make monthly deposits into the revenue sinking fund held at the MBC for semi-annual interest payments to the bondholders. (See, City Exhibit No. 8, pp. 3-4).

25. In the context of the current certificate application, two possible scenarios exist. The first scenario assumes the issuance of approximately $41,850,000 of tax-exempt revenue bonds. This scenario assumes capitalized interest for a period of four months, allowing the City to implement the project rates upon the issuance of the bonds and to provide sufficient time to collect the revenues from the project rates. The second scenario assumes the issuance of approximately $48,935,000 of tax-exempt revenue bonds. The second scenario assumes 29 months of capitalized interest on the bonds, allowing the City to implement rates upon substantial completion of the project and to provide sufficient time to collect the revenues from the project rates. Both scenarios assume a planning interest rate of 6% and a final maturity of approximately 30 years. The $7,085,000 difference in the par amount of the bonds between the first scenario and the second scenario represents the increased borrowing required in order to delay the implementation of the project rates from the date of the issuance of the bonds until the substantial completion of the project. (See, City Exhibit No. 8, p. 4).

26. The $7,085,000 difference is not comprised solely of capitalized interest, but capitalized interest does comprise the majority of that difference. The increased borrowing for capitalized interest requires a significant increase in the debt service reserve account for the bonds, which must be fully funded at closing, as well as some minor increases in other line items, such as the cost of bond insurance. Additionally, borrowing more to pay capitalized interest

causes more interest to be paid, since one has to pay interest on the additional borrowing. (See, City Exhibit No. 8, pp. 4-5).

27. The entire proceeds of the bonds will be advanced at closing. The monies in the capitalized interest fund and the debt service reserve fund must be invested, according to state law, and held at the MBC to be invested as part of the MBC's investments. The yield on the West Virginia Government Money Market Pool changes daily and was approximately 0.056% on April 19, 2012. In the past three years, Wheeling's financial adviser has not seen the interest rate paid by the Commission on such investments equal 6%. Any money that Wheeling borrows for the capitalized investment fund will have an assumed interest rate of approximately 6%, but the interest earned by Wheeling on that money will be significantly less than 6%. Over the life of the bond issue, the total difference in the principal and interest payments to bondholders under the two scenarios would be approximately $10,743,092. (See, City Exhibit No. 8, pp. 5-6).

28. The MBC has changed significantly over the past five years or so, e.g., the number of active municipal bond insurers has dropped significantly; the rating agencies are more thorough in their review of credits and conservative in their award of ratings; and potential purchasers are demanding more information, including continuing disclosure, regarding the security for bonds. While the municipal bond marketplace remains robust, access to capital is subject to more review and higher standards are placed on the quality of credits. These changes impact Wheeling by making it subject to closer scrutiny, both at the issuance of bonds and in subsequent years. Failure to meet rate covenants will likely impact the ability of the City to obtain bond insurance and may also result in lower underlying ratings assigned to the City's outstanding and future bond issues. This could also adversely affect Wheeling's ability to access the municipal bond market. Lower ratings and/or inability to access municipal bond insurance will result in higher borrowing costs for the City, which will translate to higher costs to the ratepayers. (See, City Exhibit No. 8, pp. 7-8).

29. Municipal bond insurance is an insurance policy that would be purchased by Wheeling which promises the purchasers of Wheeling's bonds that the bond insurance will make the principal and interest payments on the bonds in the event that Wheeling is unable to do so. Purchasers of such bonds rely upon the presence of municipal bond insurance, at least primarily, to determine the interest rate on the bonds. Usually, the municipality pays a one-time fee to obtain this type of insurance, the cost of which is less than the net present value of the difference between the cost of the insurance policy and the debt service savings as a result of the purchasers relying on the creditworthiness of the bond issuer as opposed to the credit of the municipality. Five years ago, several such bond insurance companies served the area. Today, only one such provider is active in the West Virginia market. On the other hand, three rating agencies exist today, i.e., Moody's; Standard & Poors; and Fitch. The purpose of a rating agency is to examine the creditworthiness of issuers of bonds and then assign a rating to the debt of the issuer. Purchasers of bonds rely on the rating assigned by the agency to determine the appropriate interest rate for the bonds. Bonds that are deemed less risky receive a higher rating. (See, City Exhibit No. 8, pp. 8-9).

30. Wheeling currently has four outstanding bond issues, two of which have identical rate covenants and additional bond test requirements. The other two bond issues each have unique additional bond tests and rate covenants. Wheeling must obtain a certification from an independent certified public accountant that the covenants in each of the outstanding bond ordinances have been satisfied in order to issue additional bonds on a parity with the outstanding bonds. Without the CPA certification, additional parity bonds cannot be issued. These tests are in place to protect the security position of the prior bondholders. Parity means that the bonds are issued with a lien on the revenues and assets of the system which is equal to the lien of the existing bonds. In this case, such a parity lien is a first lien on the revenues and assets of the system equal to that of the outstanding bonds. Parity bonds provide the opportunity for the best interest rate on debt. Bonds which are not issued on a parity with the existing bonds, i.e., subordinate bonds, will require a higher interest rate and may not be permitted. (See, City Exhibit No. 8, pp. 9-10).

31. Wheeling is not proposing to finance the project with a loan from a governmental agency, but Staff analyzed Wheeling's proposed bond issue as if it could obtain a government-funded bond issue. Wheeling is proposing to sell its bonds to the public, rather than try to obtain a governmental agency loan, because, the last time that Wheeling attempted to obtain a governmental agency loan about two years ago for approximately $9,000,000, it was practically impossible to obtain that financing. Wheeling interpreted the words and actions of the IJDC to mean "We did this one for you, but don't come back." The sheer magnitude of the instant project would have precluded IJDC funding. (See, Tr., at 78-79).

32. The total project cost is approximately $48,935,000, including capitalized interest, of which approximately $34,004,188 is for construction. The largest cost other than construction is capitalized interest, which is an additional amount of approximately $7,096,000. In order to pay the contractor approximately $34,004,188, Wheeling will have to borrow approximately $7,096,000 to pay interest from the date of the bond issue until the rates kick in when the project is substantially complete. If the construction cost increases or if it takes longer to complete the project, the capitalized interest amount also will increase. The contractor will expect to be paid at regular intervals during construction. If the bonds are not issued before construction begins, there will be no project. If the rates do not start until the project is substantially complete, the interest will have to be capitalized, which will substantially increase the project cost. If the rates were in effect on the date the bonds are issued, no need would exist for capitalizing the interest. The approach Wheeling took in its rate ordinance was to adopt a 70% rate increase if the ordinance was not protested and an 80% rate increase if the matter was protested, since the protest is costing Wheeling money, i.e., had the rates gone into effect 45 days after passage of the ordinance, the project cost would have been substantially lower, which would have allowed for a lower rate for Wheeling's customers. Any delay in a project financed through a public offering of bonds is going to increase the total cost of the project. The total project would have cost approximately $41,000,000, including approximately $34,004,188 in construction costs, if the rate ordinance was not protested, but will cost approximately $48,935,000 due to the capitalized interest that will be incurred due to delays in the effective date of the new rates due to the protest and if Staff's recommended approach to not let the rates take effect until the project is certified as substantially complete is followed. (See, Tr., at 92-98, 120-124; Staff Exhibit No. 2).

33. The estimated project budget rounded to the nearest thousand was received as City Exhibit No. 9, as follows:

Construction cost (includes 10% contingency)	$34,004,000
Planning and Engineering	$ 1,115,000
Additional Technical Services	$ 142,000
Construction Engineering	$ 875,000
Inspection	$ 555,000
Legal, Accounting and Permits	$ 100,000
Land and Rights	$ 170,000
Capitalized Interest based on rates becoming effective upon substantial completion of project	$ 7,096,000
Prepaid Reserves	$ 3,766,000
Cost of Insurance, Discounts, Bond Insurance, etc.	$ 1,112,000
TOTAL	$48,935,000

(See, City Exhibit No. 9; Staff Exhibit No. 2).

34. Wheeling estimated that the total project cost would be approximately $36,961,188 but for the additional costs associated with capitalized interest and other effects of the project rates not becoming effective until the project is substantially complete. Capitalizing interest causes other costs to increase, e.g., since the total cost is higher, the amount of the reserve is going to be higher and prefunding the reserve will cost more. (See, Tr., at 98-99).

35. Wheeling did not obtain approval from the IJDC for the instant project because it believed that even applying to the IJDC was futile. In two prior public bond issues that Wheeling issued, i.e., Series 2010A and Series 2096A, the debt service reserve account was prefunded each time. While no one has any idea what the bond market will be like in six months, if the bonds were issued on the day of the hearing, the 6% interest would be obtainable. The time that the bonds are issued will determine the interest rate, the total project cost and other factors that generally are known factors in certificate cases where the funding comes from governmental agencies. All factors cannot be known until the day of pricing the bonds, i.e., locking in the interest rate. (See, Tr., at 100-109).

36. The 6% interest rate is Wheeling's planning rate and could change once the bonds actually are issued. Wheeling will do absolutely everything within its power to obtain an interest rate that is lower than the 6%, hopefully much lower, but, to some extent, that is beyond Wheeling's power. A lower interest rate will benefit Wheeling and its customers. Also, Wheeling considered the issue of capitalized interest when it was determining the rate increase to include in its rate ordinance, which was chiefly the reason the rate ordinance was structured to be 70% if not protested and 80% if protested. Wheeling assumed that, if the matter came before the Commission as a municipal appeal, the Commission likely would not allow rates to become effective until the project had been certified as substantially complete. (See, Tr., at 115-118, 120-124).

37. In the past, Wheeling has issued bonds that were sold in the public marketplace and others that were purchased through governmental agencies, e.g., it issued approximately $14,500,000 in sewer bonds in 2003 or 2004 with an interest rate of 3% for 20 years, obtained through the West Virginia State Revolving Fund. However, all of its water bonds were sold in the public marketplace and were not obtained through the state process. (See, Tr., at 118-119).

38. The difference in the cost for the proposed project, i.e., approximately $41,850,000 as anticipated by Wheeling, and approximately $48,935,000 as calculated by Staff using Wheeling's analysis, is the cost of capitalized interest. Essentially, if Wheeling could have the project rates approved no later than the date the bonds are issued, it would save Wheeling and its customers over $7,000,000 to build the same identical project. (See, Tr., at 119).

39. The notices that Wheeling gave to the public as required by law all contained the alternative rate proposals. The public was fully informed that revenues would need to increase by 70% unless the matter was protested sufficiently to trigger a municipal appeal, in which case they needed to increase by 80%. Another key is that rates must be approved so that a CPA can certify that the debt service coverage will be sufficient for all of the years of 2013 through 2017 or 2018, i.e., three years after the project is substantially complete. (See, Tr., at 124-126).

40. Currently, Wheeling has four separate series of outstanding bond issues secured by the net revenues of the City's combined waterworks and sewerage system operations. Series 2006 A and Series 2010 A bonds were sold on the municipal bond market and are held by investors. Both the Series 2006 A bonds and the Series 2010 A bonds were issued with municipal bond insurance. The bond insurers guarantee the repayment of the debt service on the bonds to the holders of the bonds, thus resulting in a lower cost of borrowing for the City. In return for these guarantees, the bond insurers are paid a fee by the City from the proceeds of the bonds and the bond insurers require certain covenants from the City with respect to the bonds. (See, City Exhibit No. 10, pp. 2-3).

41. Wheeling Series 2005 A and 2010 B bonds are held by the WDA on behalf of DEP, Clean Water State Revolving Loan Program, collectively called SRF bonds. (See, City Exhibit No. 10, pp. 2-3).

42. The Series 2006 A bonds, the Series 2010 A bonds and the SRF bonds have different rate covenants and additional bond tests, each of which must be met by the City. Accordingly, the accountant for the City must review each rate covenant and additional bond test separately and confirm that each covenant is satisfied. As "publicly issued" bonds, the rate covenants and additional bond tests for the Series 2006 A bonds and the Series 2010 A bonds were subject to negotiation with the respective bond insurer for each series. (See, City Exhibit No. 10, p. 3).

43. In order to issue additional bonds secured by the revenues of the System on parity with the prior bonds, the City must satisfy certain covenants in the documents related to the prior bonds. In this context, parity, as it relates to the City's bonds, means that the new bonds will have

a pro rata first lien on the revenues of the System, equal to the lien of the prior bonds, which enables the City to obtain the lowest borrowing cost for the new bonds while assuring that their bonds will have a market. In order to obtain parity status, the City must obtain a certificate from an independent certified public accountant that Wheeling's financial situation meets the additional bonds test established for each of the prior bonds as well as the rate covenant for each series of the prior bonds. Without the CPA Certificate, additional parity bonds cannot be issued. Also, since the System is a "combined system" for purposes of satisfying the debt service coverage requirement, the parity test requirements apply to the combined waterworks and sewerage system. Thus, the City must ensure that the rates of the combined system, not just the water rates, are sufficient to allow the independent certified public accountant to issue the CPA Certificate. (See, City Exhibit No. 10, pp.17-18).

44. The term "maximum annual debt service" means the maximum amount of debt service due in any given year on all combined issues of the City. While the additional bonds tests are different in all but one case, all outstanding issues require meeting not only the basic annual coverage, i.e., 125% of the maximum annual debt service, but also meeting that coverage requirement for all years up to and including three years following the time the project for which the parity bonds are being issued is certified as substantially complete. The three-year forward-looking coverage necessitates that the City use reasonable assumptions about future operating results, including both revenues and expenses, e.g., since Wheeling recently has experienced a downward trend in population and customers, it is reasonable to assume that this trend will continue in future years. (See, City Exhibit No. 10, pp. 18-19).

45. In Case Nos. 05-1807-W-CN and 06-0044-W-MA, *City of Wheeling*, Recommended Decision entered May 4, 2006, final May 24, 2006, a consolidated certificate application and municipal appeal proceeding for Wheeling's water rates, the Commission approved rates to support a certificate project which became effective prior to the issuance of bonds, i.e., approximately four months before the bonds were issued, rather than making those rates effective only upon substantial completion of the project. The Commission did not capitalize the interest for that project and permitted the rates to take effect on or about June 3, 2006. The debt service reserve fund was funded out of the bond proceeds. (See, Tr., at 129-130).

46. Wheeling considered all of the possible funding for the instant water project. However, since the construction alone for this project is going to cost upwards of $35,000,000, it became apparent to Wheeling that governmental funding agencies would not provide the funding. Wheeling is not qualified for funding through the United State Department of Agriculture. When Wheeling was considering funding through the IJDC, it looked at the median household income for Wheeling's customers and realized that it would not meet the median household income qualification for an IJDC loan. (See, Tr., at 130-132).

47. Wheeling did not apply to the government agencies for funding because it believed that getting maybe $3,000,000 from another lender isn't efficient because then it would have had to comply with all of the requirements for that loan in addition to satisfying the requirements for a public bond issue. Wheeling decided to forego an IJDC application after much discussion and thought. The IJDC only has about $40,000,000 a year from video lottery to loan for a

combination of economic development projects and water and wastewater projects. (See, Tr., at 132-134).

48. The determination of interest rates for publicly issued bonds hinges primarily on two factors, i.e., the perceived risk of repayment and the duration of the loan. It is no different from obtaining funds from a commercial bank. The investors are going to look at the risk and the length of the term and decide what the interest rate should be. The term is going to be 30 years. The only other key factor is for Wheeling to be able to portray to potential bond purchasers that the risk is low. This is done by obtaining a good rating from a rating agency or by obtaining bond insurance. The higher the rating the lower the interest rate will be. Since only one bond insurer is available now, compared to five or six five years ago, the rating is of utmost importance. Wheeling wants a 30-year bond term, not the Staff-recommended 20-year bond, because that is the term that the public market generally prefers. A 20-year bond would make the debt service requirement higher than a 30-year bond. A 30-year bond would have the least adverse effect on rates. The project is for a water treatment plant, which should have a useful life of well over 30 years, e.g., the City's existing water treatment plant has been in place for over 100 years. Wheeling's bond counsel opined that the public market will not accept a bond for a payment period of over 30 years. (See, Tr., at 139-143).

49. While it used 6% as its planning rate, Wheeling will try to obtain a lower interest rate. It was impossible for Wheeling to put in its certificate application what the exact interest rate would be at the time of the bond issue. In Wheeling's most-recent bond issue, the planning rate was 6.5% and the actual selling rate was 4.5%, based on the selling conditions at the time. The lag between filing the application and selling the bonds makes it impossible to state with certainty what the actual interest rate will be. (See, Tr., at 143-145).

50. Wheeling's two prior public market bond issues were sold when Wheeling had a AAA rating. Wheeling received the best possible interest rates at those times. Wheeling's bond counsel opined that Wheeling will not obtain a AAA rating. The State of West Virginia has a AA or maybe a AA+ rating. In Wheeling's bond counsel's professional opinion, a rate of 3.04% isn't even in the realm of possibility. (See, Tr., at 151-152).

51. According to Wheeling's bond counsel, a pre-funded debt service reserve is required for this proposed transaction. The pre-funded reserved could come from a surety bond or from bond proceeds. The amount of pre-funded debt service reserve affects the amount of capitalized interest, i.e., the more pre-funded debt service reserve, the less the capitalized interest will be. The capitalized interest issue has a ripple effect in that it adversely affects other costs. If one could eliminate the capitalized interest, Wheeling would have to borrow substantially less money. Some small amount of capitalized interest will be necessary, depending on when the rates take effect with respect to the date of the bond issuance, but deferring rates until the project is substantially complete will require the highest amount of money that Wheeling has to borrow. Having a high amount of capitalized interest will increase rates for many years in the future. The date the bonds are issued probably will not adversely affect the construction dates that likely would not begin until the 2013 construction season. The project construction will take approximately 24 to 27 months. (See, Tr., at 152-160).

52. Staff's Engineering Division summarized that Wheeling is proposing to make significant upgrades and improvements to its aged and outdated water treatment plant. Wheeling serves approximately 13,500 customers, including five resale customers. Its water department employs 55 persons. During the fiscal year ending on June 30, 2011, Wheeling sold approximately 1,758,887,000 gallons of water, with resale customers purchasing approximately 36% of the total volume. Sales were approximately $5,774,447, with resale customers paying approximately $1,241,069 of that total, or just under 21.5% of total sales. Resale customer include Ohio County Public Service District (approximately 4,100 customers); the Village of Bethlehem (approximately 1,160 customers); the Town of Triadelphia (approximately 500 customers); the Village of Valley Grove (approximately 330 customers); and the Borough of West Alexander, PA (approximately 400 customers). (See, Tr., 167-169; Staff Exhibit No. 2, p. 1).

53. Wheeling has a 12,000,000 gpd treatment facility that currently is able to operate only at the rate of approximately 8,000,000 to 10,000,000 gpd, due to many factors related to the fact that the facility is approximately 100 years old. The existing treatment plant obtains raw water from the Ohio River and five nearby wells and filters it with a set of open granular-media rapid sand filters. Although the existing facility is exceptionally well-maintained, it is functionally and technologically inadequate. The existing electrical systems in the pump building look like a museum display of motor-control systems. Every part of the treatment facility is old and/or worn out. The treatment technology itself is unable or soon will be unable to meet the quality requirements of the SDWA due at least in part to the presence of certain chemicals in the water source that have an adverse chemical reaction with chlorine to produce chlorine by-products that are toxic. The planned new plant will replace the worn-out and antiquated facilities and technology with a treatment system that will produce a sufficient amount of pathogen-free water. The project is both necessary and of appropriate size to meet the treatment needs of Wheeling for the foreseeable future. Without the new facility, Wheeling will be violating the SDWA and will be placing its customers at risk of consuming contaminated water that would not meet the standards of the West Virginia Bureau for Public Health and also federal laws. (See, Staff Exhibit No. 2, pp. 1-4).

54. Staff recommended that the Commission grant the certificate application to include rehabilitation and reuse of the existing pump building and some other reusable portions of the existing facility, but to include the installation of a new blower building and process blowers. The project chiefly consists of the construction of a new membrane/high-service building (27,100 square foot) that includes five membrane filtration units and associated membrane-system support components. Three new high service pumps will be included in the new filtration building to replace existing archaic pumps. New disinfection systems will be installed that will use liquid sodium hypochlorite as a replacement for the more hazardous gaseous chlorine. A new above-ground dual-chamber finished water storage tank will be built as well as membrane spent-water handling systems. New and rehabilitated plant-site piping and yard work will be installed to serve the new facility and integrate it with the usable portions of the existing system to work as a single unit. The entire plant electrical system will be upgraded and/or replaced with a 480-volt wiring system. Other work includes mechanical; HVAC; instrumentation; control (SCADA); and

electrical systems and related equipment, as well as site work, drains, pavement, landscaping, etc., as needed. (See, Staff Exhibit No. 2, pp. 1-4).

55. Staff estimated that total cost for the project would be approximately $48,935,000, including several years of capitalized interest, with construction alone costing in excess of $34,000,000. Since the project has not actually been bid, the final cost is likely to increase. At this cost, the estimated cost per customer is approximately $2,477, which Staff opined is reasonable. Engineering design fees comprise approximately 3.5% of the total project cost, which Staff opined is reasonable. After viewing the plans and specifications, Staff found no apparent violations of the Commission's *Water Rules* or other applicable Commission standards. The West Virginia Bureau for Public Health has issued Permit No. 18,823 for the project. Most or all of the necessary permits have been obtained. The project will increase O&M expenses by approximately $358,757, including an estimated $115,640 in order to fund a membrane replacement fund where the membranes would be replaced on a ten-year cycle. Membrane replacement is an expensive certainty. (See, Staff Exhibit No. 2, pp. 4-7).

56. At going-level, without considering the project, Wheeling would have a net income of approximately $568,852. Under Wheeling's rate ordinance, the proposed 70% increase would increase Wheeling's net income to approximately $4,472,413, and the proposed 80% increase would increase Wheeling's net income to approximately $5,029,771, after Staff made the adjustments it believes are appropriate to conform to Staff's method of accounting and classifying various account items. (See, Tr., at 169-171; Staff Exhibit Nos. 3 and 4).

57. The City has proposed to finance the project through a publicly-marketed 30-year bond issue at a fixed 6% interest rate. The total project includes approximately $7,096,000 in capitalized interest; approximately $3,766,000 for pre-funding the debt reserve; approximately $200,000 for cost of issuance; approximately $367,013 for underwriters discount; and approximately $1,014 for miscellaneous costs. Staff acknowledged that the 6% interest rate is only a planning rate. In its last water rate case, Case No. 05-1807-W-CN, Wheeling had a planning interest rate of 6.5% with the same type of proposed financing, but the actual interest rate was approximately 4.8%, i.e., its Series 2006 A bond issue. (See, Tr., at 172-175; Staff Exhibit No. 5, pp. 1-4).

58. According to the Federal Reserve, as of May 11, 2012, the interest rate for a treasury bond was 3.04%. The 4.85% rate the City received in September 2006 was comparable to a treasury bond issuance of 4.85% in September 2006. The 2010 A bond debt was issued on April 22, 2010, at a 2.94% interest for six years, according to Wheeling's Rule 42 exhibit, Statement C. The treasury bond rate for 5 years for that week was 3.25% and the treasury bond rate for 7 years for that week was 2.56%. The annual payment for the 2006 bond ended up lower than what was presented in the case, but the tariff was not adjusted to reflect this decrease in revenue needed for this project. (See, Staff Exhibit No. 5, p. 4).

59. Staff recommended that the Commission approve an interest rate of 3.04% for the bonds to be issued to fund the certificate project. Staff would not recommend that the project go forward with a 6% interest rate. (See, Staff Exhibit No. 5, p. 5).

60. Staff recommended an overall sales revenue decrease of 11.4% below going-level at the non-project level. These pre-project rates should generate revenues sufficient to cover the City's operating cash requirements of $3,952,550 and debt service requirements of $1,260,206 and provide approximately $453,936 for average plant additions and a 136.02% debt service coverage ratio. (See, Staff Exhibit No. 5, pp. 6-7).

61. The Commission last reviewed Wheeling's water rates in 2006 in Case Nos. 05-1807-W-CN and 06-0044-W-MA. However, the City adopted an ordinance on February 16, 2010, without protest, i.e., without Commission review, that increased rates by 5% across-the-board. Currently, the Series 2006 A bond payment is less than what was proposed in Case No. 05-1807-W-CN because the City received a more favorable interest rate than the planning rate. The City also refinanced its 1997 bond issue in 2010. (Staff Exhibit No. 5, pp. 7-8).

62. Upon certification of substantial completion of the project, Staff recommends an increase in revenues of approximately 50.5%, which would increase sales revenues by approximately $2,862,439 over the Staff-recommended non-project rates, which should generate operating cash requirements of approximately $4,319,995, and provide debt service coverage payments of approximately $3,450,410 and reserve funding of approximately $219,020, which should provide a surplus of approximately $650,565, which is consistent with Wheeling's five-year average of capital additions, and provide $115,640 for membrane replacement and provide a debt service coverage of 125.2%. (See, Staff Exhibit No. 5, pp. 8-9).

63. In order to reach the Staff-recommended revenue requirements, Staff adjusted the project principal and interest to reflect a 3.04% bond issue for a 20-year term, which decreased Wheeling's proposed principal and interest payment to $2,190,204; Staff also included a debt reserve payment of $219,020. The Staff-recommended project rates would not become effective until the project has been certified as substantially complete. The Staff-recommended rate design differs from the City's rate design, which is an across-the-board rate increase. (See, Staff Exhibit No. 5, pp. 9-13).

64. Staff recommended that, if the City cannot obtain financing for the project with an interest rate of no more than 3.04% for a 20-year term, the application for a certificate be denied and that the City file a new certificate case. Staff still believes that Wheeling could obtain financing for the project from the IJDC. (See, Staff Exhibit No. 5, pp. 13-14).

65. Staff did not do the same type of analysis that Wheeling did for all future years through 2018, but did do an analysis for 2015, which is when Staff believes that the project will be substantially complete. (See, Tr., at 175-181).

66. Staff did not discuss the availability of funding for the project with anyone from the IJDC. Staff's opinion that such funding would be available to Wheeling is just Staff's opinion. Staff acknowledged that it had never used the treasury bill interest rate to estimate an appropriate interest rate in any other rate case to support a certificate project. The Staff financial witness also discussed this matter with her supervisors, Dixie Kellmeyer and Diane Davis, to arrive at her

opinion. The Staff financial witness is not sure whether either of those Staff members have used a treasury bill rate as the basis for a reasonable interest rate. The Staff financial witness is not aware of any prior Commission case that used this method to predict what interest rate would be reasonable. When the Staff witness made her recommendation, she did not have the benefit of Ms. Prezioso's testimony. (See, Tr., at 181-186).

67. Staff acknowledged that capitalizing the interest will increase the cost of the project by approximately $7,000,000, but believes that is Commission policy. Staff acknowledged that rates would be lower if the interest was not capitalized. (See, Tr., at 192-195).

CONCLUSIONS OF LAW

1. Since Wheeling's existing bonds contain provisions and tests that require a 120% combined water and sewer debt service coverage, and since the decision in Case No. 11-1772-S-MA approved rates that barely met this requirement under the assumption that the rates for the water operation would remain constant, it is not reasonable to reduce Wheeling's rates prior to the project.

2. The public convenience and necessity require the proposed project.

3. It is reasonable to approve the proposed financing for the project, which is comprised of the issuance of a municipal revenue bond offering to the public in an amount not to exceed $41,850,000 at a rate not to exceed 6% with a term not to exceed 30 years.

4. It is reasonable under the limited facts and circumstances of this proceeding for the rates to support the project to become effective on October 2, 2012, which corresponds to the rate suspension period imposed by the Commission.

5. Should the scope, plans, project costs or financing for the project change, the City must obtain prior Commission approval before commencing construction.

6. Since the project rates are sufficient, but not more than sufficient, to cover O&M expenses and debt service coverage requirements, including the 120% combined water and sewer operation requirements of existing bonds, and provide a reasonable amount for average capital improvements; are based primarily on the cost of service; and are just, reasonable and non-discriminatory and otherwise satisfy all applicable state laws and Commission rules and regulations, it is reasonable to approve the rates and charges attached hereto as Appendix A.

7. Having approved the project rates to become effective upon the date the bonds are issued, it is reasonable to require that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements, plus a reasonable amount to cover historically average capital additions, into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete. This will ensure that the project will be built and that the bonds will be attractive, while, at the same time, not permit Wheeling to receive a windfall rate.

8. It is also reasonable to approve the cash flow analysis attached as Appendix B.

ORDER

IT IS, THEREFORE, ORDERED that that the application for a certificate of public convenience and necessity filed with the Commission on January 5, 2012, by the City of Wheeling pursuant to *Code* §24-2-11 to construct additions, improvements and replacement of the City's existing water treatment plant be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project comprised of a public municipal bond offering in an amount not to exceed approximately $41,850,000, depending upon the actual interest rate obtained, the actual date of offering and the amount of capitalized interest incurred, for a term not to exceed 30 years and at an interest rate not to exceed 6%, be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the project cost, financing, scope or plans change for any reason, the City of Wheeling obtain prior Commission approval before commencing construction.

IT IS FURTHER ORDERED that the City of Wheeling submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the City of Wheeling notify the Commission when the project engineer has performed the substantial completion inspection and submit the certificate of substantial completion to the Commission as soon as it becomes available.

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 rates and charges contained and set forth in the municipal rate ordinance enacted on or about November 15, 2011, be, and hereby are, rejected, set aside and disapproved.

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 the date that Wheeling issues the bonds for the project certificated herein.

IT IS FURTHER ORDERED that, within 30 days of this Recommended Decision becoming final, the City of Wheeling file an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements, plus a reasonable amount to cover its historical annual average of capital additions, into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete

IT IS FURTHER ORDERED that the cash flow analysis contained in Appendix B be, and hereby is, approved.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery; by electronic service upon all parties of record who have filed an e-service agreement with the Commission; and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (customers with metered water supply)

First	1,000 gallons used per month	$11.60 per 1,000 gallons
Next	499,000 gallons used per month	$ 5.25 per 1,000 gallons
All Over	500,000 gallons used per month	$ 3.22 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following, according to the size of meter installed:

5/8-inch meter	$ 11.60 per month
3/4-inch meter	$ 17.40 per month

1 -inch meter	$ 29.00 per month
1-1/2 -inch meter	$ 58.00 per month
2 -inch meter	$ 92.80 per month
3 -inch meter	$174.00 per month
4 -inch meter	$290.00 per month
6 -inch meter	$580.00 per month
8 -inch meter	$928.00 per month

SALE FOR RESALE

All water for resale will be billed in accordance with the approved rate of $3.38 per 1,000 gallons used per month.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee will be charged to all customers applying 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	$315
1-inch and larger	$420

RECONNECTION - $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

$0.51 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her 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.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.

SCHEDULE II

APPLICABILITY

Applicable for public and private fire protection service.

RATE

The yearly rates reflected below may be billed on a monthly basis:

Fire Service Lines:	
2 inch or smaller	$ 60.00 per year
3 inch	$ 96.00 per year
4 inch	$156.00 per year
6 inch	$324.00 per year
8 inch	$564.00 per year
10 inch or greater	$900.00 per year
If unmetered	$ 90.00 per year
Hydrants:	
$ - connection	$156.00 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.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

CASH FLOW ANALYSIS

Available Cash		
Operating Revenue		$9,082,746
Forfeited Discounts		$ 127,950
Other Operating Revenue		$ 348,729
Other Income		$ 89,660
Total Available Cash		$9,649,085
Cash Requirements		
Operation and Maintenance Expense		$4,196,041
Taxes Other Than Income Taxes		$ 18,650
Total Cash Requirements		$4,214,691
Cash Available for Debt Service	(A)	$5,434,394

Debt Service Requirements		
Interest and Principal	(B)	$4,341,206
Debt Service Reserve		-
Total Debt Service Requirements Before Renewal and Replacement Fund		$4,341,206
Remaining Cash Surplus (Deficit)		$1,093,188
Cash Surplus Available for Capital Additions		
Renewal and Replacement Reserve (2.5%)		$ 241,227
Membrane Replacement		$ 115,640
Remaining Surplus after R&R Fund and Membrane Replacement		$ 736,321
		$1,093,188
Total Available for Capital Additions		$1,093,188
Debt Service Coverage Factor (A)/(B)		125.18%

ORDINANCE ADOPTED NOVEMBER 15, 2011 SETTING FORTH INCREASED SEWER RATES AND CHARGES

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CITY OF WHEELING, WEST VIRGINIA

ORDINANCE NO. 14252

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER POLLUTION CONTROL DIVISION OF THE CITY WILL CHARGE ITS CITIZENS AND ITS CUSTOMERS LOCATED OUTSIDE OF ITS CORPORATE LIMITS, FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

WHEREAS, the City Council of the City of Wheeling has determined that the current rates and the rates approved by the Public Service Commission in Case No. 09-1000-S-MA for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN are not adequate to cover the cost of operations and debt service; and

WHEREAS, the City Council of the City of Wheeling deems it advisable and necessary that its present sewer rates and charges for service provided to customers of its sewer system and the rates and charges for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN be increased in order to meet its going-level expenses associated with the maintenance and operation of its sewerage collection and treatment system and the payment of debt service; and

WHEREAS, the City Council of the City of Wheeling finds that the following rates are just and equitable for the service provided to its sewer customers through the use of its sewerage collection and treatment system and that such rates will be sufficient to meet its going-level expenses associated with the maintenance and operation of its sewerage collection and treatment system and the payment of debt service and that such rates should supersede both the current rates and the rates approved by the Public Service Commission in Case No. 09-1000-S-MA for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF Wheeling as follows:

The following schedule of rates, fees and charges are hereby fixed and determined as the rates, fees and charges to be charged to customers of the sewerage system of the City of Wheeling throughout the entire territory served:

SECTION 1. SCHEDULE OF RATES

PHASE I

[Effective 45 Days From Passage of Ordinance]

RATE SCHEDULE I

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale sewer service

RATE (Based on the metered amount of water supplied)

First	10,000	gallons used per month	$ 5.96	per 1,000 gallons
Next	90,000	gallons used per month	$ 4.54	per 1,000 gallons
Next	100,000	gallons used per month	$ 3.33	per 1,000 gallons
Over	200,000	gallons used per month	$ 2.28	per 1,000 gallons

UNMETERED (FLAT) RATE (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $26.82 per month

MINIMUM CHARGE

No bill will be rendered for less than $9.47 per month, which is equivalent of 1,589 gallons of usage with a 5/8" meter.

TAP INSPECTION FEE

The tap inspection fee shall be $200.00.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for nonpayment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

DELAYED PAYMENT PENALTY

The above tariff 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.

LEAK ADJUSTMENT

$0.54 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 the 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 City or a maximum of $25.00 will be imposed on any customer whose check for payment of charges is returned by the bank for any reason.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300 mg/l	$0.195 per pound
Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350 mg/l	$0.149 per pound
Rate applicable to Ammonia (NH3) concentration in excess of 45/mg/l	$0.200 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater	$150.00 per month

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system

APPLICABILITY

Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R = the measured monthly rainfall in inches

.0006233 = the conversion factor to change inches of rain x square feet of surface to thousand gallon of water

C = The utility's approved rate per thousand gallons of metered water usage

The Utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system. The surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

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	$2.12 per 1,000 gallons

PHASE II

[Effective upon substantial completion of the improvements approved in Public Service Commission Case No. 09-0752-S-CN]

RATE SCHEDULE I

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY OF SERVICE

Available for general domestic, commercial, industrial and sale for resale sewer service

RATE (Based on the metered amount of water supplied)

First	10,000	gallons used per month	$ 6.58	per 1,000 gallons
Next	90,000	gallons used per month	$ 5.01	per 1,000 gallons
Next	100,000	gallons used per month	$ 3.68	per 1,000 gallons
Over	200,000	gallons used per month	$ 2.51	per 1,000 gallons

UNMETERED (FLAT) RATE (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $29.61 per month

MINIMUM CHARGE

No bill will be rendered for less than $10.45 per month, which is equivalent of 1,589 gallons of usage with a 5/8" meter.

TAP INSPECTION FEE

The tap inspection fee shall be $200.00.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for nonpayment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

DELAYED PAYMENT PENALTY

The above tariff 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.

LEAK ADJUSTMENT

$0.54 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 the 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 City or a maximum of $25.00 will be imposed on any customer whose check for payment of charges is returned by the bank for any reason.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300 mg/l	$0.195 per pound

Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350 mg/l	$0.149 per pound
Rate applicable to Ammonia (NH3) concentration in excess of 45/mg/l	$0.200 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater $150.00 per month

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system

APPLICABILITY

Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R = the measured monthly rainfall in inches

.0006233 = the conversion factor to change inches of rain x square feet of surface to thousand gallon of water

C = The utility's approved rate per thousand gallons of metered water usage

The Utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that

rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system. The surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

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	$2.33 per 1,000 gallons

SECTION 2. EFFECTIVE DATE

The rates, fees and charges provided herein shall be effective 45 days after the enactment hereof.

SECTION 3. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish a copy of a Public Notice of this Ordinance as a Class II-O legal publication in qualified newspapers of opposite politics published and of general circulation in the City of Wheeling, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **15th day of November, 2011, at 7:00 p.m.**, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises.

Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.

The above Ordinance has been introduced at a meeting of Council held on

November 1, 2011.

Passed on First Reading: November 1, 2011

Passed on Second Reading
Following Public Hearing: November 15, 2011

City Clerk

s/s Nov 15th 2011

AFFIDAVITS EVIDENCING NEWSPAPER PUBLICATION OF PRE-ADOPTION PUBLIC NOTICE

Sewer

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Connie Ballen *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:*

11-4-11 11-11-11

Given under my hand this 11th *day of* Nov, *2011*

Sworn to and subscribed before me this 11th *day of* November, 2011 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathy Dayton
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 19, 2021

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY DAYTON
425 Fishers Lane
Mozart
Wheeling, West Virginia 26003
My Commission Expires Apr. 19, 2021

Sewer 1 of 2

PUBLIC NOTICE OF PROPOSED ORDINANCE RELATING TO SEWER RATES, FEES AND CHARGES

Notice is hereby given that on the 1st day of November, 2011, the City Council of the City of Wheeling caused to be read an Ordinance proposing increased sewer rates, fees and charges in lieu of its present sewer rates and charges for service provided to customers of its sewer system in Wheeling, Ohio County, and those increased sewer rates and charges previously approved by the Public Service Commission of West Virginia to become effective upon substantial completion of the Improvement project and is proposing the adoption of the same.

The City Council of Wheeling will have its final reading and vote on the ordinance on November 15, 2011, at 7:00 pm. The meeting for the vote on said adoption will be open to the public and will be held in the City Council Chambers City County Building, 1500 Chapline Street, in the City of Wheeling, West Virginia. Interested parties may appear at the meeting and be heard with respect to the proposed rates, fees or charges.

A copy of the proposed ordinance is available for public inspection at the City Clerk's Office, Room 301, 1500 Chapline Street, Wheeling, WV 26003. The proposed ordinance reads as follows:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER POLLUTION CONTROL DIVISION OF THE CITY WILL CHARGE ITS CITIZENS AND ITS CUSTOMERS LOCATED OUTSIDE OF ITS CORPORATE LIMITS, FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

WHEREAS, the City Council of the City of Wheeling has determined that the current rates and the rates approved by the Public Service Commission in Case No. 09-1000-S-MA for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN are not adequate to cover the cost of operations and debt service; and

WHEREAS, the City Council of the City of Wheeling deems it advisable and necessary that its present sewer rates and charges for service provided to customers of its sewer system and the rates and charges for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN be increased in order to meet its going-level expenses associated with the maintenance and operation of its sewerage collection and treatment system and the payment of debt service; and

WHEREAS, the City Council of the City of Wheeling finds that the following rates are just and equitable for the service provided to its sewer customers through the use of its sewerage collection and treatment system and that such rates will be sufficient to meet its going-level expenses associated with the maintenance and operation of its sewerage collection and treatment system and the payment of debt service and that such rates should supersede both the current rates and the rates approved by the Public Service Commission in Case No. 09-1000-S-MA for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF Wheeling as follows:

The following schedule of rates, fees and charges are hereby fixed and determined as the rates, fees and charges to be charged to customers of the sewerage system of the City of Wheeling throughout the entire territory served:

SECTION 1.
SCHEDULE OF RATES

PHASE I
[Effective 45 Days From Passage of Ordinance]

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial and sale for resale sewer service

RATE (Based on the metered amount of water supplied)
First: 10,000 gallons used per month $5.96 per 1,000 gallons.
Next: 90,000 gallons used per month $4.54 per 1,000 gallons.
Next: 100,000 gallons used per month $3.33 per 1,000 gallons.
Over: 200,000 gallons used per month $2.28 per 1,000 gallons.

UNMETERED (FLAT) RATE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $26.82 per month

MINIMUM CHARGE
No bill will be rendered for less than $9.47 per month, which is equivalent of 1,589 gallons of usage with a 5/8" meter.

TAP INSPECTION FEE
The tap inspection fee shall be $200.00.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for nonpayment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

DELAYED PAYMENT PENALTY
The above tariff 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.

LEAK ADJUSTMENT
$0.54 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 the 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 City or a maximum of .$25.00 will be imposed on any customer whose check for payment of charges is returned by the bank for any reason.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300 mg/l $0.195 per pound.

Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350 mg/l $0.149 per pound.

Rate applicable to Ammonia (NH3) concentration in excess 45/mg/l $0.200 per pound.

PRETREATMENT MONITORING CUSTOMER CHARGE
Customer charge for industrial customers that require monitoring of excess strength wastewater
$150.00 per month

SURFACE OR GROUND WATER SURCHARGE
An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system

APPLICABILITY
Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S = A x R x .0006233 x C
S = The surcharge in dollars.
A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R = the measured monthly rainfall in inches.
.0006233 = the conversion factor to change inches of rain x square feet of surface to thousand gallon of water.
C = the utility's approved rate per thousand gallons of metered water usage.

The Utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system. The surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

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
$2.12 per 1,000 gallons

The Intelligencer

PHASE II
[Effective upon substantial completion of the improvements approved in Public Service Commission Case No. 09-0752-S-CN]

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial and sale for resale sewer service

RATE (Based on the metered amount of water supplied)

First: 10,000 gallons used per month $6.58 per 1,000 gallons.
Next: 90,000 gallons used per month $5.01 per 1,000 gallons.
Next: 100,000 gallons used per month $3.68 per 1,000 gallons.
Over: 200,000 gallons used per month $2.51 per 1,000 gallons.

UNMETERED (FLAT) RATE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $29.61 per month

MINIMUM CHARGE
No bill will be rendered for less than $10.45 per month, which is equivalent of 1,589 gallons of usage with a 5/8" meter.

TAP INSPECTION FEE
The tap inspection fee shall be $200.00.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for non-payment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

DELAYED PAYMENT PENALTY
The above tariff 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.

LEAK ADJUSTMENT
$0.54 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 the 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 City or a maximum of $25.00 will be imposed on any customer whose check for payment of charges is returned by the bank for any reason.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300 mg/l $0.195 per pound.

Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350 mg/l $0.149 per pound.

Rate applicable to Ammonia (NH3) concentration in excess of 45/mg/l $0.200 per pound.

PRETREATMENT MONITORING CUSTOMER CHARGE
Customer charge for industrial customers that require monitoring of excess strength wastewater $150.00 per month

SURFACE OR GROUND WATER SURCHARGE
An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system

APPLICABILITY
Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S = A x R x .0006233 x C

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R = the measured monthly rainfall in inches

.0006233 = the conversion factor to change inches of rain x square feet of surface to thousand gallon of water

C =The utility's approved rate per thousand gallons of metered water usage

The Utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system. The surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

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

$2.33 per 1,000 gallons

SECTION 2.
EFFECTIVE DATE

The rates, fees and charges set forth in Phase I above shall be effective 45 days after the enactment hereof.

The rates, fees and charges provided in Phase II set forth above shall become effective upon substantial completion of the improvements approved in Public Service Commission Case No. 09-0752-S-CN.

SECTION 3.
STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish a copy of a Public Notice of this Ordinance as a **Class II-O** legal publication in qualified newspapers of opposite politics published and of general circulation in the City of Wheeling, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **15th day of November, 2011, at 7:00 p.m.**, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises. Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.
The above Ordinance has been introduced at a meeting of Council held on November 1, 2011.

CITY OF WHEELING
Nov. 4, 11, 2011
Nov. 4, 11, 2011

Sewer 2 of 2

The Intelligencer

Sewer

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I Pamela Baller *for the publisher of the* ***Wheeling News Register*** *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:*

11-4-11 11-11-11

Given under my hand this 11th

day of Nov, 2011

Sworn to and subscribed before me this 11th

day of November, 2011 *at WHEELING, OHIO COUNTY, WEST VIRGINIA*

Kathy Dayton

Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires April 19, 2021

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY DAYTON
425 Fishers Lane
Mozart
Wheeling, West Virginia 26003
My Commission Expires Apr. 19, 2021

Sewer 1 of 2

PUBLIC NOTICE OF PROPOSED ORDINANCE RELATING TO SEWER RATES, FEES AND CHARGES

Notice is hereby given that on the 1st day of November, 2011, the City Council of the City of Wheeling paused to be read an Ordinance, proposing increased sewer rates, fees and charges in lieu of its present sewer rates and charges for service provided to customers of its sewer system in Wheeling, Ohio County, and those increased sewer rates and charges previously approved by the Public Service Commission of West Virginia to become effective upon substantial completion of the improvement project and is proposing the adoption of the same.

The City Council of Wheeling will have its final reading and vote on the ordinance on November 15, 2011, at 7:00 pm. The meeting for the vote on said adoption will be open to the public and will be held in the City Council Chambers, City County Building, 1500 Chapline Street, in the City of Wheeling, West Virginia. Interested parties may appear at the meeting and be heard with respect to the proposed rates, fees or charges.

A copy of the proposed ordinance is available for public inspection at the City Clerk's Office, Room 801, 1500 Chapline Street, Wheeling, WV 26003. The proposed ordinance reads as follows:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER POLLUTION CONTROL DIVISION OF THE CITY WILL CHARGE ITS CITIZENS AND ITS CUSTOMERS LOCATED OUTSIDE OF ITS CORPORATE LIMITS, FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

WHEREAS, the City Council of the City of Wheeling has determined that the current rates and the rates approved by the Public Service Commission in Case No. 09-1000-S-MA for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN are not adequate to cover the cost of operations and debt service; and

WHEREAS, the City Council of the City of Wheeling deems it advisable and necessary that its present sewer rates and charges for service provided to customers of its sewer system and the rates and charges for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN be increased in order to meet its going-level expenses associated with the maintenance and operation of its sewerage collection and treatment system and the payment of debt service; and

WHEREAS, the City Council of the City of Wheeling finds that the following rates are just and equitable for the service provided to its sewer customers through the use of its sewerage collection and treatment system and that such rates will be sufficient to meet its going-level expenses associated with the maintenance and operation of its sewerage collection and treatment system and the payment of debt service and that such rates should supersede both the current rates and the rates approved by the Public Service Commission in Case No. 09-1000-S-MA for service upon substantial completion of the improvements approved in Case No. 09-0752-S-CN.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF Wheeling as follows:

The following schedule of rates, fees and charges are hereby fixed and determined as the rates, fees and charges to be charged to customers of the sewerage system of the City of Wheeling throughout the entire territory served:

SECTION 1.
SCHEDULE OF RATES

PHASE I
(Effective 45 Days From Passage of Ordinance)

RATE SCHEDULE 1

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial and sale for resale sewer service.

RATE (Based on the metered amount of water supplied)
First: 10,000 gallons used per month $5.96 per 1,000 gallons.
Next: 90,000 gallons used per month $4.54 per 1,000 gallons.
Next: 100,000 gallons used per month $3.33 per 1,000 gallons.
Over: 200,000 gallons used per month $2.28 per 1,000 gallons.

UNMETERED (FLAT) RATE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $26.82 per month

MINIMUM CHARGE
No bill will be rendered for less than $9.47 per month, which is equivalent of 1,589 gallons of usage with a 5/8" meter.

TAP INSPECTION FEE
The tap inspection fee shall be $200.00.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for non-payment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

DELAYED PAYMENT PENALTY
The above tariff 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.

LEAK ADJUSTMENT
$0.54 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 the 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 City or a maximum of $25.00 will be imposed on any customer whose check for payment of charges is returned by the bank for any reason.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD)
concentration in excess of 300 mg/l $0.195 per pound.

Rate applicable to Total Suspended Solids (TSS)
concentration in excess of 350 mg/l $0.149 per pound.

Rate applicable to Ammonia (NH3) concentration in excess 45/mg/l $0.200 per pound.

PRETREATMENT MONITORING CUSTOMER CHARGE
Customer charge for industrial customers that require monitoring of excess strength wastewater
$150.00 per month

SURFACE OR GROUND WATER SURCHARGE
An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY
Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S = A x R x .0006233 x C
S = The surcharge in dollars.
A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R = the measured monthly rainfall in inches.
.0006233 = the conversion factor to change inches of rain x square feet of surface to thousand gallon of water.
C = the utility's approved rate per thousand gallons of metered water usage.

The Utility shall not impose the surcharge, unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system. The surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

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
$2.12 per 1,000 gallons

News Register

Sewer 2 of 2

PHASE II
[Effective upon substantial completion of the improvements approved in Public Service Commission Case No. 09-0752-S-CN]

RATE SCHEDULE I

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial, industrial and sale for resale sewer service

RATE (Based on the metered amount of water supplied)

First: 10,000 gallons used per month $6.58 per 1,000 gallons.
Next: 90,000 gallons used per month $5.01 per 1,000 gallons.
Next: 100,000 gallons used per month $3.68 per 1,000 gallons.
Over: 200,000 gallons used per month $2.51 per 1,000 gallons.

UNMETERED (FLAT) RATE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $29.61 per month

MINIMUM CHARGE
No bill will be rendered for less than $10.45 per month, which is equivalent of 1,589 gallons of usage with a 5/8" meter.

TAP INSPECTION FEE
The tap inspection fee shall be $200.00.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater, shall be required from all new customers and from all existing customers that are disconnected for non-payment. In the event that a customer is disconnected for non-payment, this deposit shall be applied to the account, and must be repaid by the customer prior to restoration of service.

DELAYED PAYMENT PENALTY
The above tariff 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.

LEAK ADJUSTMENT
$0.54 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 the 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 City or a maximum of $25.00 will be imposed on any customer whose check for payment of charges is returned by the bank for any reason.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300 mg/l $0.195 per pound.

Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350 mg/l $0.149 per pound.

Rate applicable to Ammonia (NH_3) concentration in excess of 45/mg/l $0.200 per pound.

PRETREATMENT MONITORING CUSTOMER CHARGE
Customer charge for industrial customers that require monitoring of excess strength wastewater $150.00 per month

SURFACE OR GROUND WATER SURCHARGE
An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system

APPLICABILITY
Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$S = A \times R \times .0006233 \times C$

S = The surcharge in dollars

A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R = the measured monthly rainfall in inches

.0006233 = the conversion factor to change inches of rain x square feet of surface to thousand gallon of water

C =The utility's approved rate per thousand gallons of metered water usage

The Utility shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system. The surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

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

$2.33 per 1,000 gallons

SECTION 2.
EFFECTIVE DATE

The rates, fees and charges set forth in Phase I above shall be effective 45 days after the enactment hereof.

The rates, fees and charges provided in Phase II set forth above shall become effective upon substantial completion of the improvements approved in Public Service Commission Case No. 09-0752-S-CN.

SECTION 3.
STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish a copy of a Public Notice of this Ordinance as a **Class II-O** legal publication in qualified newspapers of opposite politics published and of general circulation in the City of Wheeling, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **15th day of November, 2011, at 7:00 p.m.,** and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper on the premises. Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.
The above Ordinance has been introduced at a meeting of Council held on November 1, 2011.

CITY OF WHEELING
Int. Nov. 4, 11, 2011
N.R. Nov. 4, 11, 2011

News Register

AGENDA

Wheeling, West Virginia
DATE: November 1, 2011

CONVENED:_____
ADJOURNED: _____
INVOCATION:
ROLL CALL: Taken and _____members responded.
READING OF THE MINUTES - October 18, 2011

"PUBLIC HEARING - LEASE RENEWALS - COLEMAN'S UNION FISH MARKET; THE SOUP SHACK AND MICHAEL'S BEEF HOUSE - CENTRE MARKET"

MAYOR'S REPORT

1. **CLERK'S REPORT**
2. **UNFINISHED BUSINESS**
   1. BBR Drilling Co. - Woodland Drive Piling & Lagging Wall
   2. Amending Codified Ordinances - Section 5 - Wards - Charter

HELD OVER: Historic Landmarks Commission Minutes - 7/7/11; Wheeling Housing Authority Minutes - 8/17/11; Wheeling Human Rights Commission Minutes - 8/31/11; CDBG Status Report - 9/30/11; HOME Program Status Report - 9/30/11; HPRP Program Status Report - 9/30/11; Financial Statement - 9/30/11; Wheeling Arts Commission Minutes - 9/13/11.

3. **REMARKS FROM MEMBERS OF COUNCIL**

4. **REPORT OF COMMITTEES**
   1. Finance Committee Report - 10/18/11

5. **REPORT OF CITY MANAGER**

6. **REPORT OF OTHER OFFICERS**
   1. Wheeling-Ohio County Board of Health Minutes - 9/13/11
   2. Wheeling Traffic Commission Minutes - 10/13/11

7. **PETITIONS OF REDRESS OR GRIEVANCE**

8. **PETITIONS OF ALL OTHER KINDS**

9. **ORIGINAL PROPOSITIONS**
   1. Adopting Traffic Rule No. 4346 - Handicapped Parking - 3644 Chapline St.
   2. Adopting Traffic Rule No. 4347 - Handicapped Parking - 54 Monroe Ave.
   3. Adopting Traffic Rule No. 4348 - Handicapped Parking - 100 N. Wabash St.
   4. Adopting Traffic Rule No. 4349 - Handicapped Parking - 2227 Eoff St.
   5. Adopting Traffic Rule No. 4350 - Commercial Loading Zone - Lane C & 11th St.
   6. Adopting Traffic Rule No. 4351 - Handicapped Parking - 3741 Wood St.
   7. Adopting Traffic Rule No. 4352 - No Parking Zone - East Side of East Cove Ave.
   8. Adopting Traffic Rule No. 4353 - 4 Way Stop - 37th & Jacob Sts.
   9. Adopting Traffic Rule No. 4354 - No Parking Zone - North Side of Cypress Ave.
   10. Adopting Traffic Rule No. 4355 - No Parking Zone - West Side of Chapline St. At 23rd St.
   11. Adopting Traffic Rule No. 4356 - No Parking Zone - East Side of Chapline St. At 23rd St.
   12. Adopting Traffic Rule No. 4357 - No Parking Zone - West Side of Warwood Ave. At Warwood Commons Driveway
   13. Tyler Technologies - Computer Maintenance **(Finance)**
   14. Amending Codified Ordinances - Article 935 - Emergency Ambulance Service
   15. Resolution - Lease - Michael's Beef House - Centre Market
   16. Resolution - Lease - Colemans/Union Fish Market - Centre Market
   17. Resolution - Lease - The Soup Shack - Centre Market
   18. Resolution - Support - On Trac's Design Guideline Manual
   19. Resolution - Authorizing Payment of Invoices - Wastewater Project - Series 2010B **(WPCD)**
   20. Resolution - General Fund Budget Revision No. 2 - FY 2011-2012
   21. Ordinance Establishing and Fixing Rates, Fees and Charges for the Treatment and Distribution Of Potable Water
   22. Ordinance Establishing and Fixing Rates, Fees and Charges for the Collection and Treatment of Sanitary Sewage
   23. Bond Authorizing Resolution & Ordinance providing for the issuance of the City's Subordinate Tax Increment Revenue Bonds, Series 2011 in an amount not to exceed $4,000,000 in connection

With the City of Wheeling Redevelopment Project District No. 1

THOSE WISHING TO BE HEARD

Wheeling, West Virginia
November 1, 2011

Council of the City of Wheeling met in Council Chambers, City-County Building on the above date with Mayor Andy McKenzie presiding.

The invocation was offered by Vice-Mayor Eugene Fahey. A moment of silence was observed in memory of Mary Lou Sterling, a retired long-time city employee.

On roll call, the following were present:

McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson and Fahey - 7

Mr. Seals moved, seconded by Mr. Henry, that the minutes of the November 1, 2011 meeting be approved as received. Motion carried.

Mr. Seals moved, seconded by Mr. Henry, to suspend the regular order of business to conduct a public hearing. Motion carried. City Manager Herron explained that these leases are generally 10 year leases, with 2% escalations charges per year, with the exception of The Soup Shack, which is month to month for six months, as they are planning an expansion to their business.

Public Hearing - Lease Renewals - Centre Market
Coleman's Fish Market, The Soup Shack, Michael's Beef House

Mayor McKenzie asked if there was anyone to speak at the public hearing. There being no one signed up to speak, Mr. Seals moved, seconded by Mr. Henry, to close the public hearing and resume the regular order of business. Motion carried.

MAYOR'S REPORT

Mayor McKenzie asked for Council's concurrence in the appointment of John Hargleroad to the Arts and Culture Commission. Mr. Seals moved, seconded by Mr. Fahey, Council's concurrence in the appointment. Motion carried.

UNFINISHED BUSINESS

AMENDING CODIFIED ORDINANCES - SECTION 5 - WARDS - CHARTER

The following was then read:

AN ORDINANCE AMENDING THE CODIFIED ORDINANCES OF THE CITY OF WHEELING BY UPDATING THE LISTING OF PRECINCTS WITHIN SECTION 5 OF THE CHARTER.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Seals, Henry, Tiu, Atkinson, Fahey - 6

NOES: Delbrugge - 1

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

Mr. Fahey moved, seconded by Mr. Seals, that the Historic Landmarks Commission Minutes, 7/7/11; Wheeling Housing Authority Minutes, 8/17/11; Wheeling Human Rights Commission Minutes, 8/31/11; CDBG Status Report - 9/30/11; HOME Program Status Report, 9/30/11; HPRP Program Status Report, 9/30/11; Financial Statement, 9/30/11; and

Wheeling Arts Commission Minutes, 9/13/11; which were held over, be approved as received.. Motion carried.

REMARKS FROM MEMBERS OF COUNCIL

Mr. Delbrugge expressed her appreciation to City Manager Herron and Public Works Director Rusty Jebbia for their assistance in the paving of Riley Hill Road. She has received many positive phone calls in regard to this issue.

REPORT OF COMMITTEES

FINANCE COMMITTEE REPORT - OCTOBER 18, 2011

The Finance Committee of Wheeling City Council met on Tuesday, October 18, 2011 at 6:15 p.m. in the Office of the City Manager. Committee Members present: Chair Vernon Seals and Vice Chair Gene Fahey, Member James Tiu. Others present: Mayor Andy McKenzie, Councilors Gloria Delbrugge, Don Atkinson, and Robert Henry; City Manager Robert Herron, Finance Director Michael Klug, City Solicitor Rose Warmuth, Economic and Community Development Director Nancy Prager, City Clerk Janice Jones and the media.

The following matters were discussed:

General Fund Budget Revision No. 2 - FY 2011-2012

City Manager Robert Herron explained that this Budget Revision is necessary to adjust the following line items:

City Manager for Gift Certificates for Employees - offset by taxes;
Fire Department for Firefighters' Grants - Personal Protective Equipment;
Police Department for PROs at Ohio County schools (increase $12,000) and transfer to Public Safety for Police Electronics (decrease $24,356);
Human Rights for refunds received for cancelled activities.

Following a short discussion, Mr. Fahey moved, seconded by Mr. Tiu, to approve the Budget Revision as presented and forward it to Council. Motion carried.

The Committee moved acceptance of this portion of the report. Motion carried.

Financial Statement - September 30, 2011

Mr. Herron reported that the General Fund Balance is $1,114,000.00 as compared to $1,700,000 last year, which warrants careful review; however, this year's balance does not reflect the 911 revenue that was included in last year's balance. We have since received a payment. He commented that October is a significantly big revenue month and that statement will give us a better look as to where we are. Mr. Herron said that expenditures are at 29% of budget which is the same as last year for the same time period. A discussion on ambulance fees ensued. Following a short discussion, Mr. Fahey moved, seconded by Mr. Tiu, to recommend that the Administration work out the figures needed for an increase in Ambulance Fees, equal to that of Medicare. Motion carried. Mr. Herron pointed out that the Hotel and Motel Tax is significantly higher than last year's figures. This is due mainly to the influx of people working for the drilling companies. Mr. Seals inquired as to whether there has been any thought about what else can be done for employees, other than gift certificates. Mr. Herron said that he will work on this. Mr. Fahey moved, seconded by Mr. Tiu, to accept the September Financial Statement as presented. Motion carried.

The Committee moved acceptance of this portion of the report. Motion carried.

There being no further business to come before the Committee, Mr. Tiu moved, seconded by Mr. Seals, to adjourn. Time: 6:37 p.m.

The Committee moved acceptance of the entire report. Motion carried.

REPORT OF CITY MANAGER

City Manager Herron commented, in regard to the Finance Committee Report that was just read, that the General Fund balance at the end of October was $2.6 million dollars, a slight increase from last year for the same period. Mr. Herron distributed a list of revisions to

the Bel-o-Mar Transportation Improvement Plan. He reviewed the list with Council. In response to a question from Mr. Fahey in regard to two projects in the Elm Grove area, Mr. Herron assured Mr. Fahey that they are in the current Bel-O-Mar Transportation Improvement Plan, and the list that he distributed are revisions to that plan. He added that the projects that Mr. Fahey was referring to were approved at the last Bel-O-Mar quarterly meeting.

REPORT OF OTHER OFFICERS

Mr. Fahey moved, seconded by Mr. Seals, that the Wheeling-Ohio County Board of Health Minutes, 9/13/11; and the Wheeling Traffic Commission Minutes, 10/13/11; be held over until the next meeting. Motion carried.

ORIGINAL PROPOSITIONS

ADOPTING TRAFFIC RULE NO. 4346 - HANDICAPPED PARKING - 3644 CHAPLINE ST.

The following was then read:
AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4346.

ADOPTING TRAFFIC RULE NO. 4347 - HANDICAPPED PARKING - 54 MONROE AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4347.

ADOPTING TRAFFIC RULE NO. 4348 - HANDICAPPED PARKING - 100 N. WABASH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4348.

ADOPTING TRAFFIC RULE NO. 4349 - HANDICAPPED PARKING - 2227 EOFF STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4349.

ADOPTING TRAFFIC RULE NO. 4350 - COMMERCIAL LOADING ZONE - LANE C & 11TH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4350.

ADOPTING TRAFFIC RULE NO. 4351 - HANDICAPPED PARKING - 3741 WOOD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4351.

ADOPTING TRAFFIC RULE NO. 4352 - NO PARKING ZONE - EAST SIDE OF EAST COVE AVE.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4352.

ADOPTING TRAFFIC RULE NO. 4353 - 4 WAY STOP - 37TH & JACOB STS.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4353.

ADOPTING TRAFFIC RULE NO. 4354 - NO PARKING ZONE - NORTH SIDE OF CYPRESS AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4354.

ADOPTING TRAFFIC RULE NO. 4355 - NO PARKING ZONE - WEST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4355.

ADOPTING TRAFFIC RULE NO. 4356 - NO PARKING ZONE - EAST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4356.

ADOPTING TRAFFIC RULE NO. 4357 - NO PARKING ZONE - WEST SIDE OF WARWOOD AVENUE AT WARWOOD COMMONS DRIVEWAY

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4357.

TYLER TECHNOLOGIES - COMPUTER MAINTENANCE (FINANCE)

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $26,415.92 WITH TYLER TECHNOLOGIES, OF DALLAS, TX, FOR COMPUTER MAINTENANCE - 11/1/11 TO 10/31/12, TO BE CHARGED TO FINANCE - #001.4414.30.2198.

AMENDING CODIFIED ORDINANCES - ARTICLE 935 - EMERGENCY AMBULANCE SERVICE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AMENDING ARTICLE 935 OF THE CODIFIED ORDINANCES OF THE CITY OF WHEELING ENTITLED

AEMERGENCY AMBULANCE SERVICE@ BY AMENDING AND REENACTING SECTION 935.03 - CHARGE FOR SERVICE; COLLECTION, SO THAT THE MUNICIPAL CHARGES ARE IN PARITY WITH SIMILAR EMERGENCY MEDICAL SERVICE COSTS IN THE GEOGRAPHIC AREA.

RESOLUTION - LEASE - MICHAEL'S BEEF HOUSE - CENTRE MARKET

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE WITH KIM AGOSTINELLI, DBA MICHAEL'S BEEF HOUSE, FOR A PORTION OF THE CENTRE MARKET PROPERTY LOCATED IN THE 2200 BLOCK OF MARKET STREET.

Mr. Henry moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - LEASE - COLEMANS/UNION FISH MARKET - CENTRE MARKET

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE WITH JOSEPH COLEMAN, DBA COLEMANS/UNION FISH MARKET, FOR A PORTION OF THE CENTRE MARKET PROPERTY LOCATED IN THE 2200 BLOCK OF MARKET STREET.

Mr. Henry moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - LEASE - THE SOUP SHACK - CENTRE MARKET

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE WITH FRANK WARREN, III, DBA THE SOUP SHACK, FOR A PORTION OF THE CENTRE MARKET PROPERTY LOCATED IN THE 2200 BLOCK OF MARKET STREET.

Mr. Henry moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - SUPPORT - ON TRAC'S DESIGN GUIDELINE MANUAL

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING GRANTING SUPPORT FOR THE VOLUNTARY USE OF ONTRAC'S DESIGN GUIDELINE MANUAL FOR WHEELING'S DOWNTOWN HISTORIC AREA.

Mr. Fahey moved, seconded by Mr. Seals, that the Resolution be adopted. Motion carried.

RESOLUTION - AUTHORIZING PAYMENT OF INVOICES - WASTEWATER PROJECT -

SERIES 2010B **(WPCD)**

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING APPROVING INVOICES RELATING TO THE CONSTRUCTION AND OTHER SERVICES FOR THE WASTEWATER PROJECT AND AUTHORIZING PAYMENT THEREOF.

Mr. Seals moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

RESOLUTION - GENERAL FUND BUDGET REVISION NO. 2 - FY 2011-2012

The following was then read:

A RESOLUTION OF THE COUNCIL OF THE CITY OF WHEELING DIRECTING THAT THE GENERAL FUND BUDGET BE REVISED AS PER BUDGET REVISION NO. 2 - BR1180.01.02.

Mr. Seals moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER DIVISION OF THE CITY WILL CHARGE ITS CUSTOMERS LOCATED INSIDE AND OUTSIDE OF ITS CORPORATE LIMITS, FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER POLLUTION CONTROL DIVISION OF THE CITY WILL CHARGE ITS CITIZENS AND ITS CUSTOMERS LOCATED OUTSIDE OF ITS CORPORATE LIMITS, FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

BOND AUTHORIZING RESOLUTION & ORDINANCE PROVIDING FOR THE ISSUANCE OF THE CITY'S SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011 IN AN AMOUNT NOT TO EXCEED $4,000,000 IN CONNECTION WITH THE CITY OF WHEELING REDEVELOPMENT PROJECT DISTRICT NO. 1

The following was then read:

A RESOLUTION AND ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF NOT MORE THAN $4,000,000 AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011, OF THE CITY OF WHEELING, TO FINANCE COSTS OF PROPERTY ACQUISITION, DEMOLITION, SITE PREPARATIONS, INFRASTRUCTURE IMPROVEMENTS AND REDEVELOPMENTS, AND REDEVELOPMENT OF

BUILDINGS AND PROPERTIES IN THE PROJECT AREA DEPICTED IN THE CITY'S AMENDED PROJECT PLAN NO. 3 AND RELATED INFRASTRUCTURE, RENOVATIONS TO THE MARKET PLAZA AREA OF THE CITY AND RENOVATION AND REHABILITATION OF THE CAPITOL CITY MUSIC HALL, TOGETHER WITH COSTS OF PREPARATION OF AMENDED PROJECT PLAN NO. 3 AND COSTS AND EXPENSES RELATED THERETO AND TO THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND A BOND PURCHASE AGREEMENT; AUTHORIZING DISTRIBUTION OF A PRIVATE PLACEMENT MEMORANDUM OR OTHER OFFERING DOCUMENT; AUTHORIZING EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF SUCH BONDS; PROVIDING PARAMETERS FOR THE PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND OTHER TERMS OF SUCH BONDS; AUTHORIZING THE MAYOR AND CITY MANAGER TO APPROVE A CERTIFICATE OF DETERMINATIONS RELATING TO THE FINAL TERMS OF THE BONDS; APPOINTING A TRUSTEE, REGISTRAR, PAYING AGENT AND OTHER PARTICIPANTS IN THE FINANCING; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO THE PROJECT AND ISSUANCE OF SUCH BONDS.

THOSE WISHING TO BE HEARD

Mr. Jerome Poynton signed up to speak but, when called, declined.

There being no further business, Mr. Henry moved, seconded by Mr. Atkinson, to adjourn. Motion carried. time: 7:25 p.m.

City Clerk

Mayor

AGENDA

Wheeling, West Virginia
DATE: November 15, 2011

CONVENED:_____
ADJOURNED: _____
INVOCATION:
ROLL CALL: Taken and _____members responded.
READING OF THE MINUTES - November 1, 2011

"PUBLIC HEARING - AMENDING CODIFIED ORDINANCES - EMERGENCY AMBULANCE SERVICE"

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR TREATMENT AND DISTRIBUTION OF POTABLE WATER"

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR COLLECTION & TREATMENT OF SANITARY SEWAGE"

"PUBLIC HEARING - BOND ORDINANCE - TAX INCREMENT REVENUE BONDS, SERIES 2011 - REDEVELOPMENT PROJECT DISTRICT NO. 1"

"PUBLIC HEARING - REPROGRAMMING OF CDBG FUNDS"

MAYOR'S REPORT

1. **CLERK'S REPORT**
2. **UNFINISHED BUSINESS**
    1. Adopting Traffic Rule No. 4346 - Handicapped Parking - 3644 Chapline St.
    2. Adopting Traffic Rule No. 4347 - Handicapped Parking - 54 Monroe Ave.
    3. Adopting Traffic Rule No. 4348 - Handicapped Parking - 100 N. Wabash St.
    4. Adopting Traffic Rule No. 4349 - Handicapped Parking - 2227 Eoff St.
    5. Adopting Traffic Rule No. 4350 - Commercial Loading Zone - Lane C & 11th St.
    6. Adopting Traffic Rule No. 4351 - Handicapped Parking - 3741 Wood St.
    7. Adopting Traffic Rule No. 4352 - No Parking Zone - East Side of East Cove Ave.
    8. Adopting Traffic Rule No. 4353 - 4 Way Stop - 37th & Jacob Sts.
    9. Adopting Traffic Rule No. 4354 - No Parking Zone - North Side of Cypress Ave.
    10. Adopting Traffic Rule No. 4355 - No Parking Zone - West Side of Chapline St. At 23rd St.
    11. Adopting Traffic Rule No. 4356 - No Parking Zone - East Side of Chapline St. At 23rd St.
    12. Adopting Traffic Rule No. 4357 - No Parking Zone - West Side of Warwood Ave. At Warwood Commons Driveway
    13. Tyler Technologies - Computer Maintenance **(Finance)**
    14. Amending Codified Ordinances - Article 935 - Emergency Ambulance Service
    15. Ordinance Establishing and Fixing Rates, Fees and Charges for the Treatment and Distribution Of Potable Water
    16. Ordinance Establishing and Fixing Rates, Fees and Charges for the Collection and Treatment of Sanitary Sewage
    17. Bond Authorizing Resolution & Ordinance providing for the issuance of the City's Subordinate Tax Increment Revenue Bonds, Series 2011 in an amount not to exceed $4,000,000 in connection

        With the City of Wheeling Redevelopment Project District No. 1

    HELD OVER: Wheeling-Ohio County Board of Health Minutes - 9/13/11; Wheeling Traffic Commission Minutes - 10/13/11

3. **REMARKS FROM MEMBERS OF COUNCIL**
4. **REPORT OF COMMITTEES**
    1. Public Safety Committee Report - 11/08/11
5. **REPORT OF CITY MANAGER**
6. **REPORT OF OTHER OFFICERS**
    1. Wheeling Arts Commission Minutes - 9/13/11
    2. Wheeling Housing Authority Minutes - 9/14/11
    3. Wheeling Municipal Parking System Financial Statement - 9/30/11
    4. Robert C. Byrd Intermodal Transportation Center Financial Statement - 9/30/11
    5. Greater Wheeling Sports & Entertainment Authority Minutes - 9/27/11
    6. Greater Wheeling Sports & Entertainment Authority Financial Statement - 9/30/11
    7. CDBG Status Report - 10/31/11
    8. HOME Program Status Report - 10/31/11
    9. HPRP Program Status Report - 10/31/11
    10. Financial Statement - 10/31/11
7. **PETITIONS OF REDRESS OR GRIEVANCE**
8. **PETITIONS OF ALL OTHER KINDS**
9. **ORIGINAL PROPOSITIONS**
    1. Demolition Liens - Various Properties

2. Resolution - Safe Community/DUI Enforcement Project Grant

THOSE WISHING TO BE HEARD

Wheeling, West Virginia
November 15, 2011

Council of the City of Wheeling met in Council Chambers, City-County Building on the above date with Mayor Andy McKenzie presiding.

The invocation was offered by Vice-Mayor Eugene Fahey.

On roll call, the following were present:

McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson and Fahey - 7

Mr. Seals moved, seconded by Mr. Henry, that the minutes of the November 1, 2011 meeting be approved as received. Motion carried.

Mayor Andy McKenzie presented a proclamation to Anne Stephens of Amedisys Hospice Care proclaiming the month of November as National Hospice Month.

Mr. Seals moved, seconded by Mr. Henry, to suspend the regular order of business to conduct five public hearings. Motion carried.

"PUBLIC HEARING - AMENDING CODIFIED ORDINANCES - EMERGENCY AMBULANCE SERVICE"

City Manager Robert Herron explained that this was necessary to keep ambulance fees at or above Medicare levels or market levels throughout the region. He added that about 42% of the Fire Department budget is funded through Fire Service Fees and Ambulance Fees. There was no who signed up to speak at this public hearing.

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR TREATMENT AND DISTRIBUTION OF POTABLE WATER"

Mr. Herron explained that the proposed water rate ordinance is specifically being proposed to construct a new Water Treatment Plant. He said that the existing Water Plant was built in 1924. Mr. Herron explained that the estimated cost of the project is approximately $39 million dollars, which would be covered by the proposed 70% rate increase. Mr. Herron distributed an overall view of the project as well as costs associated with the project and rate impacts on customers. The average increase in the water bill would amount to an increase of about $13.61/month. In response to a question from Mayor McKenzie in regard to implementing the increase in phases, City Manager Herron said that this is not possible as the rates have to be in place in order to sell the bonds to fund the project.

Mr. John Wojchowski, 100 Edgewood Street, owner of Minit Car Wash, spoke in opposition to the proposed increase due to the volume of water used in his business. Mr. Herron advised him that the installation of a sewer meter could possibly cut down on the costs of his water bill. Ray Stocke, 87 National Road, also spoke in opposition to the increase as he is on a fixed income. Charles Ballouz, Windsor Manor, was opposed to the increase as he believes it will ultimately affect the rental rates of residents in his building. In response to a suggestions from Mr. Ballouz about setting aside some of the surplus general fund revenue for this purpose, Mayor McKenzie explained that general fund revenue cannot be used on Water and Sewer Projects. Randy Berisford, Valley View Avenue, suggested a temporary rate increase over a four year period. Chris Moroski, 8 Hamilton Avenue, asked Council to consider phasing in the increases. As stated earlier, Mayor McKenzie, stated that under EPA and PSC regulations, that is not possible, as the rates have to be set before the project is started. Those who spoke all indicated that they weren't questioning the need for the project.

"PUBLIC HEARING - ESTABLISHING & FIXING RATES, FEES & CHARGES FOR COLLECTION & TREATMENT OF SANITARY SEWAGE"

City Manager Herron pointed out that this proposed increase is a 15% increase to cover the wastewater treatment plant and its bond covenants for the next three years. No one signed up to speak at this public hearing.

"PUBLIC HEARING - BOND ORDINANCE - TAX INCREMENT REVENUE BONDS, SERIES 2011 - REDEVELOPMENT PROJECT DISTRICT NO. 1"

City Manager Herron explained the various Tax Increment Projects and their boundaries. The project would include demolition and property acquisition within the amended Project Plan Area 3, a $200,000 match to the Capitol Theatre "Save Our Treasures Grant, required relocation expenses and site development expenses.

Martin Wach, 905 Main Street, spoke in opposition because of the historical nature of the buildings that would be affected. Grace Norton, 427 Hazlett Avenue, spoke in opposition to the bond ordinance and suggested rehabilitation of the existing buildings. Mayor McKenzie responded saying that the City of Wheeling has had a long time practice of preserving buildings and listed numerous examples of this.

"PUBLIC HEARING - REPROGRAMMING OF CDBG FUNDS"

Mr. Herron explained that this reprogramming is to upgrade swimming pools to new Federal ADA requirements. No one signed up to speak at this public hearing.

Mr. Seals moved, seconded by Mr. Fahey, to conclude the public hearings and resume the regular order of business. Motion carried. Mayor McKenzie commented that if anyone has additional questions in regard to any of these matters, he will be available following the meeting to further discuss these issues.

UNFINISHED BUSINESS

ADOPTING TRAFFIC RULE NO. 4346 - HANDICAPPED PARKING - 3644 CHAPLINE ST.

The following was then read:
AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4346.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4347 - HANDICAPPED PARKING - 54 MONROE AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4347.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4348 - HANDICAPPED PARKING - 100 N. WABASH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4348.

The ordinance was read a second time by title. Mr. Seals moved, seconded by

Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4349 - HANDICAPPED PARKING - 2227 EOFF STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4349.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4350 - COMMERCIAL LOADING ZONE - LANE C & 11TH STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4350.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4351 - HANDICAPPED PARKING - 3741 WOOD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4351.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4352 - NO PARKING ZONE - EAST SIDE OF EAST COVE AVE.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4352.

The ordinance was read a second time by title. Mr. Fahey moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4353 - 4 WAY STOP - 37TH & JACOB STS.

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4353.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4354 - NO PARKING ZONE - NORTH SIDE OF CYPRESS AVENUE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4354.

The ordinance was read a second time by title. Mr. Atkinson moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor

thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4355 - NO PARKING ZONE - WEST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4355.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4356 - NO PARKING ZONE - EAST SIDE OF CHAPLINE ST. AT 23RD STREET

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4356.

The ordinance was read a second time by title. Mr. Henry moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ADOPTING TRAFFIC RULE NO. 4357 - NO PARKING ZONE - WEST SIDE OF WARWOOD AVENUE AT WARWOOD COMMONS DRIVEWAY

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING ADOPTING TRAFFIC RULE NO. 4357.

The ordinance was read a second time by title. Mrs. Delbrugge moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

TYLER TECHNOLOGIES - COMPUTER MAINTENANCE (FINANCE)

The following was then read:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO EXPEND FUNDS IN THE AMOUNT OF $26,415.92 WITH TYLER TECHNOLOGIES, OF DALLAS, TX, FOR COMPUTER MAINTENANCE - 11/1/11 TO 10/31/12, TO BE CHARGED TO FINANCE - #001.4414.30.2198.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

AMENDING CODIFIED ORDINANCES - ARTICLE 935 - EMERGENCY AMBULANCE SERVICE

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING AMENDING ARTICLE 935 OF THE CODIFIED ORDINANCES OF THE CITY OF WHEELING ENTITLED AEMERGENCY AMBULANCE SERVICE@ BY AMENDING AND REENACTING SECTION 935.03 - CHARGE FOR SERVICE; COLLECTION, SO THAT THE MUNICIPAL CHARGES ARE IN PARITY WITH SIMILAR EMERGENCY MEDICAL SERVICE COSTS IN THE GEOGRAPHIC AREA.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER DIVISION OF THE CITY WILL CHARGE ITS CUSTOMERS LOCATED INSIDE AND OUTSIDE OF ITS CORPORATE LIMITS, FOR THE TREATMENT AND DISTRIBUTION OF POTABLE WATER

The ordinance was read a second time by title. Mrs. Delbrugge moved, seconded by Mr. Seals, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Tiu, Atkinson, Fahey - 6

NOES: Henry - 1

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

ORDINANCE ESTABLISHING AND FIXING RATES, FEES AND CHARGES FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

The following was then read:

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES THE WATER POLLUTION CONTROL DIVISION OF THE CITY WILL CHARGE ITS CITIZENS AND ITS CUSTOMERS LOCATED OUTSIDE OF ITS CORPORATE LIMITS, FOR THE COLLECTION AND TREATMENT OF SANITARY SEWAGE.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mrs. Delbrugge, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Tiu, Atkinson, Fahey - 6

NOES: Henry - 1

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

BOND AUTHORIZING RESOLUTION & ORDINANCE PROVIDING FOR THE ISSUANCE OF THE CITY'S SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011 IN AN AMOUNT NOT TO EXCEED $4,000,000 IN CONNECTION WITH THE CITY OF WHEELING REDEVELOPMENT PROJECT DISTRICT NO. 1

The following was then read:

A RESOLUTION AND ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF NOT MORE THAN $4,000,000 AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE TAX INCREMENT REVENUE BONDS, SERIES 2011, OF THE CITY OF WHEELING, TO FINANCE COSTS OF PROPERTY ACQUISITION, DEMOLITION, SITE PREPARATIONS, INFRASTRUCTURE IMPROVEMENTS AND REDEVELOPMENTS, AND REDEVELOPMENT OF BUILDINGS AND PROPERTIES IN THE PROJECT AREA DEPICTED IN THE CITY'S AMENDED PROJECT PLAN NO. 3 AND RELATED INFRASTRUCTURE, RENOVATIONS TO THE MARKET PLAZA AREA OF THE CITY AND RENOVATION AND REHABILITATION OF THE CAPITOL CITY MUSIC HALL, TOGETHER WITH COSTS OF PREPARATION OF AMENDED PROJECT PLAN NO. 3 AND COSTS AND EXPENSES RELATED THERETO AND TO THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND A BOND PURCHASE AGREEMENT; AUTHORIZING DISTRIBUTION OF A PRIVATE PLACEMENT MEMORANDUM OR OTHER OFFERING DOCUMENT; AUTHORIZING EXECUTION AND DELIVERY OF OTHER DOCUMENTS, INSTRUMENTS, AGREEMENTS AND CERTIFICATES; AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF SUCH BONDS; PROVIDING PARAMETERS FOR THE PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND OTHER

TERMS OF SUCH BONDS; AUTHORIZING THE MAYOR AND CITY MANAGER TO APPROVE A CERTIFICATE OF DETERMINATIONS RELATING TO THE FINAL TERMS OF THE BONDS; APPOINTING A TRUSTEE, REGISTRAR, PAYING AGENT AND OTHER PARTICIPANTS IN THE FINANCING; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS RELATING TO THE PROJECT AND ISSUANCE OF SUCH BONDS.

The ordinance was read a second time by title. Mr. Seals moved, seconded by Mr. Henry, that the ordinance be adopted.

The vote on the motion resulted as follows:

AYES: McKenzie, Delbrugge, Seals, Henry, Tiu, Atkinson, Fahey - 7

NOES: - 0

A majority of all those elected to Council having voted in favor, the Mayor thereupon declared the ordinance adopted.

Mr. Fahey moved, seconded by Mr. Seals, that the Wheeling-Ohio County Board of Health Minutes, 9/13/11; and the Wheeling Traffic Commission Minutes, 10/13/11; which were held over be approved as received. Motion carried.

REMARKS FROM MEMBERS OF COUNCIL

Mr. Fahey thanked everyone who spoke at the public hearings and commented that he had met with his constituents concerning these increases. He also thanked Grace Norton for her time and efforts in compiling the information that she distributed to Council. Mr. Fahey said that the City had met with the Historical Society about two years ago and they said a lot of the same things that Mrs. Norton pointed out. The City worked on and encouraged private development in that area since then and nothing has happened.

REPORT OF COMMITTEES

PUBLIC SAFETY COMMITTEE REPORT - NOVEMBER 8, 2011

The Public Safety Committee of Wheeling City Council met on Tuesday, November 8, 2011 at 3:30 p.m. in the Office of the City Manager. Committee Members present: Chair Gene Fahey, Vice Chair James Tiu and Member Robert Henry. Others present: Mayor Andy McKenzie, Councilors Gloria Delbrugge, Vernon Seals and Don Atkinson, City Manager Robert Herron, Police Chief Robert Matheny, Deputy Police Chiefs Martin Kimball and Michael Van Kirk, Finance Director Michael Klug, City Solicitor Rosemary Humway-Warmuth, City Clerk Janice Jones and the media.

Others in attendance: Eugene Bernie

The following matters were discussed:

Discussion of Vandalism in Various Areas of the City.

City Manager Robert Herron said that concern has been expressed in regard to recent vandalism that has occurred throughout the city, in particular in the Woodsdale area and East Wheeling area. Chief Robert Matheny said that his department is stepping up their patrols in these areas, as well as other parts of the city. He updated the committee on the Police Department's proactive plan to address this vandalism. A discussion ensued in regard to penalties associated with these acts of vandalism. Relevant to incidences that occurred in the East Wheeling area, particularly at 15th and Jacob Sts., Mr. Eugene Bernie, bar manager at the American Legion Post 89, was present and commented that his establishment has hired off-duty police officers, which he said has made 100% difference. Mr. Bernie and other officers of the American Legion had previously met with City Manager Herron with their concerns about the area.

Update on Truck Scales

Police Chief Matheny updated the committee on the progress of the truck scales since their implementation. City Manager Herron said that, as a result of this program, Chesapeake Energy entered into an agreement with the City stating that they would repair any damage to our roads that we can document as well as posting a $250,000 bond. Mayor McKenzie expressed concern about the overweight trucks being able to travel on city roads without a permit. Chair Fahey thanked Police Chief Matheny and Deputy Chiefs Kimball and Van Kirk, for their hard work and dedication.

In another matter, Chief Matheny reported that the crime rate in Wheeling has dropped 12.85 percent this year.

There being no further business to come before the Committee, Mr. Henry moved, seconded by Mr. Tiu, to adjourn. Time: 4:25 p.m.

The Committee moved acceptance of the entire report. Motion carried.

REPORT OF CITY MANAGER

Mr. Herron reported that the paving contract is about 65% complete; however, if they are not able to complete the contract this fall, provisions in the contract state that they will complete them in the Spring at the same cost as originally agreed upon.

REPORT OF OTHER OFFICERS

Mr. Fahey moved, seconded by Mr. Duffy, that the Wheeling Arts Commission Minutes - 9/13/11; Wheeling Housing Authority Minutes - 9/14/11; Wheeling Municipal Parking System Financial Statement - 9/30/11; Robert C. Byrd Intermodal Transportation Center Financial Statement - 9/30/11; Greater Wheeling Sports & Entertainment Authority Minutes - 9/27/11; Greater Wheeling Sports & Entertainment Authority Financial Statement - 9/30/11; CDBG Status Report - 10/31/11; HOME Program Status Report - 10/31/11; HPRP Program Status Report - 10/31/11; Financial Statement - 10/31/11; be held over until the next meeting. Motion carried.

ORIGINAL PROPOSITIONS

DEMOLITION LIENS - VARIOUS PROPERTIES

The following was then read:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF WHEELING FIXING THE ASSESSMENTS FOR THE COSTS OF RAZING DILAPIDATED STRUCTURES ON CERTAIN PROPERTIES IN THE CITY IN ACCORDANCE WITH APPLICABLE SECTIONS OF THE WEST VIRGINIA CODE AND THE CODIFIED ORDINANCES OF THE CITY OF WHEELING.

RESOLUTION - SAFE COMMUNITY/DUI ENFORCEMENT PROJECT GRANT

The following was then read:

A RESOLUTION AUTHORIZING THE CITY OF WHEELING TO ACCEPT THE TERMS AND CONDITIONS OF THE CONTRACT RELATING TO THE SAFE COMMUNITY/DUI ENFORCEMENT PROJECT GRANT - #F12-HS-04 IN THE AMOUNT OF $525,000.00.

Mr. Seals moved, seconded by Mr. Henry, that the Resolution be adopted. Motion carried.

THOSE WISHING TO BE HEARD

There being no further business, Mr. Atkinson moved, seconded by Mrs. Delbrugge, to adjourn. Motion carried. time: 8:15 p.m.

City Clerk

Mayor

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 19, 2012

EXCEPTIONS FILED

CASE NO. 11-1772-S-MA

CITY OF WHEELING, a municipal corporation.
Investigation and suspension of increase in sewer rates and charges as a result of petitions filed in accordance with *West Virginia Code* §24-2-4b.

RECOMMENDED DECISION

This Recommended Decision approves pre-project and project sewer rates for the City of Wheeling.

PROCEDURE

On or about November 15, 2011, the City of Wheeling (Wheeling), a municipal corporation, Wheeling, Ohio County, adopted an ordinance increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective December 30, 2011. Wheeling published a notice of these rates, and, pursuant thereto, on or about December 14, 2011, the Ohio County Public Service District (District) and the Town of Triadelphia (Triadelphia), resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's proposed November 15, 2011 rate ordinance, alleging discrimination to their respective customers. Subsequently, numerous protests have been filed by residential customers of Wheeling. Pursuant to the protests and pursuant to *West Virginia Code (Code)* §24-2-4b, by the December 16, 2011 Commission Order Suspending Rates and Referring to Administrative Law Judge (Order), the Commission invoked its jurisdiction over the municipal appeal.

By said December 16, 2011 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., April 28, 2012, 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 March 29, 2012, effectively 29 days prior to the end of the statutory suspension period, since April 28, 2012, is a Saturday. Finally, the Order directed Commission Staff to file its report on or before February 13, 2012.

On January 4, 2012, Chief Administrative Law Judge Melissa K. Marland 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.

By Procedural Order dated January 4, 2012, the ALJ established a procedural schedule to process and resolve this matter, including a Tuesday, February 21, 2012 hearing date.

On January 10 and 24, 2012, Commission Staff moved the Commission to toll the statutory deadline, indicating that Wheeling had not furnished it with information necessary to complete its investigation and analysis.

On January 20, 2012, Wheeling filed a Rule 42 exhibit and other information it believed would enable Staff to complete its investigation. On January 25, 2012, Wheeling again opposed tolling the statutory deadline, opining that Staff was attempting to impose on Wheeling a standard not generally required of municipally operated utilities and arguing that the information furnished on January 20, 2012, was sufficient for Staff to complete its investigation and file its reports.

By Commission Order entered on February 2, 2012, the Commission held that, since Wheeling did not provide data that could meet the minimum filing requirements regarding a proforma financial statement showing the cost of providing service and revenues to be generated by the rate ordinance until January 20, 2012, it is reasonable to toll the statutory deadline by 21 days. The February 2, 2012 Order tolled the statutory deadline until 12:01 a.m., May 19, 2012; directed that Commission Staff file its report on or before March 15, 2012; and granted the ALJ until April 19, 2012, to render his written recommended decision.

By Order Canceling Hearing; Adopting New Procedural Schedule; and Requiring Publication issued on February 7, 2012, the ALJ canceled the procedural schedule adopted by the January 4, 2012 Order and established a **new** procedural schedule, including a March 21, 2012 hearing date. Additionally, the February 7, 2012 Order indicated that Staff needed to file its final substantive recommendation on or before March 15, 2012, with any rebuttal testimony to be filed no later than March 21, 2012, at the hearing.

On February 10, 2012, Staff Attorney Howard requested that the ALJ "correct" a couple of the due dates in the procedural schedule, indicating that the February 2, 2012 Commission Order misstated Staff's due date and that the ALJ had relied on an incorrect Staff filing due date. Mr. Howard stated that Staff's due date should be March 5, 2012, not March 15, 2012, as previously ordered by the Commission, and, for this reason, the February 7, 2012 Order should change the Staff filing date and also change the date for filing rebuttal testimony.

On February 13, 2012, Wheeling objected to changing the hearing date unless the new date provided ample time for proper notice of the public hearing by publication.

By Commission Order entered on February 22, 2012, the Commission corrected the Staff filing date, changing it to March 5, 2012.

By Order Modifying Procedural Schedule issued on February 24, 2012, the ALJ modified his February 7, 2012 Order to reflect a March 5, 2012 Staff filing deadline and changed the date for filing rebuttal testimony to March 13, 2012. The ALJ did not change the hearing date.

On February 29, 2012, the District moved the ALJ to again correct a scheduling discrepancy resulting from the ALJ's February 24, 2012 Order.

By Corrected Order issued on March 1, 2012, the ALJ modified the procedural schedule adopted by the February 7, 2012 Order, including the Wednesday, March 21, 2012 hearing date, to correctly state that Staff's report deadline is March 5, 2012, and that parties may file rebuttal testimony, if any, on or before March 13, 2012.

On March 21, 2012, the ALJ convened the hearing as scheduled. Wheeling appeared at the hearing by counsel, Robert R. Rodecker, Esquire; Commission Staff appeared by counsel, Staff Attorney Christopher L. Howard, Esquire; and no one appeared to protest or object to the rate increase. Jerry Marshall appeared as a non-attorney representative of Ohio County Public Service District. The ALJ noted that he had received a communication from counsel for the Intervenors that he would not be making an appearance at the hearing.

Wheeling presented the testimony of two witnesses and presented four exhibits. Staff presented the testimony of three witnesses and presented four exhibits.

On March 23, 2012, the reporter submitted an 80-page transcript and a one-page certificate that the transcript is a true and accurate record of the March 21, 2012 hearing.

The parties availed themselves of their opportunities under *West Virginia Code* (*Code*) §24-1-9(b) to filed proposed findings of fact and conclusions of law, briefs and replies, all of which the ALJ considered, together with all of the evidence, prior to rendering this recommended decision.

EVIDENCE

Since the Intervenors did not appear at the hearing by counsel, Wheeling moved the ALJ to dismiss the municipal appeal. Counsel for Wheeling argued that, since the parties who protested the rate ordinance that gave jurisdiction to the Commission were not prosecuting their protest, the Commission no longer has jurisdiction to determine Wheeling's rates and charges. The ALJ did not rule on this motion at hearing, but indicated that he would permit the parties to present their cases so that the record is complete and that he would rule on jurisdiction in this Recommended Decision.

Staff Exhibit Nos. 1, 2, 3 and 4 were identified prior to the presentation of witnesses.

Wheeling called John Stump, its bond counsel. He identified his prepared Direct Testimony of John Stump, received as City Exhibit No. 1, and explained that his law firm, Steptoe and Johnson, had served as Wheeling's bond counsel for over 30 years and that he had personally worked on all of Wheeling's water and sewer bonds since 1994. He is aware that Wheeling enacted the rate ordinance in order to meet its debt service requirements so that it could be in a position to issue new bonds. Mr. Stump testified that Wheeling currently has four outstanding bond obligations, which he referred to as the prior bonds. These are secured by the net revenues of Wheeling's combined water and sewer operations, as provided by *Code* §8-20-1, *et seq.* In order to issue additional bonds secured by the revenues of the combined water and sewer operations on parity with the prior bonds, Wheeling must satisfy certain covenants in the documents related to the prior bonds. In the context of this case, parity means that the new bonds will have a pro rata first lien on the revenues of the combined systems equal to the first lien of the prior bonds. (Tr., at 12-13; City Exhibit No. 1, p. 2).

Mr. Stump testified that one of the requirements in the documents related to the prior bonds is, prior to issuing additional parity bonds, Wheeling must obtain a certificate from an independent certified public accountant (CPA) that its financial situation meets the "additional bonds test" (ABT) established for each of the prior bonds. Without the CPA certificate, additional parity bonds cannot be issued. Also, since Wheeling's water and sewer operations are a combined system for purposes of issuing bonds and having sufficient security for those bonds, the parity test requirements apply to both Wheeling's water operation and sewer operation. Since the City has a large water project pending before the Commission, it must ensure that the rates of both its sewer and water operations, not just the water operations, are sufficient for the CPA to certify that Wheeling satisfies the ABT. Mr. Stump attached as Exhibits 1, 2 and 3 to his prepared Direct Testimony the three CPA certificates issued for the City's 2010 A Bonds. The prior bonds have three ABTs, thus the three different CPA certificates. A new parity bond issue will require the same three certificates. (City Exhibit No. 1, pp. 2-3).

Mr. Stump indicated that the maximum annual debt service in the context of this case means the maximum amount of debt service due in **any** year on all bond issues from the City. While the ABTs are different in all but one case, all outstanding issues require meeting not only the basic annual coverage, generally 125%[1] of maximum annual debt service, but also a projection that the maximum annual debt service coverage will continue for three years following the completion of the project for which parity bonds are issued. The three-year forward requirement means that the City must use reasonable assumptions about future operating results, including both revenues and expenses. If the City is to issue bonds for the pending water project, it must meet this forward looking test, which is why a rate increase is necessary. Wheeling has experienced actual revenues that are below the revenues which were projected in the calculation of the existing rates when they were approved in the most-recent rate case. Unless the rates are increased, the City will not be able to meet the ABT requirement. The combined revenues from

[1] John Bodkin, CPA, explained in his prepared Rebuttal Testimony, City Exhibit No. 4, that, while the 2006 A issue has an annual coverage requirement that is 125% of the annual debt service, the most restrictive annual coverage requirement is the Series 2010 A issue which requires 120% of the maximum amount of debt service required in any year.

the water and sewer operations must work together to meet the ABT requirement, not just the water operation for which additional bonds are to be issued. (City Exhibit No. 1, pp. 3-4).

Mr. Stump identified his prepared Rebuttal Testimony of John C. Stump, received as City Exhibit No. 2. He clarified the requirements of the rate covenants and the ABTs in the City's prior bonds and the impact those tests have on the rate requirements. The City currently has four separate series of outstanding bonds secured by the net revenues of the combined water and sewer operations. Two of those bonds were sold on the municipal bond market and are held by investors, i.e., Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, in the original principal amount of $12,000,000 (Series 2006 A bond), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 A, dated May 6, 2010, in the original principal amount of $4,455,000 (Series 2010 A bond). Both the Series 2006 A and 2010 A bonds were issued with municipal bond insurance (bond insurers). The bond insurers guarantee the repayment of the debt service on the bonds to the holders of the bonds, which results in lower borrowing costs. In return for these guarantees, the bond insurers are paid a fee by Wheeling from the proceeds of the bonds and the bond insurers require certain covenants from the City with respect to the bonds. The City also has bonds that are held by the West Virginia Water Development Authority (WDA), on behalf of the West Virginia Department of Environmental Protection (DEP), Clean Water State Revolving Loan Program (SRF bonds), i.e., the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 B, dated May 3, 2005, in the original principal amount of $14,000,000 (Series 2005 B bond), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B, dated December 24, 2010, in the original principal amount of $8,356,000 (Series 2010 B bonds). (Tr., at 13-15; City Exhibit No. 2, pp. 1-2).

Mr. Stump explained that the Series 2006 A bonds, the Series 2010 A bonds and the two SRF bonds each have different rate covenants and additional bonds tests, each of which must be met by the City. Accordingly, the CPA must review each bond issue and each bond covenant to ensure that those covenants are all satisfied before he can issue the CPA certificate. He set forth the specific requirements of each bond document. The tests included such items that, as long as the bond issues were outstanding, rates must be in effect at all times that will produce annual net revenues equal to not less than the sum of 125% of the maximum annual debt service on the bonds in any fiscal year and the amount, if any, required to be deposited in the reserve account. Specifically, the Series 2006 A bonds require a coverage of 125% of the maximum annual debt service on the bonds in any fiscal year and the amount required to be deposited in the reserve account; the 2010 A bonds require a coverage of 120% of the maximum amount required in any year of payment of principal and interest on the Series 2010 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 2010 A bonds; and the Series 2005 B bonds and the Series 2010 B bonds require a coverage of 115% of the maximum amount required in any year for payment of principal and interest on the Series 2005 B bonds and the Series 2010 B bonds, respectively, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2005 B bonds and Series 2010 B bonds, respectively, plus the amount to be deposited in the reserve account, provide that the requirement will drop to 110% once the reserve is funded. When rates are changed from time to time, the new rates must enable the City to pass these bond covenant

tests. The SRF bonds have a lower debt service coverage requirement, i.e., 115% if the reserve fund is not fully funded and 110% if it is funded. Mr. Stump explained that the ultimate test that the City must pass before the CPA certificate can be issued is that the net debt service coverage of the combined operations must be 125%, since the publicly issued bonds have that requirement. (City Exhibit No. 2, pp. 3-14).

Mr. Stump opined that Commission Staff did not take into account all of the coverage requirements applicable to Wheeling's water and sewer system. Prior to issuing new bonds, the City must meet **each** of the ABTs. Staff appears to have focused on the language in the ABT which does allow for the inclusion of future rate increases which have been approved by the Commission but not yet in effect. Mr. Stump opined that this is not a correct interpretation of the bond language. The Staff-recommended rates do not include any amounts for debt service on the 2010 B bonds because the project for which those bonds were issued has not been completed. This approach fails to take into account the specific language of the bond covenants. Mr. Stump stated, "Under the ordinance authorizing the Series 2010 A bonds, the accountant must be able to opine that the City had rates in effect in the fiscal year ended June 30, 2012, sufficient to produce net revenues which are sufficient to produce 120% of the dollars needed to pay the maximum annual debt service on all bonds issued as of June 30, 2012, which includes the Series 2010 B bonds. Thus, the Series 2010 A bonds[']' rate covenant requires that the debt service on the Series 2010 B bonds be included in the maximum annual debt service number, and does not allow the future rate increase to be inferred to the City." (Emphasis in original). The rate covenant in the Series 2010 A bonds was specifically negotiated by the bond insurer. While the City sought a less stringent requirement, the bond insurer insisted on the maximum annual debt service test as a way to ensure that the City was maintaining an adequate coverage ratio and to allow sufficient "cushion" for the delay the City experiences from the date a new rate ordinance is enacted until it actually goes into effect. (City Exhibit No. 2, pp. 14-15).

Also, since Staff used a test year ending on June 30, 2011, the CPA may not be able to issue the certificate because he must certify that Wheeling has sufficient rates and revenues as of June 20, 2012. He opined that the Commission must adopt rates that allow sufficient room for deviations in projected revenues so the rate covenants can be met by June 30, 2012. The rating agencies and the public bond market are accustomed to seeing significantly higher coverage than 120% and coverage defaults are reviewed closely. Today's financial environment has resulted in significantly more scrutiny by investment bankers, rating agencies and bond insurers, and Mr. Stump believes that this scrutiny will increase over time. (City Exhibit No. 2, p. 15).

Mr. Stump, after listening to the testimony of Ms. Latocha, disagreed with Staff's analysis of Wheeling's situation. He considered Wheeling unique for a number of reasons, but primarily because it has two publicly issued bond issues, not just government issued bonds such as the SRF bonds. In order to issue additional bonds, Wheeling has a much more stringent set of tests to pass than most water or sewer utilities in West Virginia. He opined that the rate covenant test is unique to publicly issued bonds. Wheeling looks to obtain the lowest possible interest rate and must satisfy not just the letter of the bond covenants, but also must satisfy eventual bondholders and insurers by earning a high rating from a rating agency such as Standard and Poor's. Obtaining bond insurance is another way of obtaining low interest rates, but, in order to obtain

such insurance, the insurer must be convinced that Wheeling has the ability to pay off its debt, which is why those very stringent requirements are contained in Wheeling's bond issues, i.e., the bond insurer insisted that those requirements be there before it would provide the insurance. It is Mr. Stump's professional opinion as bond counsel that the debt service requirements for the Series 2010 B bond issue must be included in the pre-construction rates. Without inclusion of this factor, he does not believe any CPA will certify sufficient coverage. This would make it impossible to sell the bonds even if they are issued, since investors do no want to take a high risk for a low return on their investment. He opined that the most stringent debt service test among Wheeling's various bond issues is what must be considered in determining the pre-project rates. Normally, the Commission only considers the DEP test of 115% coverage until the reserve is funded and then most coverage requirements drop to 110%. In this case, the Commission must consider the combined 120% test. He realizes that, historically, the Commission only includes known and measurable expenditures, but the current financial market necessitates that the Commission adopt the rates proposed by the ordinance or at least a 10% increase instead of the 2.7% Staff has recommended for non-project rates. (Tr., at 66-75).

Mr. Stump opined that Wheeling actually needs a cushion above the 120% coverage, since 120% is the minimum requirement. If actual revenue does not equal or exceed projected revenue, then Wheeling is in trouble with its bondholders and/or bond insurer. (Tr., at 75-77).

Next, Wheeling called John S. Bodkin, CPA, to testify. Mr. Bodkin identified the prepared Direct Testimony of John S. Bodkin, Jr., CPA, received as City Exhibit No. 3. Mr. Bodkin prepared Wheeling's Rule 42 exhibit in accordance with Commission rules and regulations to develop and support the rate ordinance. His firm has created a spreadsheet that combines actual operating results of Wheeling's water and sewer operations, with assumptions made by Wheeling about future operations. Based on this, Mr. Bodkin developed a revenue requirement for Wheeling's sewer operation that will enable it, together with its water operation, to meet the annual coverage requirements of 125% of the maximum annual debt service of the outstanding bond issues. Maximum annual debt service means, at the time of computation, the greatest amount of debt service, including principal and interest required to be paid on the bonds for the then-current year or any succeeding year. Also, the City must meet the more significant coverage obligations required for it to issue additional parity bonds. After determining the revenue requirement, Mr. Bodkin then designed rates that would generate the required revenue for the sewer operation. (Tr., at 16-17; City Exhibit No. 3, pp. 1-2).

In order for Wheeling to issue new parity bonds, it must meet the additional bonds tests which exist in the bond documents for the outstanding issues. The ABTs are different in each outstanding issue, but all outstanding issues require meeting not only the basic annual 125% coverage, but also a projection that maximum annual debt service coverage will continue for three years following completion of the project for which the parity bonds are issued. The three-year forward-looking coverage requires that the City use reasonable assumptions about future operating revenues and expenses. Unless and until a CPA can render an opinion that the City's revenues will be sufficient to meet these coverage requirements, no further bonds can be issued. The Commission has approved a rate increase for Wheeling's sewer operation in Case No. 09-0752-S-CN that will become effective upon substantial completion of that project. Currently,

Wheeling anticipates that the project in Case No. 09-0752-S-CN will be substantially complete in August 2012. However, it is imperative that the Commission increase the sewer rates at this time, since the City is experiencing actual revenues that are lower than those projected in Case No. 09-1000-S-MA, its most recent general rate case, and, unless the rates are increased now, the City will not be able to meet the coverage tests mentioned earlier. The City is concurrently seeking a rate increase to support a proposed water project. No bonds can be issued for that water project unless the combined revenues of Wheeling's water and sewer operations are sufficient to pass the various tests, including the ABTs, contained in Wheeling's existing bonds. (City Exhibit No. 3, pp. 3-5).

Mr. Bodkin explained that, to pass the coverage tests, the City must have rates in place by June 30, 2012, in order to permit it to issue bonds for the water project. However, since the certificate for the water project will not be issued until several months after June 30, 2012, the water rate will not increase early enough for the City to pass the bond covenant tests. Wheeling is seeking an increase in its sewer rates so that it can issue bonds for the water project. This additional revenue will not be spent on the water project or subsidize the water operations. Rather, it is needed so that the total water and sewer revenues are sufficient to pass the various bond covenant tests. This is also needed because the sewer operation is not currently carrying its fair share of the combined coverage requirements. Unless the proposed sewer rates are effective prior to June 30, 2012, Wheeling cannot issue bonds in the water certificate case, Case No. 12-0011-W-CN. He opined that the rates proposed by Wheeling are not intended to cover anything more than the actual cost of service for the sewer operation, except to provide a greater combined debt service coverage ratio to meet the bond requirements to enable Wheeling to issue additional bonds for the water project. (City Exhibit No. 3, p. 5).

Mr. Bodkin opined that the basis for the protests by Wheeling's resale customers is unsubstantiated, i.e., the rates are not discriminatory among customer classes or customers inside and outside the City limits. Wheeling designed across-the-board rate increases to avoid rate discrimination. Mr. Bodkin reasoned that Wheeling's existing rates have been approved by the Commission and are presumed to be non-discriminatory, and, by proposing and designing an across-the-board increase, the result should be non-discriminatory. (City Exhibit No. 3, pp. 5-6).

Mr. Bodkin identified his prepared Rebuttal Testimony of John S. Bodkin, Jr., CPA, received as City Exhibit No. 4. Mr. Bodkin opined that, based upon the rebuttal testimony of John Stump, City Exhibit No. 2, the Staff-recommended revenue requirement is inadequate to enable Wheeling to meet its annual rate covenant, which will mean that it cannot issue additional revenue bonds for the proposed water project. The Staff-recommended rates, according to Staff's analysis, will provide approximately a debt service coverage ratio of approximately 122.54%, which is greater than what is required for some of the outstanding bonds. Although one of the outstanding bond issues, the Series 2006 A bonds, requires a 125% coverage of the annual debt service, the most restrictive coverage, i.e., what is required before Mr. Bodkin can certify compliance with the bond covenant tests, is the Series 2010 A bonds, with a coverage of 120% of the maximum amount required in any year for debt service. Mr. Bodkin has no real problem with the rest of the Staff-recommended revenue requirement and Staff-recommended rates. The rate

design used by Staff based on a customer class cost of service study is acceptable to Mr. Bodkin. The only real issue is the debt service coverage ratio. (Tr., at 17-20; City Exhibit No. 4, pp. 1-2).

Mr. Bodkin explained that Wheeling adopted a 15% sewer rate increase, effective November 15, 2011. These rates were based on several factors, including the rate covenants in the outstanding bond issues; the declining population of the City of Wheeling; the increasing cost environment in which Wheeling must operate; the relationship of debt service coverage provided by Wheeling's water and sewer operations; and the outstanding water rate increase. The 2.7% increase now recommended by Staff falls far short, since the maximum annual debt service for the 2010 B bonds is not included in Staff's calculation. Mr. Bodkin made his own analysis to determine the proper cost of service for Wheeling in order to satisfy all bond covenants and to be able to issue additional bonds in the pending water certificate case. The maximum annual debt service on all issued debt must be included in the calculation of the net revenues required under the 2010 A bond issue. The 2010 A issue requires that the combined net revenue must be 120% of the maximum annual debt service in any year. He identified his analysis as the document attached to City Exhibit No. 4 and labeled Exhibit A. Showing the combined results of operations is important because that is the measure against which the City's bondholders hold the City accountable. For the year ended June 30, 2011, the combined coverage was 130.36%, with the water operation coverage at 190.61% and the sewer operation coverage at only 86.5%. The projected coverage under the Staff-recommended scenario shows the combined coverage at 122.55%, with the water operation at 183.28% and the sewer operation at on 78.66%. He opined that this revenue level is entirely too close to the minimum requirement, since Wheeling's population is still in decline. Basically, Mr. Bodkin advocated that the Commission must provide a combined coverage of 120%, i.e., the most restrictive coverage as explained above, or the Commission is simply putting Wheeling in a position to fail. Exhibit 2 to the City Exhibit No. 4 shows the results if the 15% rate hike proposed by the ordinance is approved by the Commission. The combined debt service coverage would be 143.97%, with the water operation at 183.28% and the sewer operation at 115.57%. Even with the entire 15% rate increase, the City's sewer operation does not achieve the 120% coverage, but the combined coverage will be sufficient. Also, he presented a scenario where the rate increase would only be 10%, as Exhibit 3 of City Exhibit No. 4, which shows a combined coverage of 135.28%, with the sewer coverage at only 100.61%. If the Commission adopted the rates proposed by the City, Mr. Bodkin could issue a CPA certificate indicating that Wheeling had satisfied the bond documents' debt service coverage requirements as of June 30, 2012. (City Exhibit No. 4, pp. 2-6).

Mr. Bodkin acknowledged that, in his prepared direct testimony, he stated that the combined debt service requirement was 125%, but under cross-examination, he indicated that it was 120%. He explained that there are four different issues that the City has, each of which has a different test. On a day-to-day basis, they generally talk about 125% as the required coverage. The actual highest coverage level is 120%, because 125% is of all the annual debt service. In the current year, 120% of the maximum debt service in any year actually results in a higher coverage requirement, because the maximum annual debt service in any year is higher than the annual debt service in the current year. (Tr., at 20-21).

Mr. Bodkin further explained that the actual debt service coverage of 122.55% does not meet the 125% coverage he referenced earlier. The highest required debt service coverage is actually 125% of the maximum debt service in the current year. However, the most restrictive coverage, i.e., what is required before he can certify compliance with the bond covenant tests, is the Series 2010 A bonds, with a coverage of 120% of the maximum amount required in any year for debt service. In a bond issue, the debt service payments are spread out over a number of years, usually 20 or 30 years. With four different bond issues, the debt service in a future given year could be the highest required debt service, e.g., if a balloon payment is required in a given year, the debt service requirement would be higher for that year. Once a bond has been paid, the total debt service coverage would be lower. The 2010 bonds do not have a debt service requirement in the test year. Wheeling included it in its analysis, since it will have a debt service coverage requirement in 2012. Staff did not include the 2010 bonds in its analysis, which is the chief difference between the Staff-recommended cost of service and Wheeling's requested cost of service. Staff calculated that the rate ordinance would provide a debt service coverage of approximately 158%, but this result occurred because Staff did not include all of the debt service that will be required in 2012 and only made recommendations based on the historical test year. Mr. Bodkin opined that the debt service for the Series 2010 A bond issue is required in the calculations of Wheeling's cost of service and total revenues. (Tr., at 21-23).

Mr. Bodkin referred to Staff Exhibit No. 3, the testimony of Ms. Latocha, identified in the document as PDL-1, an attachment to the testimony. This difference between 122% and 158% debt service coverage is the crux of the only dispute between Staff and Wheeling. Staff has failed to include an important element of Wheeling's obligations in 2012. Mr. Bodkin has to certify that Wheeling has sufficient debt service coverage to satisfy all bond requirements as of June 30, 2012, using historical data that will be a year old. With Wheeling's declining population, its revenues are going to be lower than projected. In this economy, costs are going to increase. While the 122% coverage is within the 120% limit, he opined that it is too close to be reasonable. Wheeling's history is that, every year, it is very close to its required debt service coverage; some years it has obtained a waiver of the coverage requirement. But, with the water project pending before the Commission, Wheeling cannot be in a position where Mr. Bodkin cannot certify compliance, and, if he does not, then the water project is dead, because Wheeling will not be able to obtain the financing. The combined coverage is what is crucial, but those who evaluate whether to invest in Wheeling's bonds also want to see that the sewer operation is carrying its fair share of the combined coverage. (Tr., at 23-26; Staff Exhibit No. 3).

Mr. Bodkin referred to exhibits attached to City Exhibit No. 4 showing three scenarios, i.e., the Staff-recommended 2.7% increase, the 15% increase in the ordinance and a 10% increase. A 2.7% increase would provide a 122.55% water and sewer combined debt service coverage; a 15% increase would provide a 143.97% combined coverage; and a 10% increase would provide a 135.28% combined coverage. Mr. Bodkin opined that, while Wheeling is seeking a 15% increase, a 10% increase would permit him to make the CPA certification so that Wheeling could issue additional bonds so that it can move forward with its water project. Part of the problem is having the correct data to work with, since there always is a lag time between when an ordinance is passed and when it becomes effective. Staff also has recommended post-project rates that will go into effect upon the completion of the current 2009 sewer project, which should become

effective in August 2012, once the project is substantially complete. Effectively, the rates to be approved in this case would be collected only from their effective date until the sewer project is completed in August. Wheeling's population has declined from approximately 35,000 to approximately 27,000, which creates another moving target for designing proper rates. Declining population means less revenues and fewer people to support new projects, some of which are mandated by the DEP or other environmental regulatory agencies. (Tr., 26-31; City Exhibit No. 4, Exhibits 1, 2 and 3).

Mr. Bodkin explained that the water project is for a $40,000,000 new water treatment plant. This is the project that is in jeopardy if sufficient rates are not approved in this case so that he can make the CPA certification at the end of June. Both the water operation and the sewer operation have to have self-sustaining rates and one cannot subsidize the other. However, the debt service coverage for both the water and the sewer operations must be sufficient before Wheeling can issue new bonds for the water project. The rules in the existing bonds determine what Wheeling can and cannot do with regard to issuing new bonds. The coverage must be 120% before Wheeling can issue new bonds. Mr. Bodkin is concerned that the Staff-recommended rates, although they project 122% coverage, may not provide that level of coverage, since the projected revenues in Wheeling's most-recent rate case did not produce the projected level of revenues. Also, both the water operation and the sewer operation need to carry their respective fair share of the combined debt service coverage ratio. The key is that the most restrictive coverage is what is measured when determining whether more debt can be issued, which is the 120% coverage. He clarified that the 125% figure is 125% of maximum annual debt service, while the 120% coverage is 120% of actual debt service in any year. This test is the first hurdle; if it is not met, the other hurdles, like the projected coverage for the three years following completion of the project, are not even considered, i.e., the bonds simply will not be issued if Mr. Bodkin cannot make the CPA certification. (Tr., at 31-38).

Commission Staff called Utilities Analyst Jonathan McGuire as its first witness. Mr. McGuire prepared the Staff Rule 42 Exhibit, received as Staff Exhibit No. 1. Mr. McGuire also prepared his Direct Testimony, received as Staff Exhibit No. 2. He prepared the Rule 42 document based on the test year ended on June 30, 2011. He also included variance schedules that list Wheeling's adjustments to its Rule 42 exhibit, along with Staff's Rule 42 exhibit, in a comparative format. This rate case arises out of Case No. 09-0752-S-CN, a sewer certificate application to improve Wheeling's sewage collection system and to bring its combined sewer overflow (CSO) requirements into compliance with DEP rules. Funding for this project consisted of an $8,356,000 SRF loan at 2% interest and 1% administration fee for a 20-year term. The construction is projected to be complete in August 2012. In Case No. 09-1000-S-MA, the Commission approved rates for going-level operations and rates to support the project once it is certified as substantially complete. (Tr., at 39-40; Staff Exhibit No. 1; Staff Exhibit No. 2, pp. 1-3).

Mr. McGuire indicated that the City now proposes a 15% rate increase over its already existing rates, plus another 10% increase over the 15% once the project is complete. He outlined the adjustments that he made for going-level revenue requirements. Staff did not include $44,990 in administrative fees at going-level, i.e., the administrative fees for the Series 2010 B bonds,

since this will not be incurred until the project is completed. Mr. McGuire opined that this amount should be recognized only in revenue requirements that are for post-project rates, not going-level rates. Staff recommended a two-step approach to analyzing the City's revenue requirements, i.e., pre-project and post-project. (Staff Exhibit No. 2, pp. 3-8).

Next, Staff called Technical Analyst Joseph Marakovits to testify. Mr. Marakovits identified the March 1, 2012 Final Internal Memorandum, which he prepared and is attached to the March 5, 2012 Final Joint Staff Memorandum, received as Staff Exhibit No. 4. Mr. Marakovits developed the engineering allocation factors to be used for a customer class cost of service study. (Tr., a 41-42; Staff Exhibit No. 4).

Finally, Utilities Analyst Pamela Latocha testified on Staff's behalf. Ms. Latocha identified her Direct Testimony, Revenue Requirements, Class Cost of Service Study and Staff-Recommended Rates, received as Staff Exhibit No. 3. Staff developed two sets of rates, referred to by her as non-project rates and project rates. The sewer project associated with Case No. 09-0752-S-CN is not yet substantially complete. Ms. Latocha developed revenue requirements based on the Staff Rule 42 Exhibit and other information available to her for examination. She used the engineering allocation factors to perform a customer class cost of service study to design rates that would not discriminate among customer classes. The non-project rates are designed to increase revenues by approximately $139,964, or 2.7%, annually. She opined that this revenue level would be sufficient to cover the City's O&M expenses of $3,895,138 and debt service requirements of $1,305,831 while providing approximately $224,386 for reasonable capital additions based on a five-year average of plant additions. (Tr., at 42-45; Staff Exhibit No. 3, Direct Testimony at pp. 1-7).

Ms. Latocha explained that the non-project rates reflect the City's debt service requirements for its combined water and sewer operations. The rates and charges for the sewer operation must generate revenues sufficient to produce net revenues that, when combined with water revenues, provide the proper debt service coverage ratios required by the City's bond documents. She opined that the Staff-recommended non-project rates will provide a debt service coverage ratio of 158.98%. Staff did not include the debt service payments for the Series 2010 B bonds in its non-project revenue requirements, since the City is not currently making payments of principal and interest on those bonds and will not do so until the project is certified as substantially complete. The bond documents for Series 2010 B require that Wheeling have increased net revenues estimated to be derived from the water project in Case No. 12-0011-W-CN and any increase in rates enacted by the bond issuer, for which the time for all appeals has expired prior to the issuance of such parity bonds. Ms. Latocha opined that the Staff-recommended non-project rates will meet these bond requirements. She stated that the City will be able to estimate the revenues for the water project once it receives a Commission order and the time for appeal of that order has expired. She opined that the requirement is not that rates must be in effect. She opined that a Commission order in the instant case approving rates would be a reasonable assumption about future revenues and expenses. Staff also changed the leak adjustment rate, modified the minimum charge, security deposit and returned check language. Staff also modified the industrial surcharge rates for the non-project rates, based on information from the Engineering Division. (Staff Exhibit No. 3, pp. 7-10).

Ms. Latocha next described the Staff-recommended project rates. Staff recommended a rate increase of 17.5% above the non-project rates to become effective upon certification of substantial completion of the project in Case No. 09-0752-S-CN. These rates would cover the City's post-project O&M expenses of approximately $3,946,375 and debt service requirements of approximately $1,882,295 while providing approximately $544,166 for reasonable capital additions. The Staff-recommended project rates also meet the various bond covenant tests and were evaluated based on the combined water and sewer debt service requirements. She opined that the Staff-recommended project rates will provide a 161.08% debt service coverage ratio. Staff also modified the industrial surcharge rates in the project rates. (Staff Exhibit No. 3, pp. 11-13).

Ms. Latocha explained that the Staff-recommended revenue requirements only reflect the sewer operation's cost of service. The combined debt service coverage ratio includes water and sewer debt service. She opined that it is improper to include the 2010 bond debt service in the pre-project rates, since it is general Commission practice not to include the bond payments for something that a utility is not actually paying yet. These debt service requirements are included in the project rates to become effective upon substantial completion, but Ms. Latocha believes it is improper to include them in the pre-project rates. Staff did do a projected cost of service for June 30, 2012, i.e., that is why you prepare a Rule 42 exhibit, to reflect per books rates and adjustments and going-level adjustments to arrive at the cost of service upon which the rates are to be based. She stated that the payment of approximately $440,989 included in the City's Rule 4 exhibit for the administration fee for the Series 2010 B bond issue is not proper in the pre-project rates, because payment on that item will not start until the project is substantially complete, but would be proper to include in the project rates. (Tr., at 45-50).

Ms. Latocha stated that, according to her cash flow analysis, if she added the maximum annual debt service coverage to the Staff-recommended non-project revenue requirement, which includes the Series 2010 B issue, the debt service coverage ratio would still be 131%, which she opined is sufficient to satisfy all of Wheeling's concerns. Leaving out this addition is how she arrived at the 158% coverage. Staff's position is that the debt service requirements for the Series 2010 B bond issue should not be included in calculating the pre-project revenue requirement, since the payment is not required until the project is substantially complete. She made the 131% calculation in order to compare "apples to apples" but Staff's actual analysis and recommendation is that the debt service for the Series 2010 B issue should not be included in the pre-project rates. (Tr., at 50-55).

Ms. Latocha understands that Wheeling must obtain a CPA certification that its revenues are sufficient to cover the combined water and sewer debt service requirements. She believes that the Staff-recommended rates will enable a CPA to do that, since she believes that the revenue level recommended by Staff is sufficient to satisfy all of the tests mentioned by the City's witnesses, Mr. Stump and Mr. Bodkin. Having reviewed City Exhibit Nos. 1, 2, 3 and 4 prior to the hearing and having heard the testimony by Mr. Stump and Mr. Bodkin at the hearing, Ms. Latocha stands by her original position that the pre-project rates should not include the debt service requirement for the Series 2010 B bonds. The water certificate project is still pending

before the Commission, so there is no guarantee that the project will materialize. It would be speculative to include that debt service in the pre-project rates. But, even if you did, the Staff-recommended rates would still provide a 131% debt service coverage, which exceeds the amounts required by the various bond documents, i.e., the 120% coverage. (Tr., at 55-61).

At hearing, some errors in Staff's class cost of service study came to light. On March 23, 2012, at the direction of the ALJ, Staff Attorney John Auville filed what is hereby received as Staff Post-Hearing Exhibit No. 1, containing corrected financial information prepared by Ms. Latocha to reflect the corrections to the cost of service study, including Revised Staff-Recommended Non-Project Rates and Revised Staff-Recommended Project Rates. The Revised Staff-Recommended Non-Project Rates will still generate the same level of revenue as the original Staff-recommended non-project rates, but will result in different rate increases for the various customer classes from those originally recommended by Staff. Under the Revised Staff-Recommended Non-Project Rates, the residential class will experience a 1.6% increase; the commercial class will experience a 5.9% increase; the industrial class will experience a 6.3% increase; the industrial class with a flow meter will experience a 6% increase; and the resale class will experience a 0.5% increase. (Staff Post-Hearing Exhibit No. 1).

According to the cash flow analysis included in Staff Post-Hearing Exhibit No. 1, the Revised Staff-Recommended Non-Project Rates will provide a 125.67% debt service coverage for the sewer operation; the current water rates will provide a 191.27% debt service coverage; and the combined water and sewer debt service coverage will be 158.98%. The Revised Staff-Recommended Non-Project Rates will provide total available cash of $5,425,347.

The Revised Staff-Recommended Project Rates are an across-the-board rate increase for all customer classes of 17.5% above the Staff-Recommended Non-Project Rates. The Revised Staff-Recommended Project Rates will provide total available cash of $6,367,585, which provides a 139.01% debt service coverage for the sewer operation and a combined debt service coverage of 160.91%. (See, Staff Post-Hearing Exhibit No. 1).

DISCUSSION

The parties have agree that the Staff-recommended project rates will generate revenue that is sufficient, but not more than sufficient, to cover Wheeling's O&M expenses and debt service requirements and provide a reasonable amount for capital additions and a proper debt service coverage ratio for all service rendered on and after the date that the sewer project in Case No. 09-0752-S-CN has been certified as substantially complete. The only issue left to resolve is approving final rates that will become effective on and after May 19, 2012, and remain in effect until the sewer project has been certified as substantially complete. At hearing, the evidence suggested that the sewer project in Case No. 09-0752-S-CN would be completed in August 2012. In briefing, counsel for Wheeling represented that the project rates would become effective no later than mid-October 2012.

Wheeling presented evidence, including expert testimony from bond counsel and a CPA, that Wheeling's water project in Case No. 12-0011-W-CN is in jeopardy if the non-project rates approved in this case are not sufficient for a CPA certification on or about June 30, 2012, that Wheeling has sufficient non-project revenues to satisfy all covenants and conditions contained in pre-existing bond issues. While the ALJ does not doubt the requirements as presented by Wheeling and is somewhat convinced that the Staff-recommended non-project rates may satisfy those bond requirements and will not place the water project in jeopardy, the ALJ believes that, if any error is made in this case, the error should be on the side of caution.

Staff developed two sets of rates, referred to as non-project rates and project rates. As stated above, only the non-project rates are in controversy. Wheeling agrees with the Staff-recommended rates to support the sewer project once it is substantially complete. The sewer project associated with Case No. 09-0752-S-CN is not yet substantially complete. Staff has recommended project rates that would generate increased revenues of approximately 17.5% above the non-project Staff-recommended revenue levels to become effective upon certification of substantial completion of the project in Case No. 09-0752-S-CN. The project rates would cover the City's post-project O&M expenses of approximately $3,946,340 and debt service requirements of approximately $1,882,295 while providing a 139.01% debt service coverage ratio and approximately $538,951, according to Staff Post-Hearing Exhibit No. 1, for reasonable capital additions.

Staff developed revenue requirements based on the Staff Rule 42 Exhibit and other information available to it for examination. Staff used the engineering allocation factors to perform a customer class cost of service study to design rates that would not discriminate among customer classes. The non-project Staff-recommended rates are designed to increase revenues by approximately $139,964, or 2.7%, annually. This revenue level would be sufficient to cover the City's O&M expenses of $3,895,138 and debt service requirements of $1,305,831 while providing approximately $224,378 for reasonable capital additions based on a five-year average of plant additions.

The non-project rates reflect the City's existing debt service requirements for its combined water and sewer operations. The rates and charges for the sewer operation must generate revenues sufficient to produce net revenues that, when combined with water revenues, provide the proper debt service coverage ratios required by the City's various existing bond documents. The Staff-recommended non-project rates will provide a debt service coverage ratio of 158.98% if the Series 2010 B bond requirements are not considered to be proper in the pre-project rates since those requirements will not be in place until the sewer project is substantially complete, i.e., Staff did not include the debt service payments for the Series 2010 B bonds in its non-project revenue requirements, since the City is not currently making payments of principal and interest on those bonds and will not do so until the project is certified as substantially complete. Staff has argued that the Staff-recommended non-project revenues will meet these bond requirements. Staff asserted that the City will be able to estimate the revenues for the water project once it receives a Commission order and the time for appeal of that order has expired. Staff argued that rates do not have to be in effect, but do have to be approved, before the CPA certificate can be issued, i.e., a

Commission order in the instant case approving rates would be a reasonable assumption about future revenues and expenses.

The Staff-recommended revenue requirements only reflect the sewer operation's cost of service. The combined debt service coverage ratio includes water and sewer debt service. Staff's position is that it is improper to include the Series 2010 B bond debt service in the pre-project rates, since it is general Commission practice not to include the bond payments for something that a utility is not actually paying yet. These debt service requirements are included in the project rates to become effective upon substantial completion, but Staff believes that it is improper to include them in the pre-project rates. Staff argued that the payment of approximately $440,989 included in the City's Rule 42 exhibit for the administration fee for the Series 2010 B bond issue is not proper in the pre-project rates, because payment on that item will not start until the project is substantially complete, but would be proper to include in the project rates.

Essentially, the only issue that has to be resolved is whether to include the $440,989 administration fee for the Series 2010 B bonds in the revenue requirement for the non-project rates. Wheeling argued that it must be included, since the Series 2010 A bond covenants require it. Staff argued that it should not be included, since no payment is due until the project is certified as substantially complete.

However, not conceding its position, Staff prepared a supplemental analysis to show that, if the maximum annual debt service coverage were added to the Staff-recommended non-project revenue requirement, including the Series 2010 B bond issue, the debt service coverage ratio would still be 131%, which is sufficient to satisfy all of Wheeling's concerns. Leaving out this addition is how Staff arrived at the 158% coverage. Staff's position is that the debt service requirements for the Series 2010 B bond issue should not be included in calculating the pre-project revenue requirement, since the payment is not required until the project is substantially complete. Staff made the 131% calculation in order to compare "apples to apples" and it appears that Staff's non-project revenue level is sufficient.

Wheeling argued that it is imperative that the Commission appreciate the City's needs for sufficient rates as of June 30, 2012, to meet its bond covenants. Wheeling believes that Staff's non-project revenue levels puts Wheeling at great risk of not being able to issue additional bonds for its pending water project in Case No. 12-0011-S-CN. While the ALJ believes that this argument is not without merit, Staff is correct to base its rate recommendation on a historical test year and not include the $440,989 that was included in the City's Rule 42 exhibit for the administration fee for the Series 2010 B bond issue in the pre-project rates, because payment on that item will not start until the project is substantially complete, but it would be proper to include that item in the project rates.

The ALJ believes that the Staff-recommended pre-project rates in this case will enable a CPA to provide the certification that the combined water and sewer operations have rates that will satisfy all of the existing bond covenants and requirements so that Wheeling may issue additional bonds for the water project, since, under Staff's analysis, the revenue level recommended by Staff is sufficient to satisfy all of the tests mentioned by the City's witnesses, Mr. Stump and Mr.

Bodkin. This is underscored by Staff's calculation that, even if the $440,989 administration fees are included, the debt service coverage would still be approximately 131% debt service coverage, which exceeds the amount required by the various bond documents, i.e., the most restrictive annual coverage of 120% of the maximum amount required in any year for debt service.

Accordingly, for all of the reasons discussed above, the ALJ will approve the Revised Staff-Recommended Pre-Project Rates for all service rendered by Wheeling on and after 12:01 a.m., May 19, 2012, and will approve the Revised Staff-Recommended Project Rates for all service rendered on and after the date that the project in Case No. 09-0752-S-CN is certified as substantially complete.

Finally, Staff raised an issue at hearing and pursued it in its briefing, i.e., Staff objected to the surrebuttal testimony of Mr. Stump presented at hearing and moved that it be stricken from the record. The ALJ will deny this motion. The purpose of public hearings before the Commission is to find all of the relevant and material facts so that a complete and informed decision can be made. One goal of public hearing is to lay all of the evidence out in the open for public scrutiny and for hearings and decisions to be transparent, neither cloaked in secrecy nor bound tightly by rules of evidence. If, at hearing, a public utility's witness needs to present further testimony to rebut testimony presented at hearing, that witness may do so. The fact that Wheeling filed prepared direct testimony and prepared rebuttal testimony from Mr. Stump does not preclude Mr. Stump from clarifying his testimony or responding to testimony made at hearing by other witnesses. The motion is denied.

FINDINGS OF FACT

1. On or about November 15, 2011, the Wheeling adopted an ordinance increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective December 30, 2011. Wheeling published a notice of these rates, and, pursuant thereto, on or about December 14, 2011, the District and Triadelphia, resale customers of Wheeling, submitted a petition with the Public Service Commission protesting Wheeling's proposed November 15, 2011 rate ordinance, alleging discrimination to their respective customers. Subsequently, numerous protests have been filed by residential customers of Wheeling. Pursuant to the protests and pursuant to *West Virginia Code (Code)* §24-2-4b, the Commission invoked its jurisdiction over the municipal appeal and made Wheeling a Respondent to this proceeding and, pending the 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., April 28, 2012, unless otherwise ordered by the Commission. (See, Commission Order Suspending Rates and Referring to Administrative Law Judge entered December 16, 2011).

2. Wheeling enacted the rate ordinance in order to meet its debt service requirements so that it could be in a position to issue new bonds. Wheeling currently has four outstanding bond obligations, referred to as the prior bonds. These are secured by the net revenues of Wheeling's combined water and sewer operations, as provided by *Code* §8-20-1, *et seq.* In order to issue

additional bonds secured by the revenues of the combined water and sewer operations on parity with the prior bonds, Wheeling must satisfy certain covenants in the documents related to the prior bonds. In the context of this case, parity means that the new bonds will have a pro rata first lien on the revenues of the combined systems equal to the first lien of the prior bonds. (See, Tr., at 12-13; City Exhibit No. 1, p. 2).

3. One of the requirements in the documents related to the prior bonds is, prior to issuing additional parity bonds, Wheeling must obtain a certificate from an independent CPA that its financial situation meets the "additional bonds test" established for each of the prior bonds. Without the CPA certificate, additional parity bonds cannot be issued. Since Wheeling's water and sewer operations are a combined system for the purposes of issuing bonds and having sufficient security for those bonds, the parity test requirements apply to both Wheeling's water operation and its sewer operation. The City has a large water project pending before the Commission and it must ensure that the rates of both its sewer and water operations, not just the water operations, are sufficient for the CPA to certify that Wheeling satisfies the ABT. The prior bonds have three ABTs, thus the three different CPA certificates. A new parity bond issue will require the same three certificates. (See, City Exhibit No. 1, pp. 2-3).

4. The maximum annual debt service in the context of this case means the maximum amount of debt service due in **any** year on all bond issues. While the ABTs are different in all but one instance, the most restrictive annual coverage requirement is the Series 2010 A bond issue which requires 120% of the maximum amount required in any year of debt service. The bond covenants in the Series 2006 A and 2010 A bonds also require a projection that the maximum annual debt service coverage will continue for three years following the completion of the project for which parity bonds are issued. The three-year forward requirement means that the City must use reasonable assumptions about future operating results, including both revenues and expenses. If the City is to issue bonds for the pending water project, it must meet this looking-forward test, which is why a rate increase is necessary. Wheeling has experienced actual revenues that are below the revenues which were projected in the calculation of the existing rates when they were approved in the most-recent rate case. Unless the rates are increased, the City will not be able to meet the ABT requirement. The combined revenues from the water and sewer operations must work together to meet the ABT requirement, not just the water operation for which additional bonds are to be issued. (See, City Exhibit No. 1, pp. 3-4; City Exhibit No. 4, pp. 1-2).

5. Prior to issuing new bonds, the City must meet **each** of the ABTs. The Staff-recommended rates do not include any amounts for debt service on the 2010 A bonds because the project for which those bonds were issued has not been completed. Mr. Stump stated, "Under the ordinance authorizing the Series 2010 A bonds, the accountant must be able to opine that the City had rates in effect in the fiscal year ended June 30, 2012, sufficient to produce net revenues which are sufficient to produce 120% of the dollars needed to pay the maximum annual debt service on all bonds issued as of June 30, 2012, which includes the Series 2010 B bonds. Thus, the Series 2010 A bonds['] rate covenant requires that the debt service on the Series 2010 B bonds be included in the maximum annual debt service number, and does not allow the future rate increase to be inferred to the City." (Emphasis in original). The rate covenant in the Series 2010 A bonds was specifically negotiated by the bond insurer. While the City sought a less stringent

requirement, the bond insurer insisted on the maximum annual debt service test as a way to ensure that the City was maintaining an adequate coverage ratio and to allow sufficient "cushion" for the delay the City experiences from the date a new rate ordinance is enacted until it actually goes into effect. (See, City Exhibit No. 2, pp. 14-15).

6. Staff used a test year ending on June 30, 2011, which may impair the CPA's ability to issue the certificate because he must certify that Wheeling has sufficient rates and revenues as of June 20, 2012. The Commission must adopt rates that allow sufficient room for deviations in projected revenues so the rate covenants can be met by June 30, 2012. The rating agencies and the public bond market are accustomed to seeing significantly higher coverages than 120% and coverage defaults are reviewed closely. Today's financial environment has resulted in significantly more scrutiny by investment bankers, rating agencies and bond insurers, which scrutiny may increase over time. (See, City Exhibit No. 2, p. 15).

7. In order to issue additional bonds, Wheeling has a more stringent set of tests to pass than most water or sewer utilities in West Virginia. The rate covenant test is unique to publicly issued bonds. Wheeling looks to obtain the lowest possible interest rate and must satisfy not just the letter of the bond covenants, but also must satisfy eventual bondholders and insurers by earning a high rating from a rating agency such as Standard and Poor's. Obtaining bond insurance is another way of obtaining low interest rates, but, in order to obtain such insurance, the insurer must be convinced that Wheeling has the ability to pay off its debt, which is why those very stringent requirements are contained in Wheeling's bond issues, i.e., the bond insurer insisted that those requirements be there before it would provide the insurance. It is Wheeling's bond counsel's professional opinion that the debt service requirements for the Series 2010 B bond issue must be included in the pre-construction rates. Without inclusion of this factor, no CPA will certify sufficient coverage. This would make it impossible to sell the bonds even if they are issued, since investors do not want to take a high risk for a low return on their investment. The most stringent debt service test among Wheeling's various bond issues is what must be considered in determining the pre-project rates. Normally, the Commission only considers the DEP test of 115% coverage until the reserve is funded and then most coverage requirements drop to 110%. In this case, the Commission must consider at least the combined 120% test. While the Commission historically only includes known and measurable expenditures, Wheeling believes that the current financial market necessitates that the Commission adopt the rates proposed by the ordinance or at least a 10% increase instead of the 2.7% Staff has recommended for non-project rates. (See, Tr., at 66-75).

8. Wheeling's bond counsel opined that Wheeling needs a cushion above the 120% coverage, since 120% is the minimum requirement. If actual revenue does not equal or exceed projected revenue, then Wheeling is in trouble with its bondholders and/or bond insurer. (Tr., at 75-79).

9. Wheeling's accountant prepared its Rule 42 exhibit in accordance with Commission rules and regulations in order to develop and support the rate ordinance. The analysis included a spreadsheet that combines actual operating results of Wheeling's water and sewer operations, with assumptions made by Wheeling about future operations. Based on this, Wheeling developed

a revenue requirement for Wheeling's sewer operation that will enable it, together with its water operation, to meet the most restrictive annual coverage requirement, which is the Series 2010 A bond issue that requires 120% of the maximum amount required in any year of debt service of the outstanding bond issues. Maximum annual debt service means, at the time of computation, the greatest amount of debt service, including principal and interest required to be paid on the bonds for the then-current year or any succeeding year. Also, the City must meet the more significant coverage obligations required for it to issue additional parity bonds. After determining the revenue requirement, Wheeling then designed rates that would generate the required revenue for the sewer operation. (See, Tr., at 16-17; City Exhibit No. 3, pp. 1-2).

10. In order for Wheeling to issue new parity bonds, it must meet the additional bonds tests which exist in the bond documents for the outstanding issues. The ABTs are different in each outstanding issue, but all outstanding issues require meeting not only the basic annual 125% coverage, but also a projection that maximum annual debt service coverage will continue for three years following completion of the project for which the parity bonds are issued. The three-year forward-looking coverage requires that the City use reasonable assumptions about future operating revenues and expenses. Unless and until a CPA can render an opinion that the City's revenues will be sufficient to meet these coverage requirements, no further bonds can be issued. The Commission has approved a rate increase for Wheeling's sewer operation in Case No. 09-0752-S-CN that will become effective upon substantial completion of that project. Currently, Wheeling anticipates that the project in Case No. 09-0752-S-CN will be substantially complete in August 2012. However, it is imperative that the Commission increase the sewer rates at this time, since the City is experiencing actual revenues that are lower than those projected in Case No. 09-1000-S-MA, its most recent general rate case, and, unless the rates are increased now, the City will not be able to meet the coverage tests mentioned earlier. The City is concurrently seeking a rate increase to support a proposed water project. No bonds can be issued for that water project unless the combined revenues of Wheeling's water and sewer operations are sufficient to pass the various tests, including the ABTs, contained in Wheeling's existing bonds. (See, City Exhibit No. 3, pp. 3-5).

11. In order to pass the coverage tests, the City must have rates in place by June 30, 2012, in order to permit it to issue bonds for the water project. Wheeling is seeking an increase in its sewer rates so that it can issue bonds for the water project. This additional revenue will not be spent on the water project or subsidizing the water operations. Rather, it is needed so that the total water and sewer revenues are sufficient to pass the various bond covenant tests. This is also needed because the sewer operation is not currently carrying its fair share of the combined coverage requirements. Unless the proposed sewer rates are effective prior to June 30, 2012, Wheeling cannot issue bonds in the water certificate case. The rates proposed by Wheeling are not intended to cover anything more than the actual cost of service for the sewer operation, except to provide a greater combined debt service coverage ratio to meet the bond requirements to enable Wheeling to issue additional bonds for the water project. (See, City Exhibit No. 3, p. 5).

12. Wheeling's accountant opined that, based upon the rebuttal testimony of John Stump, the Staff-recommended revenue requirement is inadequate to enable Wheeling to meet its annual rate covenant, which will mean that it cannot issue additional revenue bonds for the

proposed water project. The Staff-recommended rates, according to Staff's analysis, will provide approximately a debt service coverage ratio of approximately 122.54%, which is greater than what is required for some of the outstanding bonds. The most restrictive coverage is what is required before a CPA can certify compliance with the bond covenant tests. Wheeling has no real problem with the rest of the Staff-recommended revenue requirement and Staff-recommended rates. The rate design used by Staff based on a customer class cost of service study is acceptable to Wheeling. The only real issue is the debt service coverage ratio. (See, Tr., at 17-20; City Exhibit No. 4, pp. 1-2).

13. If the 15% rate hike proposed by the ordinance is approved by the Commission, the combined debt service coverage would be 143.97%, with the water operation at 183.28% and the sewer operation at 115.57%. Wheeling presented a scenario where the rate increase would only be 10%, which shows a combined coverage of 135.28%, with the sewer coverage at only 100.61%. If the Commission adopted the rates proposed by the City, a CPA could issue a CPA certificate indicating that Wheeling had satisfied the bond documents' debt service coverage requirements as of June 30, 2012. (See, City Exhibit No. 4, pp. 2-6).

14. The evidence is inconsistent regarding the coverage ratio. Wheeling has four different issues and each one of them has different tests, some being more restrictive than others. Wheeling generally seeks 125% as the required coverage. The actual highest coverage level is 120%. The 125% coverage relates to maximum debt service incurred in any year when the principal and interest will be paid on those bonds. In the current year, 120% of the maximum debt service actually winds up being a higher coverage requirement, because the maximum debt service in any year is higher than the annual debt service in the current year. (See, Tr., at 20-21).

15. The highest required debt service coverage is 125% of the maximum annual debt service, not 125% of the current year's annual debt service. With four different bond issues, the debt service in a future given year could be the highest required debt service, e.g., if a balloon payment is required in a given year, the debt service requirement would be higher for that year. Once a bond has been paid, the total debt service coverage would be lower. The 2010 bonds do not have a debt service requirement in the test year. Wheeling included it in its analysis, since it will have a debt service coverage requirement in 2012. Staff did not include the 2010 bonds in its analysis, which is the chief difference between the Staff-recommended cost of service and Wheeling's requested cost of service. Staff calculated that the rate ordinance would provide debt service coverage of approximately 158%, because Staff did not include all of the debt service that Wheeling believes will be required in 2012 and only made recommendations based on the historical test year. Wheeling opined that the debt service for the Series 2010 A bond issue is required in the calculations of Wheeling's cost of service and total revenues. (See, Tr., at 21-23).

16. An independent CPA has to certify that Wheeling has sufficient debt service coverage to satisfy all bond requirements as of June 30, 2012, using historical data that will be a year old. Wheeling speculated that, with Wheeling's declining population, its revenues are going to be lower than projected. In this economy, costs are going to increase. While the 122% coverage under Wheeling's analysis is within the 120% limit, Wheeling opined that it is too close to be reasonable. Wheeling's history is that, every year, it is very close to its required debt

service coverage; some years it has obtained a waiver of the coverage requirement. But, with the water project pending before the Commission, Wheeling cannot be in a position where a CPA cannot certify compliance, and, if this is not done, the water project is dead, because Wheeling will not be able to obtain the financing. The combined coverage is what is crucial, but those who evaluate whether to invest in Wheeling's bonds also want to see that the sewer operation, as well as the water operation, is carrying its fair share of the combined coverage. (See, Tr., at 23-26; Staff Exhibit No. 3).

17. Wheeling evaluated three scenarios for the pre-project rates, i.e., the Staff-recommended 2.7% increase, the 15% increase in the ordinance and a 10% increase. Under Wheeling's analysis, a 2.7% increase would provide a 122.55% water and sewer combined debt service coverage; a 15% increase would provide a 143.97% combined coverage; and a 10% increase would provide a 135.28% combined coverage. While Wheeling is seeking a 15% increase, a 10% increase would permit Wheeling's CPA to certify that Wheeling could issue additional bonds so that it can move forward with its water project. Part of the problem is having the correct data to work with, since there always is a lag time between when an ordinance is passed and when it becomes effective. Staff also has recommended post-project rates that will go into effect upon the completion of the current 2009 sewer project, which should become effective in August 2012, once the current sewer project is substantially complete. Effectively, the rates to be approved in this case would be collected only from their effective date until the sewer project is completed in August. (See, Tr., 26-31; City Exhibit No. 4, Exhibits 1, 2 and 3).

18. Wheeling's water operation has applied for a certificate for a $40,000,000 new water treatment plant. This is the project that is in jeopardy if sufficient rates are not approved in this case so that a CPA can make the CPA certification at the end of June 2012. Both the water operation and the sewer operation have to have self-sustaining rates and one cannot subsidize the other. However, the debt service coverage for both the water and the sewer operations must be sufficient before Wheeling can issue new bonds for the water project. The rules in the existing bonds determine what Wheeling can and cannot do with regard to issuing new bonds. The coverage must be 120% before Wheeling can issue new bonds. Wheeling is concerned that the Staff-recommended rates, although they project 122% coverage, may not provide that level of coverage, since the projected revenues in Wheeling's most-recent rate case did not produce the projected level of revenues. Also, both the water operation and the sewer operation need to carry their respective fair share of the combined debt service coverage ratio. The key is that the most restrictive coverage is what is measured when determining whether more debt can be issued, which is the 120% coverage. Wheeling's accountant clarified that the 125% figure is 125% of maximum annual debt service, while the 120% coverage is 120% of actual debt service. (See, Tr., at 31-38).

19. Staff's Rule 42 exhibit was based on the test year ended on June 30, 2011. This rate case arises out of Case No. 09-0752-S-CN, a sewer certificate application to improve Wheeling's sewage collection system and to bring its CSO requirements into compliance with DEP rules. Funding for this project consisted of a $8,356,000 SRF loan at 2% interest and 1% administration fee for a 20-year term. The construction is projected to be complete in August 2012. In Case No. 09-1000-S-MA, the Commission approved rates for going-level operations and rates to support

the project once it is certified substantially complete. (See, Tr., at 39-40; Staff Exhibit No. 1; Staff Exhibit No. 2, pp. 1-3).

20. The City rate ordinance would provide a 15% rate increase over its already existing rates, plus another 10% increase over the 15% once the project is complete. Staff did not include $44,990 in administrative fees at going-level, since this will not be incurred until the project is completed. Staff opined that this amount should be recognized only in revenue requirements that are for post-project rates, not going-level rates. Staff recommended a two-step approach to analyzing the City's revenue requirements, i.e., pre-project and post-project. (See, Staff Exhibit No. 2, pp. 3-8).

21. Staff developed two sets of rates, referred to as non-project rates and project rates. The sewer project associated with Case No. 09-0752-S-CN is not yet substantially complete. Staff developed revenue requirements based on the Staff Rule 42 Exhibit and other information available to it for examination. Staff used the engineering allocation factors to perform a customer class cost of service study to design rates that would not discriminate among customer classes. The non-project rates are designed to increase revenues by approximately $139,964, or 2.7%, annually. Staff opined that this revenue level would be sufficient to cover the City's O&M expenses of $3,895,138 and debt service requirements of $1,305,831 while providing approximately $224,386 for reasonable capital additions based on a five-year average of plant additions. (See, Tr., at 42-45; Staff Exhibit No. 3, Direct Testimony at pp. 1-7).

22. The non-project rates reflect the City's existing debt service requirements for its combined water and sewer operations. The rates and charges for the sewer operation must generate revenues sufficient to produce net revenues that, when combined with water revenues, to provide the proper debt service coverage ratios required by the City's bond documents. Staff opined that the Staff-recommended non-project rates will provide a debt service coverage ratio of 158.98%. Staff did not include the debt service payments for the Series 2010 B bonds in its non-project revenue requirements, since the City is not currently making payments of principal and interest on those bonds and will not do so until the project is certified as substantially complete. The bond documents for Series 2010 B require that Wheeling have increased net revenues estimated to be derived from the water project in Case No. 12-0011-W-CN and any increase in rates enacted by the bond issuer, for which the time for all appeals has expired prior to the issuance of such parity bonds. Staff opined that the Staff-recommended non-project rates will meet these bond requirements. The City will be able to estimate the revenues for the water project once it receives a Commission order and the time for appeal of that order has expired. Staff opined that the requirement is not that rates must be in effect. Staff opined that a Commission order in the instant case approving rates would be a reasonable assumption about future revenues and expenses. Staff also changed the leak adjustment rate, modified the minimum charge, security deposit and returned check language. Staff also modified the industrial surcharge rates for the non-project rates, based on information from the Engineering Division. (See, Staff Exhibit No. 3, pp. 7-10).

23. Staff recommended a rate increase of 17.5% above the non-project rates to become effective upon certification of substantial completion of the project in Case No. 09-0752-S-CN.

These rates would cover the City's post-project O&M expenses of approximately $3,946,375 and debt service requirements of approximately $1,882,295 while providing approximately $544,166 for reasonable capital additions. The Staff-recommended project rates also meet the various bond covenant tests and were evaluated based on the combined water and sewer debt service requirements. Staff opined that the Staff-recommended project rates will provide a 161.08% debt service coverage ratio. Staff also modified the industrial surcharge rates in the project rates. (See, Staff Exhibit No. 3, pp. 11-13).

24. The Staff-recommended revenue requirements only reflect the sewer operation's cost of service. The combined debt service coverage ratio includes water and sewer debt service. Staff opined that it is improper to include the 2010 bond debt service in the pre-project rates, since it is general Commission practice not to include the bond payments for something that a utility is not actually paying yet. These debt service requirements are included in the project rates to become effective upon substantial completion, but it is improper to include them in the pre-project rates. Staff did do a projected cost of service for June 30, 2012, i.e., that is why you prepare a Rule 42 exhibit, to reflect per books rates and adjustments and going-level adjustments to arrive at the cost of service upon which the rates are to be based. Staff opined that the payment of approximately $440,989 included in the City's Rule 42 exhibit for the administration fee for the Series 2010 B bond issue is not proper in the pre-project rates, because payment on that item will not start until the project is substantially complete, but would be proper to include in the project rates. (See, Tr., at 45-50).

25. According to Staff's cash flow analysis, if the maximum annual debt service coverage were added to the Staff-recommended non-project revenue requirement, which would include the Series 2010 B issue, the debt service coverage ratio would still be 131%, which Staff opined is sufficient to satisfy all of Wheeling's concerns. Leaving out this addition is how Staff arrived at the 158% coverage. Staff's position is that the debt service requirements for the Series 2010 B bond issue should not be included in calculating the pre-project revenue requirement, since the payment is not required until the project is substantially complete. Staff made the 131% calculation in order to compare "apples to apples" but Staff's actual analysis and recommendation is that the debt service for the Series 2010 B issue should not be included in the pre-project rates. (See, Tr., at 50-55).

26. Staff understands that Wheeling must obtain a CPA certification that its revenues are sufficient to cover the combined water and sewer debt service requirements. Staff believes that the Staff-recommended rates will enable a CPA to do that, since it believes that the revenue level recommended by Staff is sufficient to satisfy all of the tests mentioned by the City's witnesses, Mr. Stump and Mr. Bodkin. The water certificate project is still pending before the Commission, so there is no guarantee that the project will materialize. It would be speculative to include that debt service in the pre-project rates. But, even if you did, the Staff-recommended rates would still provide a 131% debt service coverage, which exceeds the amounts required by the various bond documents, i.e., the 120% coverage. (See, Tr., at 55-61).

27. Staff's class cost of service study contained some errors, which were corrected with Staff Post-Hearing Exhibit No. 1, containing corrected financial information prepared by Staff to

reflect the corrections to the cost of service study, including Revised Staff-Recommended Non-Project Rates and Revised Staff-Recommended Project Rates. The Revised Staff-Recommended Non-Project Rates will still generate the same level of revenue as the original Staff-recommended non-project rates, but will result in different rate increases for the various customer classes from those originally recommended by Staff. Under the Revised Staff-Recommended Non-Project Rates, the residential class will experience a 1.6% increase; the commercial class will experience a 5.9% increase; the industrial class will experience a 6.3% increase; the industrial class with a flow meter will experience a 6% increase; and the resale class will experience a 0.5% increase. (See, Staff Post-Hearing Exhibit No. 1).

28. According to the cash flow analysis included in Staff Post-Hearing Exhibit No. 1, the Revised Staff-Recommended Non-Project Rates will provide a 125.67% debt service coverage for the sewer operation; the current water rates will provide a 191.27% debt service coverage; and the combined water and sewer debt service coverage will be 158.98%. The Revised Staff-Recommended Non-Project Rates will provide total available cash of $5,425,347. (See, Staff Post-Hearing Exhibit No. 1).

29. The Revised Staff-Recommended Project Rates are an across-the-board rate increase for all customer classes of 17.5% above the Staff-Recommended Non-Project Rates. The Revised Staff-Recommended Project Rates will provide total available cash of $6,367,585, which provides a 139.01% debt service coverage for the sewer operation and a combined debt service coverage of 160.91%. (See, Staff Post-Hearing Exhibit No. 1).

CONCLUSIONS OF LAW

1. Since the parties have agreed that the Staff-recommended project rates will generate revenue that is sufficient, but not more than sufficient, to cover Wheeling's O&M expenses and debt service requirements and provide a reasonable amount for capital additions and a proper debt service coverage ratio for all service rendered on and after the date that the sewer project in Case No. 09-0752-S-CN has been certified as substantially complete, it is reasonable to approve the Staff-recommended project rates.

2. The rates and charges for the sewer operation must generate revenues sufficient to produce net revenues that, when combined with water revenues, provide the proper debt service coverage ratios required by the City's various existing bond documents.

3. It is reasonable to conclude that the Staff-recommended non-project rates satisfy all of Wheeling's bond requirements and will not place the water project in jeopardy.

4. It is reasonable to approve the Revised Staff-Recommended Non-Project Rates for all service rendered by Wheeling on and after 12:01 a.m., May 19, 2012, and it is reasonable to approve the Revised Staff-Recommended Project Rates for all service rendered on and after the date that the project in Case No. 09-0752-S-CN is certificated as substantially complete.

ORDER

IT IS, THEREFORE, ORDERED that the ordinance adopted by the City of Wheeling on or about November 15, 2011, increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective December 30, 2011, be, and hereby is, set aside and rejected.

IT IS FURTHER ORDERED that the Revised Staff-Recommended Non-Project Rates, attached hereto as Appendix A, be, and hereby are, approved for all sewer service rendered by the City of Wheeling on and after 12:01 a.m., May 19, 2012.

IT IS FURTHER ORDERED that, within 30 days of this Recommended Decision becoming final, the City of Wheeling file an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that the Revised Staff-Recommended Project Rates, attached hereto as Appendix B, be, and hereby are, approved for all sewer service rendered by the City of Wheeling on and after the date that the project in Case 09-0752-S-CN is certified as substantially complete.

IT IS FURTHER ORDERED that, within 30 days of the certification that the project in Case No. 09-0752-S-CN is substantially complete, the City of Wheeling file an original and at least five copies of a proper tariff setting forth the project rates and charges hereby approved.

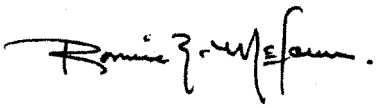
IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery; by electronic service upon all parties of record who have filed an e-service agreement with the Commission; and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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CITY OF WHEELING
CASE NO. 11-1772-S-MA

APPROVED NON-PROJECT RATES

SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for residential, commercial, and industrial sewer service and sewer service with flow meter.

RATES (customers with metered water supply)

Number of Gallons/Month	Rate
First 10,000 gallons	$5.24 per 1,000 gallons
Next 90,000 gallons	$4.34 per 1,000 gallons
Next 100,000 gallons	$3.09 per 1,000 gallons
All Over 200,000 gallons	$2.09 per 1,000 gallons

FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $23.57 per month

MINIMUM CHARGE

No bill will be rendered for less than $8.32 per month.

TAP INSPECTION FEE

A tap inspection fee of $25.00 will be charged.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

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.

LEAK ADJUSTMENT

$0.40 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300/mb/l	$0.150 per pound
Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350/mg/l	$0.170 per pound
Rate applicable to Ammonia (NH3) concentration in excess of 45/mg/l	$0.200 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater

$150.00 per month

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of a violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY

Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facility conducting surface water has been connected to the District's sewer system and such a customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = the surcharge in dollars

A = the area under roof and/or the area of any other water collecting surface connected to the sanitary sewer, in square feet

R = the measured monthly rainfall, in inches

.0006233 = a conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C = the District's approved rate per thousand gallons of metered water usage

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month the condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules of the Public Service Commission of West Virginia.

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	$ 1.85 per 1,000 gallons

CITY OF WHEELING
CASE NO. 11-1772-S-MA

APPROVED RATES

SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for residential, commercial, and industrial sewer service and sewer service with flow meter.

RATES (customers with metered water supply)

Number of Gallons/Month	Rate
First 10,000 gallons	$6.15 per 1,000 gallons
Next 90,000 gallons	$5.10 per 1,000 gallons
Next 100,000 gallons	$3.63 per 1,000 gallons
All Over 200,000 gallons	$2.46 per 1,000 gallons

FLAT RATE CHARGE (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $27.68 per month

MINIMUM CHARGE

No bill will be rendered for less than $9.77 per month.

TAP INSPECTION FEE

A tap inspection fee of $25.00 will be charged.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling, is reconnected, a reconnection fee of $25.00 shall be charged.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

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.

LEAK ADJUSTMENT

$0.40 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300/mb/l	$0.160 per pound
Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350/mg/l	$0.180 per pound
Rate applicable to Ammonia (NH3) concentration in excess of 45/mg/l	$0.210 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater

$150.00 per month

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of a violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY

Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facility conducting surface water has been connected to the District's sewer system and such a customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = the surcharge in dollars

A = the area under roof and/or the area of any other water collecting surface connected to the sanitary sewer, in square feet

R = the measured monthly rainfall, in inches

.0006233 = a conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C = the District's approved rate per thousand gallons of metered water usage

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month the condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules of the Public Service Commission of West Virginia.

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	$ 2.17 per 1,000 gallons

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 18th day of May 2012.

CASE NO. 11-1772-S-MA

CITY OF WHEELING
Municipal Appeal.

COMMISSION ORDER

The Commission denies the exceptions and adopts the Recommended Decision.

BACKGROUND

On November 15, 2011, the City of Wheeling (Wheeling) adopted an ordinance increasing its rates and charges to provide sewer service to its customers inside and outside its corporate boundaries, to become effective December 30, 2011.

On December 16, 2011, the Ohio County Public Service District and the Town of Triadelphia, resale customers of Wheeling, submitted a petition with the Public Service Commission protesting the proposed November 15, 2011 rate ordinance, alleging discrimination to their respective customers. Subsequently, numerous protests were filed by residential customers of Wheeling.

On December 16, 2011, the Commission issued an Order invoking its jurisdiction over the municipal appeal, suspending the proposed rates, and referring the case to the Division of Administrative Law Judges (ALJ).

On January 10 and 24, 2012, Commission Staff moved the Commission to toll the statutory deadline, stating that Wheeling had not furnished the information necessary to complete its investigation and analysis.

On February 2, 2012, the Commission tolled the running of the statutory period until 12:01 a.m., May 19, 2012, and adjusted the Staff and ALJ deadlines.

On March 21, 2012, the ALJ convened the hearing in this case. No members of the public appeared to protest or object to the rate increase. (References to the transcript from this hearing are designated as "Tr.".)

On April 19, 2012, the ALJ filed its Recommended Decision (i) rejecting the municipal ordinance adopted by Wheeling, (ii) approving the revised Staff-recommended non-project rates for all sewer service rendered by Wheeling on and after May 19, 2012, (iii) directing Wheeling to file its tariff setting forth the approved non-project rates and charges within thirty days of the Order becoming final, (iv) approving the revised Staff-recommended project rates for all sewer service rendered by Wheeling on and after the date that the project in Case No. 09-0752-S-CN is certified as substantially complete, and (v) directing Wheeling to file its tariff setting forth the approved project rates and charges within thirty days of certification that the project in Case No. 09-0752-S-CN is substantially complete.

On May 4, 2012, Wheeling filed exceptions to the Recommended Decision. Wheeling stated that (i) the ALJ erred in adopting the Staff recommended non-project rates, (ii) Staff and the ALJ were incorrect regarding the inclusion of the debt service on the Series 2010 B bonds in determining the adequacy of non-project rates, and (iii) the ALJ erred in rejecting the opinion of the CPA as to whether the Staff recommended rates would be sufficient to permit certification of debt coverage for a pending bond issue.

On May 10, 2012, Staff filed its response to the exceptions requesting that the Commission deny the exceptions and adopt the Recommended Decision. Staff stated it was proper not to include the debit service for the Series 2010 B bonds in the non-project rates because the Series 2010 B were bonds designed to fund a project (approved in Case No. 09-0752-S-CN) that will not be completed for several months.

DISCUSSION

The sole issue on exception in this case arises from the covenants of the Series 2010 A bond proposed for funding the certificate project currently before the Commission in Case No. 12-0011-W-CN. The covenants of the Series 2010 A bond require a certification of debt service coverage of 120 percent. The debt service coverage certification will be calculated based in the fiscal year ended June 30, 2012, and is based on the maximum debt service owed by Wheeling on bonds issued as of June 30, 2012.

Wheeling is currently working on a certificate project approved in Case No. 09-0752-S-CN. On substantial completion of the project (expected in October of 2012), Wheeling will begin making debt service payments on the bond (Series 2010 B) associated with the project.

Wheeling argues that the non-project rates in this case should include debt service on the Series 2010 B bond so that Wheeling will meet the coverage requirements necessary for certification of the Series 2010 A bond. Tr. at 21-23.

It is not appropriate to include the debt service for the Series 2010 B bond in the non-project rates. Payment on the Series 2010 B bond will commence on substantial completion of the project approved in Case No. 09-0752-S-CN. Thus, the debt payment on the Series 2010 B bond was properly excluded from the non-project rates and instead included in the project-related rates.

The non-project rates provide a debt service coverage ratio 158.98 percent. Staff calculated that even if the debt service on the Series 2010 B bonds were to be included in the non-project rate calculation, the debt service coverage would be 131 percent. Tr. at 50-55. Moreover, the witness for Wheeling calculated a 122.55 percent coverage reflecting the most current actual results of operations for Wheeling for the year ended June 30, 2011, and the projected results of operations for the year ended June 30, 2012. Wheeling Exh. 4 at 4.

While the Commission believes it is not appropriate to include the debt service on the Series 2010 B bond in the non-project rates, the record shows that even when the 2010 B debt service is included in the interest coverage calculation with non-project rates, the interest coverage exceeds the 120 percent required by the bond convent. The Commission will deny the exceptions and adopt the Recommended Decision as the Final Order in this matter.

FINDINGS OF FACT

1. No party excepted to the project-related rates adopted by the Recommended Decision.

2. The debt service coverage for the non-project rates exceed the coverage requirements necessary for certification under of the Series 2010 A bond. Wheeling Exh. 4 at 4.

CONCLUSIONS OF LAW

1. Debt service for the Series 2010 B bond will not begin until the October 2012 completion of the project approved in Case No. 09-0752-S-CN. It would be inappropriate to include those payments in the non-project rates.

2. Because it is not appropriate to include the debt service on the Series 2010 B bond in the non-project rates, it is reasonable to deny the exceptions and adopt the Recommended Decision as the Final Order in this matter.

ORDER

IT IS THEREFORE ORDERED that the May 4, 2012 exceptions filed by the City of Wheeling are denied.

IT IS FURTHER ORDERED that the April 19, 2012 Recommended Decision is adopted as the Final Order in this case.

IT IS FURTHER ORDERED that on entry of this Order this case shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

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STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Writer's Contact Information

May 30, 2013

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

The City of Wheeling
Wheeling, West Virginia

Piper Jaffray & Co.
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 $38,255,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013 Bonds").

The Series 2013 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 April 16, 2013, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on May 7, 2013 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2013 Bonds are issued in fully registered form, are dated May 30, 2013, upon original issuance, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing December 1, 2013, all as set forth in the Ordinance.

The Ordinance provides that the Series 2013 Bonds are issued for the purpose of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) funding the Series 2013 Bonds Reserve Account; and (iii) paying the costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds have been sold to Piper Jaffray & Co. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated May 15, 2013, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2013 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement, the Continuing Disclosure Agreement, and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2013 Bonds, and has issued and delivered the Series 2013 Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2013 Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity with the Issuer's: (i) 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"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds") (collectively, the "Prior Bonds"). The Series

2013 Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. 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 2013 Bonds (including any original issue discount properly allocable to owners of the 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 upon individuals and corporations. Ownership of tax-exempt obligations, including the Series 2013 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2013 Bonds. Prospective purchasers of the Series 2013 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 (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2013 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2013 Bonds set forth in the Ordinance, Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2013 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2013 Bonds.

6. Under the Act, the Series 2013 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.

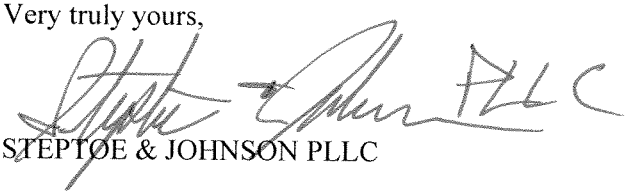
7. The Series 2013 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2013 Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2013 Bonds and the enforceability of the Series 2013 Bonds, the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2013 Bonds.

We have examined the executed and authenticated Series 2013 Bonds of said issue, and in our opinion, said Series 2013 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,



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Writer's Contact Information

May 30, 2013

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

The City of Wheeling
Wheeling, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by The City of Wheeling, West Virginia (the "City" or "Issuer") of its $38,255,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013 Bonds"). In our capacity as bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2013 Bonds and the exclusion of interest on the Series 2013 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 "Bond Purchase Agreement") dated May 15, 2013, between the City and Piper Jaffray & Co. (the "Underwriter") and approved by the Issuer.

Based upon the foregoing, we are of opinion that:

(1) The Bond Purchase Agreement has been duly authorized, executed and delivered by the City and, (assuming due authorization, execution and delivery by the other parties thereto and that it is a binding agreement of the other parties in accordance with its terms), is a legal, valid, binding and enforceable obligation in accordance with its terms of the City (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally).

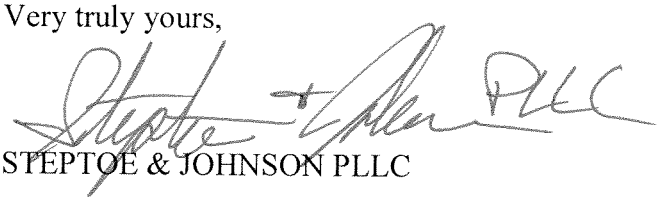
(2) The City, under the Act, has full power and authority to enact the Ordinance, enter into the Bond Purchase Agreement and perform its obligations thereunder.

(3) The Official Statement has been duly approved, signed and delivered by the City, and the City has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the offering of the Series 2013 Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaptions (i) "Tax Matters" are true and accurate in all material respects and presents a fair summary and description of the matters summarized and described under such caption, and (ii) the statements and information contained in the Official Statement under the captions or subcaptions, "Security for the Series 2013 Bonds," "The Series 2013 Bonds" (except for the statements referred to therein under "Book-Entry Series 2013 Bonds" with respect to the Depository Trust Company), "Financing Plan", "Tax Matters," "Original Issue Premium" "Appendix D – Proposed Form of Bond Counsel Opinion" and "Appendix E – Bond Ordinance and Supplemental Resolution", except for financial or statistical data therein as to which no opinion is hereby expressed, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect and are accurate and present a fair summary of the matters referred to therein.

(5) The Series 2013 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as a trust indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,



STEPTOE & JOHNSON PLLC

964250.00061

CITY OF WHEELING

OFFICE OF THE CITY SOLICITOR

CITY COUNTY BUILDING
1500 CHAPLINE STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE (304) 234-3736
FACSIMILE (304) 234-3605

May 28, 2013

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

The City of Wheeling
Wheeling, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Ladies and Gentlemen:

I have acted as counsel for The City of Wheeling, West Virginia (the "City") in connection with the sale of the above-referenced Bonds (the "Series 2013 Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of May 15, 2013 (the "Purchase Agreement") between Piper Jaffray & Co. (the "Underwriter") and the City. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Series 2013 Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, including Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the City relating to the Series 2013 Bonds enacted on April 16, 2013, as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013 (collectively, the "Ordinance"), the Purchase Agreement and the Official Statement dated May 15, 2013, with respect to the issuance and offering of the Series 2013 Bonds (the "Official Statement"), and certifications of the City. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The City is a municipal corporation and political subdivision duly organized and existing under the laws and Constitution of the State of West Virginia. The City 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 and the Purchase Agreement.

2. The City has full power and authority to consummate all transactions contemplated by the Series 2013 Bonds, the Purchase Agreement and any other agreements relating thereto, to which the City is a party and the City has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Series 2013 Bonds.

3. To the best of my knowledge following due inquiry, there is no litigation pending or threatened against the City, in any court, which in any way affects the existence of the City or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the City pledged or to be pledged to pay the principal of and interest on the Series 2013 Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2013 Bonds, the Ordinance, the Purchase Agreement, or contesting the powers of the State of West Virginia with respect to the Series 2013 Bonds, the Ordinance or this Purchase Agreement or any transaction described in or contemplated by the Official Statement.

4. The Official Statement, as amended or supplemented to the date hereof, contains no untrue statement regarding the City of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the City, in light of the circumstances under which they were made, not misleading.

5. The statements contained in the Official Statement under the captions "The Series 2013 Bonds", "Security for the Series 2013 Bonds," "The City," "Debt Service Requirements," "The System," "Financing Plan," "Litigation," and "Appendix B - The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, except for financial or statistical data therein or matters relating to the book entry system maintained by the Depository Trust Company as to which no opinion is hereby expressed, are accurate and present a fair summary of the matters referred to therein.

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

Sincerely,

Rosemary Humway-Warmuth
City Solicitor

RHW:jb

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

May 30, 2013

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, WV 25301

Re: $38,255,000 The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)

Ladies and Gentlemen:

We have acted as counsel to you, Piper Jaffray & Co. (the "Underwriter"), in connection with your purchase of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated May 15, 2013 (the "Purchase Agreement") between the City of Wheeling, West Virginia (the "Issuer") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

In connection with rendering this opinion, we have examined the Official Statement dated May 15, 2013, the Purchase Agreement and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended and presently in effect (the "Rule").

Based upon the foregoing review, we are of the opinion that the Purchase Agreement has been duly authorized, executed and delivered by the Underwriter and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a valid and binding agreement in accordance with its terms of, the Underwriter, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

It is also our opinion that the Continuing Disclosure Agreement complies as to form in all material respects with the requirements of subparagraph (b)(5) of the Rule in effect as of the date hereof and applicable to continuing disclosure agreements.

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

in connection with such issuance that cause us to believe that the Official Statement (except for any financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to The Depository Trust Company and the book-entry only system contained in the Official Statement and its Appendices included therein, which we expressly exclude from the scope of this sentence) contains as of the date hereof any untrue statements of a material fact or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

Jack Kelly PLLC

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

GENERAL CERTIFICATE OF THE CITY OF WHEELING ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. RATES
5. PUBLIC SERVICE COMMISSION ORDER
6. PUBLICATION OF NOTICES
7. AWARD OF BONDS; SIGNATURES
8. DELIVERY AND PAYMENT
9. CERTIFICATION OF DOCUMENTS
10. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
11. MEETINGS, ETC.
12. INCUMBENCY AND OFFICIAL NAME
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. SPECIMEN BONDS
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN
17. OFFICIAL STATEMENT CERTIFICATION
18. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT
19. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
20. CONTINUING DISCLOSURE AGREEMENT
21. COUNTERPARTS

We, the undersigned MAYOR, CITY MANAGER and CITY CLERK of The City of Wheeling, West Virginia (the "Issuer"), hereby certify this 30th day of May, 2013, in connection with the $38,255,000 aggregate principal amount of The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013 Bonds" or "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 April 16, 2013, as supplemented by a Supplemental Parameters Resolution of the Issuer adopted May 7, 2013 (collectively, the "Ordinance").

2. NO LITIGATION: Except as otherwise disclosed in the Official Statement, no controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance, sale and delivery of the Series 2013 Bonds, the collection or use of the revenues of the System, or the respective pledge thereof to the payment of the principal of and interest on the Series 2013 Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2013 Bonds, nor in any manner affecting the validity or enforceability of the Series 2013 Bonds, the Ordinance or the Bond Purchase Agreement, dated May 15, 2013 (the "Bond Purchase Agreement"), by and between the Issuer and Piper Jaffray & Co. (the "Underwriter") or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Series 2013 Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, City Manager, City Clerk and the members of the Council and other officials of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Series 2013 Bonds, which is not set forth in the Official Statement relating to the Series 2013 Bonds.

3. GOVERNMENTAL APPROVALS: All applicable approvals and certificates required by law for acuisition and construction of the Project, operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2013 Bonds, have been obtained as of the date hereof and remain in full force and effect.

4. RATES: The Issuer has duly enacted a water rate ordinance on November 15, 2011 which rates were amended by Recommended Decision of the West Virginia Public Service Commission dated July 31, 2012 which became a Final Order on August 20, 2012 in Case No. 11-1770-W-MA, setting forth the respective rates and charges for the services of the water portion of the System. The time for appeal of the Commission Order has expired prior to the date hereof. Such Order is in full force and effect.

The Issuer has duly enacted a sewer rate ordinance on November 15, 2011, which ordinance was amended by Recommended Decision dated April 19, 2012 an Commission Order dated May 18, 2012 by the Public Service Commission of West Virginia in Case number 11-1772-S-MA, setting forth the respective rates and charges for the services of the sewerage portion of the System. The time for appeal of the Commission Order has expired prior to the date hereof. Such Order is in full force and effect.

5. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision entered on July 31, 2012, which became a Final Order on August 20, 2012 of the Public Service Commission of West Virginia, in Case No. 12-0011-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Order remains in full force and effect.

6. PUBLICATION OF NOTICES: Notice of the public hearing upon the Ordinance was duly published as required by law. The Council of the Issuer approved the

Ordinance, and the Ordinance became fully effective April 16, 2013 and remains in full force and effect on the date hereof. The Ordinance was supplemented by a Supplemental Resolution adopted by the Issuer on May 7, 2013.

7. AWARD OF BONDS; SIGNATURES: The Series 2013 Bonds were awarded to the Underwriter upon a negotiated basis at the price of $38,977,085.30 (par amount of $38,255,000 plus net original issue premium in the amount of $1,066,380.30, and less underwriter's discount of $344,295). As of the date hereof, the Series 2013 Bonds were duly signed by the manual signature of the Mayor and 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.

8. DELIVERY AND PAYMENT: On the date hereof the undersigned Mayor and City Manager did deliver to the Underwriter the entire issue of the Series 2013 Bonds, numbered R-1 to R-18.

At the time of delivery of the Series 2013 Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount of Series 2013 Bonds	$38,255,000.00
Plus: Net Original Issue Premium	$1,066,380.30
Less: Underwriter's Discount	(344,295.00)
Total	$38,977,085.30

9. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Bond Ordinance

Supplemental Parameters Resolution

Tax and Non-Arbitrage Certificate

Tax Compliance Policies

Certificate of Determinations

Specimen Series 2013 Bond

City Charter

City Council Rules of Procedure

Oaths of Office of Councilmembers

Minutes on Enactment of Bond Ordinance and Supplemental Parameters Resolution

Affidavit of Publication of Notice of Public Hearing

Water Rates

Sewer Rates

Preliminary Official Statement

Official Statement

Bond Purchase Agreement

Continuing Disclosure Agreement

Rule 15c-2-12 Certificate

DTC Blanket Letter of Representations

IRS Information Return (Form 8038-G)

Municipal Bond Commission New Issue Report

Prior Bonds Ordinances

10. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: Except as otherwise disclosed in the Official Statement, there has been no adverse change in the financial condition of the Issuer or the System since May 15, 2013. The Issuer has heretofore financed and refinanced the acquisition and construction of the System and certain additions, betterments and improvements thereto by the issuance of its bonds, of which there are presently outstanding its: (1) 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"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds), (collectively, the "Prior Bonds").

The Series 2013 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 and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

11. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2013 Bonds were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the City Charter and City Council Rules of Procedure, and all applicable statutes, including Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the council was present and acting at all times during all such meetings.

12. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of Wheeling" and it is a municipal corporation of the State of West Virginia, in Ohio County and Marshall County of said state. The governing body of the Issuer is its Council, consisting of a Mayor and 6 council members. The names and terms of office of the members of Council and the Mayor are as follows:

Name	Commencement Date	Termination Date
Andy McKenzie, Mayor	07/01/2012	06/30/2016
Gloria Delbrugge, Councilmember	07/01/2012	06/30/2016
Ken Imer, Councilmember	07/01/2012	06/30/2016
Robert Henry, Councilmember	07/01/2012	06/30/2016
David Miller, Councilmember	07/01/2012	06/30/2016
Don Atkinson, Councilmember	07/01/2012	06/30/2016
Eugene Fahey, Councilmember	07/01/2012	06/30/2016

The duly appointed and acting Clerk of the Issuer is Janice Jones. The duly appointed and acting City Manager of the Issuer is Robert Herron. The duly appointed and acting Counsel to the Issuer is Rose Humway-Warmuth.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Council of the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Intelligencer*, a newspaper of 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 2013 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 16th day of April, 2013, at 7:00 p.m., in the Council Chambers of the City Hall of The City of Wheeling and present protests, and stating that a

certified copy of the Bond Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the City Clerk. At such hearing all objections and suggestions were heard by the Council of the Issuer and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

14. SPECIMEN BONDS. Delivered concurrently herewith are true and accurate specimens of the Series 2013 Bonds.

15. NO FEDERAL GUARANTY: The Series 2013 Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah, with respect to the Series 2013 Bonds.

17. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

18. CERTIFICATIONS REGARDING BOND PURCHASE AGREEMENT: In addition to the foregoing, the undersigned Mayor and City Manager hereby certify in connection with Section 14(c)(iv) of the Bond Purchase Agreement as follows: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and each of its representations and warranties contained in the Bond Purchase Agreement are true as of Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Series 2013 Bonds, the Undertaking represented by the Continuing Disclosure Agreement, 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 by the Bond Purchase Agreement and by the Official Statement, (iii) to the Issuer's knowledge no litigation is pending or threatened which would restrain or enjoin the collection of the Gross Revenues, the pledge of the Gross Revenues to the Series 2013 Bonds, the issuance or sale of the Series 2013 Bonds or in any way affecting any authority for or the validity of the Series 2013 Bonds or the Ordinance, (iv) the execution, delivery, receipt and due performance of the Series 2013 Bonds, the Undertaking, the Ordinance and the other agreements contemplated by the Bond Purchase Agreement and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its 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 in compliance, unless otherwise waived, with all

covenants in its outstanding ordinances which authorized bonds secured by the Gross Revenues of the System.

19. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of (a) WesBanco Bank, Inc., Wheeling, West Virginia, as Registrar, (b) WesBanco Bank, Inc., Wheeling, West Virginia, as Depository Bank and (c) West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent.

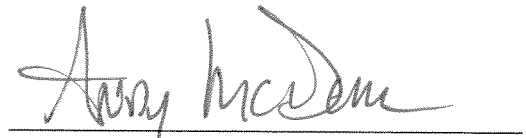
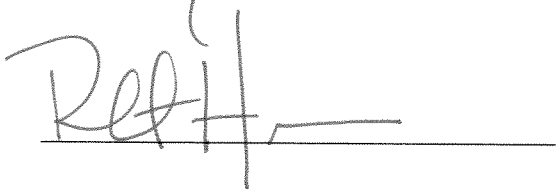
20. CONTINUING DISCLOSURE AGREEMENT: The Issuer is obligated by the Continuing Disclosure Agreement and is in full compliance with all of its prior continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5) excepting such matters as may be described in the Continuing Disclosure Section of the Official Statement

21. COUNTERPARTS: This Certificate may be executed in one or more counterparts, and all counterparts shall be deemed to be the Certificate.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official corporate seal of THE CITY OF WHEELING on the day and year first written above.

[SEAL]

Signature	Official Title
	Mayor
	City Manager
	City Clerk

THE CITY OF WHEELING (WEST VIRGINIA)

$38,255,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2013
(Tax-Exempt)

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned, Mayor and City Manager of The City of Wheeling (the "Issuer"), on this 30th day of May, 2013, being the officials of the Issuer duly charged with the responsibility for the issuance of the $38,255,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013 Bonds"), dated May 30, 2013, hereby certify as follows, (all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on April 16, 2013, as supplemented by Supplemental Parameters Resolution adopted by the Issuer on May 7, 2013 (collectively, the "Bond Legislation"), pursuant to which the Series 2013 Bonds are issued):

A. DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the meaning set forth in the Bond Legislation.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"**Bond Act**" means Article 20 of Chapter 8 of the Code of West Virginia of 1931, as amended.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with respect to the issuance of the Bonds and the exclusion of interest on the Bonds from gross income for the purposes of federal income taxation.

"**Bond Year**" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following

year, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all rulings and regulations promulgated thereunder.

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

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

(a) underwriters' spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which a substantial number of Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Bonds;

(d) trustee fees and registrar fees;

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

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

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

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

"**Date of Issue**" means May 30, 2013.

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

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

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a

willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

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

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

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

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

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

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

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

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

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

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

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

where:

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

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

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

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

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

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

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

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

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $39,321,380.30 being the Issue Price of the Series 2013 Bonds.

The Issue Price is the initial offering price to the public at which price a substantial amount of the Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date

based on reasonable expectations regarding the initial public offering price. The Issue Price of the Bonds may not exceed their fair market value as of the sale date.

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

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

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

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

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

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

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means any Sale Proceeds and Investment Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under Section 1.148-2(d) of the Regulations or Section 143(g) of the Code or to qualified administrative cost recoverable under Section 1.148-5(e).

"**Rebate Amount**" means, in respect of the Series 2013 Bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2013 Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with section E(3) hereof to determine the Rebate Amounts.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

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

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Series 2013 Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under Section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2013 Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of Section 103 of the Code and Section 1.150-1 of the Regulations that is not investment property within the meaning of Section 148(b)(3) of the Code.

"**Underwriter**" means Piper Jaffray & Co., Charleston, West Virginia.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Series 2013 Bonds under Section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Series 2013 Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under Section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Series 2013 Bonds thereunder must be determined under Section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date.

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

(a) In the case of a plain par bond (within the meaning of Section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and

(b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date,

using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

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

"**Yield**" or "**yield**" means the yield computed under Section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. I am an officer of the Issuer charged with the responsibility of issuing the Series 2013 Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 30, 2013, the date on which the Series 2013 Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Bond Legislation that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2013 Bonds which would cause the Series 2013 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 2013 Bonds) so that the interest on the Series 2013 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Series 2013 Bonds were sold on May 15, 2013, to the Underwriter for a purchase price of $38,977,085.30 (par amount of $38,255,000, plus net original issue premium of $1,066,380.30 and less underwriter's discount of $344,295).

7. The Series 2013 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the following purpose: (i) to finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks portion of the combined waterworks and sewerage system of the Issuer; (ii) to fund a reserve account for the Series 2013 Bonds; and (iii) to pay certain costs of issuance and related costs.

8. The sources of proceeds of the Series 2013 Bonds is as follows:

SOURCES	
Par Amount of the Series 2013 Bonds	$38,255,000.00
Net Original Issue Premium	$1,066,380.30
Total	$39,321,380.30

9. The proceeds of sale of the Bonds will be applied as follows:

USES	
Acquisition and Construction of Project	$36,559,000.00
Funding the Series 2013 Bonds Reserve Account	$2,223,418.76
Underwriter's Discount	$344,295.00
Costs of Issuance for 2013 Bonds	$194,666.54
Total	$39,321,380.30

10. The Underwriter has stated, in its certificate, a copy of which is attached as EXHIBIT A - UNDERWRITER'S CERTIFICATE hereto (the "Underwriter's Certificate") that the Series 2013 Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Series 2013 Bonds.

11. The yield on the Series 2013 Bonds, as so computed, has been determined to be 3.6408% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Series 2013 Bonds.

C. THE SERIES 2013 BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2013 Bonds are detailed in the Series 2013 Bonds.

2. [Reserved]

3. A Sinking Fund for the Series 2013 Bonds is created under the Bond Legislation. Monies deposited in the Series 2013 Bonds Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Series 2013 Bonds. The Series 2013 Bonds Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2013 Bonds within each Bond Year. All monies held in the Series 2013 Bonds Sinking Fund will be used to pay debt service on the Series 2013 Bonds. The Series 2013 Bonds Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2013 Bonds Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

4. A Series 2013 Bonds Reserve Account is created under the Bond Legislation for the Series 2013 Bonds in an aggregate amount equal to the lesser of (i) 10% of the original principal amount of the Series 2013 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2013 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2013 Bonds (the "Reserve Account Requirement"). The monies in the Series 2013 Bonds Reserve Account will be invested without restriction as to yield. All earnings on amounts deposited in the Series 2013 Bonds Reserve Account will, to the extent the yield thereon exceeds the yield on the Series 2013 Bonds, be subject to rebate.

5. A Renewal and Replacement Fund is created, or continued, under the Bond Legislation, to be funded through monthly deposits of Revenues in an amount equal to 2 1/2% of the Gross Revenues of the System. Absent an Event of Default on the Series 2013 Bonds, and depletion in full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Series 2013 Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

6. A Redemption Account for the Series 2013 Bonds is created under the Bond Legislation. In the event monies are deposited into the Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Series 2013 Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

7. A Costs of Issuance Fund is created under the Bond Legislation to be funded from proceeds of the Series 2013 Bonds in the amount of $194,666.54, to pay costs of issuance of the Series 2013 Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

8. A Construction Fund is created under the Bond Legislation to be funded only from remaining proceeds of the Series 2013 Bonds to pay costs of the Project. All such amounts shall be fully expended within 3 years from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not 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 3 years. All proceeds of the Series 2013 Bonds designated for the Project will be expended within 3 years 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 Series 2013 Bonds will be sold or otherwise disposed of prior to the last maturity date of the Series 2013 Bonds.

Except for the proceeds of the Series 2013 Bonds designated for the Project, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Series 2013 Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Series 2013 Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Series 2013 Bonds or to the governmental purpose of the Series 2013 Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2013 Bonds were not used or to be used for that governmental purpose.

9. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2013 Bonds or which are pledged as collateral to secure repayment of Debt Service on the Series 2013 Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2013 Bonds.

10. Accrued interest, if any, with respect to the Series 2013 Bonds in an amount less than 6 month's interest on the Series 2013 Bonds may be applied within one year from the date hereof toward the payment of interest first due on the Series 2013 Bonds, as detailed in the Schedules. Pending such disbursement, such monies, if any, will be invested without restriction as to yield.

D. REBATE OF EXCESS ARBITRAGE

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Section C hereof, all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Bond Legislation, the Issuer has created the Rebate Fund to be held by the Depository Bank. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Monies so deposited shall be derived from the Issuer's own funds.

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

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

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Series 2013 Bonds as required by the Code and Regulations. If any of the Series 2013 Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2013 Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Series 2013 Bonds. In addition, where

Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2013 Bonds, any unrealized gains or losses as of the date of retirement of the Series 2013 Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2013 Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap. In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2013 Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

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

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2013 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2013 Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States. (a) Installment Computation Dates. Unless the Series 2013 Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Series 2013 Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2013 Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2013 Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Series 2013 Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Internal Revenue Service Center, Ogden, Utah 84201-0027. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2013 Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Series 2013 Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2013 Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2013 Bonds.

E. MISCELLANEOUS

1. The Series 2013 Bonds is considered a single issue pursuant to Section 1.150-1(c) of the Regulation.

2. The amount designated as "Cost of Issuance" of the Series 2013 Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2013 Bonds.

3. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

4. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 24 months.

5. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The Form 8038-G attached hereto as EXHIBIT B - FORM 8038-G is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

6. The Issuer agrees to continue to monitor the use of the facilities and the expenditure of proceeds of the Series 2013 Bonds in order to ensure compliance with the relevant tax rules and regulations required so that the interest on the Series 2013 Bonds will be excluded from gross income for federal income tax purposes. The Issuer will use the compliance policies attached hereto as Exhibit C. The Issuer further agrees and understands that if the Tax Exempt Rules are not complied with, the parties may use the remedial actions set forth in Regulations §1.141-12, or may use the voluntary closing agreement process of the Internal Revenue Service in order to bring the Series 2013 Bonds into compliance with the Tax Exempt Rules.

7. None of the proceeds of the Series 2013 Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

8. The original proceeds of the Series 2013 Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

9. The Issuer shall use the proceeds of the Series 2013 Bonds solely to fund a Reserve Account for the Series 2013 Bonds; to pay the costs of acquisition and construction of the Project; and to pay costs of issuance and related costs.

10. The Issuer shall not permit at any time or times any of the proceeds of the Series 2013 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2013 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2013 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

11. The Series 2013 Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

12. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2013 Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2013 Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

13. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Series 2013 Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2013 Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

14. No portion of the proceeds of the Series 2013 Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2013 Bonds.

15. In connection with the Series 2013 Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2013 Bonds or any contract securing the Series 2013 Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Series 2013 Bonds.

16. The Series 2013 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.

17. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2013 Bonds or which will be paid directly or indirectly from proceeds of the sale of the Series 2013 Bonds.

18. The issuance of the Series 2013 Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

19. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2013 Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

20. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2013 Bonds from gross income for federal income tax purposes.

21. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Series 2013 Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2013 Bonds from the gross income of the holders thereof.

22. The Issuer shall comply with all yield restrictions on Series 2013 Bond proceeds as set forth in the Code.

23. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 2013 Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2013 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Legislation.

24. The Series 2013 Bonds are a fixed yield issue. No interest or other amount payable on any of the Series 2013 Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

25. Under Section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Mayor of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in Section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2013 Bonds.

26. To the best of my knowledge, information and belief there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

27. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2013 Bonds.

28. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2013 Bonds from gross income of the recipients thereof for federal income tax purposes.

29. To the best of our knowledge, information and belief, the foregoing expectations are reasonable.

[Remainder of Page Intentionally Blank]

WITNESS my signature the day and year first written above.

THE CITY OF WHEELING

By: _____
Its: Mayor

By: _____
Its: City Manager

964250.00061

5892746

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 23]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 34]

EXHIBIT C

THE CITY OF WHEELING (WEST VIRGINIA)

TAX COMPLIANCE POLICIES

Purpose

Governmental issuers of tax-exempt and tax-credit bonds must comply with certain federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by The City of Wheeling, West Virginia (the *"Issuer"*), as the issuer, with these rules in connection with the issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "*Tax-Exempt Bonds*"). It is understood and agreed by the Issuer, and the Issuer has covenanted to take all actions necessary to maintain the Tax-Exempt Bonds as tax-exempt state and local bonds.

Tax Requirements Associated with Sale and Issuance of Bonds

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

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

Expenditure of Proceeds for Governmental Costs

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

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

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

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

and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.

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

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

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

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

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

Expenditure of Proceeds

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

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

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

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

Use of Bond-Financed Property

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

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

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

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

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

Investments and IRS Filings

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

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

- Other investments will be purchased only in market transactions.

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

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

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

Records

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

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

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

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

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

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

Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer.

THE **CITY OF WHEELING, WEST VIRGINIA**

_____

By: City Manager

_____

By: Mayor

Date: May 30, 2013

THE CITY OF WHEELING (WEST VIRGINIA)

TAX COMPLIANCE POLICIES

Purpose

Governmental issuers of tax-exempt and tax-credit bonds must comply with certain federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by The City of Wheeling, West Virginia (the *"Issuer"*), as the issuer, with these rules in connection with the issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "*Tax-Exempt Bonds*"). It is understood and agreed by the Issuer, and the Issuer has covenanted to take all actions necessary to maintain the Tax-Exempt Bonds as tax-exempt state and local bonds.

Tax Requirements Associated with Sale and Issuance of Bonds

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

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

Expenditure of Proceeds for Governmental Costs

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

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

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

- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a "declaration of intent" to reimburse the costs was adopted by the City. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.

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

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

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

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

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

Expenditure of Proceeds

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

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

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

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

Use of Bond-Financed Property

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

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

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

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

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

Investments and IRS Filings

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

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

- Other investments will be purchased only in market transactions.

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

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

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

Records

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

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

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

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

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

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

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Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer.

THE **CITY OF WHEELING, WEST VIRGINIA**

By: City Manager

By: Mayor

Date: May 30, 2013

THE CITY OF WHEELING, WEST VIRGINIA

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013
(Tax-Exempt)

REGISTRAR'S CERTIFICATE

WesBanco Bank, Inc., Wheeling, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies this 30th day of May, 2013 as follows, all capitalized terms used herein to have the same meanings set forth in the Bond Ordinance of The City of Wheeling (the "Issuer") enacted on April 16, 2013, as supplemented by Supplemental Parameters Resolution adopted by the Issuer on May 7, 2013 (collectively, the "Bond Legislation"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the United States of America, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Bond Legislation and to serve in the capacity of Registrar under the Bond Legislation.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Bond Legislation, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Janet L. Shelburne	Vice President	Janet L Shelburne
Janet W. Kendzierski	Trust Officer	Janet W. Kendzierski

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Bond Ordinance; the Bonds have been duly authenticated and registered to CEDE & CO. and delivered to The Depository Trust Company, New York, New York ("DTC"), and proceeds of the Bonds have been deposited as required by the Bond Legislation.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

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

[Remainder of Page Intentionally Blank]

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

WesBanco Bank, Inc.

By: _____
Its: Authorized Officer

964250.00061

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EXHIBIT A

SERIES 2013 BOND TERMS

THE CITY OF WHEELING (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013
(TAX-EXEMPT)

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date (June 1)	Principal Amount	Interest Rate	Price	CUSIP No.
AR-1	2014	$780,000.00	2.000%	$791,372.40	963270EM1
AR-2	2015	$800,000.00	2.000%	$820,968.00	963270EN9
AR-3	2016	$820,000.00	2.000%	$847,150.20	963270EP4
AR-4	2017	$835,000.00	2.000%	$864,675.90	963270EQ2
AR-5	2018	$850,000.00	3.000%	$918,476.00	963270ER0
AR-6	2019	$875,000.00	3.000%	$943,285.00	963270ES8
AR-7	2020	$400,000.00	2.000%	$402,084.00	963270EX7
AR-8	2020	$500,000.00	3.000%	$535,225.00	963270ET6
AR-9	2021	$750,000.00	2.000%	$739,590.00	963270EU3
AR-10	2021	$175,000.00	4.000%	$198,135.00	963270EY5
AR-11	2022	$950,000.00	2.125%	$931,228.00	963270EV1
AR-12	2023	$970,000.00	2.250%	$946,128.30	963270EW9
AR-13	2026	$3,090,000.00	4.000%	$3,355,307.40	963270EZ2
AR-14	2029	$3,455,000.00	3.375%	$3,381,650.35	963270FA6
AR-15	2033	$5,000,000.00	4.000%	$5,145,500.00	963270FC2
AR-16	2038	$6,100,000.00	5.000%	$6,741,781.00	963270FD0
AR-17	2043	$1,000,000.00	5.000%	$1,096,460.00	963270FE8
AR-18	2043	$10,905,000.00	4.000%	$10,662,363.75	963270FB4

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

UNDERWRITER'S CERTIFICATE

The undersigned Marie L. Prezioso, Senior Vice President, Piper Jaffray & Co. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

1. As of May 15, 2013, the date on which the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated May 15, 2013, between The City of Wheeling, West Virginia (the "Issuer") and the Underwriter was executed, the Underwriter offered all of the Series 2013 Bonds to the general public (excluding bond houses, broker or similar persons or organizations acting in the capacity of underwriters or wholesalers) (collectively, the "Public") in a bona fide public offering and the Underwriter reasonably expected that the first prices at which at least 10% of each maturity would be sold by the Underwriter to the Public were the prices not higher than, or in the case of obligations sold on a yield basis, at yields not lower than, the initial prices shown on the cover of the Official Statement. At the time we agreed to purchase the Bonds, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the 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. Based upon our assessment of prevailing market conditions of the Sale Date, the purchase price of each Bond is not less than the fair market value of each Bond as of the Sale Date.

2. The Issue Price for the Bonds is $39,321,380.30

3. The Underwriter has been asked by the Issuer and Bond Counsel to perform certain calculations with respect to the Bonds. Specifically, the Underwriter has been asked to calculate (a) the weighted average maturity of the Bonds under Section 147 of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) the arbitrage yield of the Bonds under Section 148 of the Code, such calculations to be performed for the sole purpose of assisting the Issuer in its completion of Form 8038-G, to be filed with the Internal Revenue Service in connection with the issuance of the Bonds.

In determining the weighted average maturity of the Bonds, the Underwriter has been instructed by Bond Counsel to sum the products of the Price of each maturity and its respective number of years to maturity (rather than to their optional redemption date), divided by the sum of the Initial Offering Prices.

Bond Counsel has advised the Underwriter that the term "yield," as used in this certificate, means that discount rate which, when used in computing the present value as of the issue date of all the unconditionally payable payments of principal and interest on an obligation, produces an amount equal to the present value using the same discount rate, of the aggregate

issue price of bonds of the issue as of the issue date, based on the economic accrual method, an assumed 30-day month/360-day year, and semiannual compounding. Bond Counsel has advised the Underwriter, for the purposes of calculating the yield on the Bonds, as to adjustments, if any, required under Treasury Regulation §§ 1.148-4(b)(2) and 1.148-4(b)(3). As advised by Bond Counsel, for the purposes of calculating the yield on the Bonds, (i) to the extent that any term bond has a stated redemption price at maturity which exceeds the Initial Offering Price of such term bond by more than one-fourth of one percent multiplied by the number of years to the weighted average maturity date of such term bond, we have used the present value of each sinking fund redemption in computing the yield and otherwise we have used the outstanding stated amount of each sinking fund redemption, and (ii) to the extent that any Bond subject to optional early redemption was sold at an Initial Offering Price that exceeds the stated redemption price at maturity of such Bond by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date, we have treated such bond as redeemed at its stated redemption price on the optional redemption date that would produce the lowest yield on the Bonds. As advised by Bond Counsel, for the purposes of clause (i) above, the present value of a term bond on a mandatory redemption date is computed using the yield to the final maturity date of those Bonds as the discount rate. The Underwriter has also been advised by the Issuer and Bond Counsel that no other transaction (such as a guarantee of the Bonds, an interest rate swap or other hedge), is to be factored into the computation of the yield on the Bonds. In computing the yield on the Bonds, the Underwriter has been informed by Bond Counsel and the Issuer that, pursuant to the Bond Ordinance, as supplemented, the Bonds maturing on and after June 1, 2024, are first callable at par at the option of the Issuer on June 1, 2023, and that none of the Bonds are subject to optional redemption by the Issuer within five years of the date hereof.

Based upon the foregoing:

(A) The Weighted Average Maturity of the Bonds is 18.1103 years.

(B) The Yield on the Bonds is 3.6408%.

With respect to the above, and to the extent that we provided the Issuer and Bond Counsel with certain other information with respect to the Bonds, these computations are provided for informational purposes and are based on our understanding of directions that we have received from Bond Counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Bond Counsel.

4. The Underwriter hereby confirms that $2,223,418.76 is the maximum amount of principal and interest payable on the Bonds in any year, and such amount is less than 10% of the principal amount of the Bonds and 125% of the average annual debt service on the Bonds payable in any year during the term of the Bonds.

5. The Underwriter hereby confirms that funding the Reserve Account for the Bonds in the amount of $2,223,418.76 was required for the marketability of the Bonds.

6. The Underwriter, as underwriter, has not and will not receive any compensation from the proceeds of the sale of the Bonds, including investment earnings thereon, in excess of its underwriter's discount in the amount of $344,295.

7. This certificate may be relied upon by the Issuer with respect to its Tax and Non-Arbitrage Certificate relating to the Bonds and by Steptoe & Johnson PLLC, Bond Counsel, in rendering its tax opinion with respect to the Bonds; provided, however, that nothing herein represents our interpretation of any laws, and in particular, regulations under Section 148 of the Internal Revenue Code.

8. The undersigned is only certifying as to facts in existence on the date hereof.

WITNESS my signature this 30th day of May, 2013.

PIPER JAFFRAY & CO.

By: _____
Its: Senior Vice President

BODKIN WILSON & KOZICKI PLLC

CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA
Nancy J. Gwynn, CPA

Doreen M. DeMeter, CPA
Amy R. Schmitt, CPA
Justin M. Pastorius, CPA, MSA

The Maxwell Centre
32 Twentieth Street, Suite 300
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304 232-2280
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Weirton Office
204 Three Springs Drive, Suite C
Weirton, West Virginia 26062

304 748-5550
Fax 304 748-5551

May 30, 2013

The City of Wheeling
Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A and Series 2010 B
(West Virginia SRF Program)

City Clerk
City of Wheeling
Wheeling, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of The City of Wheeling (the "Issuer") enacted November 15, 2011 as amended by a Recommended Decision entered July 31, 2012 which became a Final Order on August 20, 2012 in Case No.: 11-1770-W-MA of the Public Service Commission of West Virginia, and the sewer rate ordinance of the Issuer, enacted November 15, 2011 as amended by a Recommended Decision entered April 19, 2012 which became a Final Order on May 18, 2012 in Case No.: 11-1772-S-MA of the Public Service Commission of West Virginia, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer (the "System"), will (i) provide for all Operating Expenses of the System and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013, issued in the original aggregate principal amount of $38,255,000 (the "Series 2013 Bonds"), and all other obligations secured by a lien on or payable from revenues prior to or on a parity with the Series 2013 Bonds, including the Issuer's: (a) 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"); (b) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (c) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds") (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during a consecutive 12 month period, within the 18 months immediately preceding the date of the actual issuance of the Series 2013 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2013 Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2013 Bonds and the Prior Bonds. To calculate this requirement, we are using the fiscal years ending June 30, 2016, June 30, 2017 and June 30, 2018 based upon the representation of the Issuer that construction will be complete by June 30, 2015.

All terms set forth herein, but not otherwise defined herein, shall have such meaning as provided in the ordinance of the City enacted on April 28, 2005, as amended, approving the Series 2005 A Bonds and the ordinance of the City enacted on October 19, 2010, as amended, approving the Series 2010 B Bonds.

Bowles Wilson & Kozicki PLLC

Wheeling, West Virginia,
May 30, 2013.

BODKIN WILSON & KOZICKI PLLC

CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
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Dennis A. Kozicki, CPA
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May 30, 2013

The City of Wheeling
Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A

City Clerk
City of Wheeling
Wheeling, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of The City of Wheeling (the "Issuer") enacted November 15, 2011 as amended by a Recommended Decision entered July 31, 2012 which became a Final Order on August 20, 2012 in Case No.: 11-1770-W-MA of the Public Service Commission of West Virginia, and the sewer rate ordinance of the Issuer, enacted November 15, 2011 as amended by a Recommended Decision entered April 19, 2012 which became a Final Order on May 18, 2012 in Case No.: 11-1772-S-MA of the Public Service Commission of West Virginia, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient, together with investment income, to produce Net Revenues sufficient to pay (i) 125% of the annual debt service on the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013, in the original aggregate principal amount of $38,255,000 (the "Series 2013 Bonds"), and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2013 Bonds, including the Issuer's: (a) 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"); (b) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (c) Combined Waterworks and Sewerage System Revenue Bonds, Series

2010 B (West Virginia SRF Program) dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds") (collectively, the "Prior Bonds"); and (ii) 100% of the sum of (x) the amount, if any required to be deposited in the Reserve Account 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 further our opinion that the Net Revenues, together with investment income derived from the System, during the prior fiscal year or any consecutive 12 month period in the 18 months immediately preceding the date of the actual issuance of the Series 2013 Bonds, were not 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 the Maximum Annual Debt Service on the Bonds and the Prior Bonds.

All terms set forth herein, but not otherwise defined herein, shall have such meaning as provided in the ordinance of the City enacted on July 5, 2006, as amended, approving the Series 2006 A Bonds.

Bowman Wilson & Kozicki PLLC

Wheeling, West Virginia,
May 30, 2013.

BODKIN WILSON & KOZICKI PLLC

CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA
Nancy J. Gwynn, CPA

Doreen M. DeMeter, CPA
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Weirton, West Virginia 26062

304 748-5550
Fax 304 748-5551

May 30, 2013

The City of Wheeling
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013

City Clerk
City of Wheeling
Wheeling, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of The City of Wheeling (the "Issuer") enacted November 15, 2011 as amended by a Recommended Decision entered July 31, 2012 which became a Final Order on August 20, 2012 in Case No.: 11-1770-W-MA of the Public Service Commission of West Virginia, and the sewer rate ordinance of the Issuer, enacted November 15, 2011 as amended by a Recommended Decision entered April 19, 2012 which became a Final Order on May 18, 2012 in Case No.: 11-1772-S-MA of the Public Service Commission of West Virginia, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient, together with other revenues of the System, to provide for all Operating Expenses of the System and 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 2013 Bonds, in the original aggregate principal amount of $38,255,000 (the "Series 2013 Bonds"), and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Issuer's: (a) 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"); (b) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (c) Combined Waterworks and Sewerage

System Revenue Bonds, Series 2010 B (West Virginia SRF Program) dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds") (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2013 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 115% of Maximum Annual Debt Service on the Series 2013 Bonds and the Prior Bonds.

All terms set forth herein, but not otherwise defined herein, shall have such meaning as provided in the ordinance of the City enacted on April 16, 2013, as amended, approving the Series 2013 Bonds.

Bodkin Wilson + Kozicki
PLLC

Wheeling, West Virginia,
May 30, 2013.

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2013 (TAX EXEMPT)

CERTIFICATE OF ENGINEER

On this 30th day of May, 2013, I, Craig Juday, P.E., Registered Professional Engineer, West Virginia License No. 019263, of CT Consultants, Willoughby, Ohio, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the waterworks portion of the existing combined public waterworks and sewerage system (the "System") of The City of Wheeling (the "Issuer") to be constructed in Ohio County, West Virginia, which acquisition and construction are being permanently financed, in part, by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on April 16, 2013, as supplemented, by Supplemental Resolution duly adopted by the Issuer on May 7, 2013.

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding the Series 2013 Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 30 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids or will receive for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B, attached hereto as Exhibit A; and (iv) the Issuer has received all necessary permits to complete the Project and operate the System.

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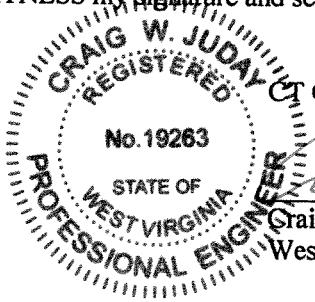
WITNESS my signature and seal on the day and year first written above.

(SEAL)



CT CONSULTANTS

Craig Juday, P.E.
West Virginia License No. 019263

964250.00061

5891013

Schedule B

City of Wheeling
Water Treatment Plant Project

Costs of Project	Series 2013 Bonds
1 Construction (Shook Construction)	30,548,000
2 Contingency	3,200,000
3 Engineering (CT Consultants)	2,811,000
Amount deposited in Project Account	36,559,000

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

NEW ISSUE-FULL BOOK ENTRY Rating: (See "Ratings" herein)

In the opinion of Steptoe & Johnson, PLLC, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2013 Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and purposes of calculating the alternative minimum tax. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, as presently written and applied, the Series 2013 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.

$39,065,000*
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

Dated: Date of Delivery **Due: June 1, as shown below**

The Series 2013 Bonds shall be issued only as fully registered Series 2013 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 2013 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, payments of the principal of and interest on such Series 2013 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 2013 BONDS--Book-Entry Only System" herein).

The Series 2013 Bonds are being issued to provide funds, together with other funds available therefor; (i) to pay a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System (the "Project"); (ii) to fund a reserve account for the Series 2013 Bonds; and (iii) to pay certain costs of issuance and related costs.

The Series 2013 Bonds are payable from and secured by the Gross Revenues derived from the City's combined waterworks and sewerage system and any additions, betterments and improvements thereto (the "System") on parity with the outstanding Prior Bonds, and from funds on deposit in the sinking funds created therefor, including the reserve accounts established therein. The Series 2013 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 2013 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 2013 Bonds.

The Series 2013 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 2013 Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2013. Principal of the Series 2013 Bonds is payable on each June 1 in accordance with the schedule set forth below.

MATURITIES, AMOUNTS AND INTEREST RATES*
Series 2013 Bonds
$14,265,000* Serial Bonds

Maturing (June 1)	Principal Amount	Interest Rate	Yield (%)	CUSIP** Base #963270	Maturing (June 1)	Principal Amount	Interest Rate	Yield (%)	CUSIP** Base #963270
2014	755,000				2022	960,000			
2015	780,000				2023	990,000			
2016	805,000				2024	1,015,000			
2017	825,000				2025	1,070,000			
2018	850,000				2026	1,120,000			
2019	880,000				2027	1,165,000			
2020	905,000				2028	1,215,000			
2021	930,000								

$6,780,000 ___% Term Bonds due June 1, 2033 at _____% CUSIP: _____**
$8,145,000 ___% Term Bonds due June 1, 2038 at _____% CUSIP: _____**
$9,875,000 ___% Term Bonds due June 1, 2043 at _____% CUSIP: _____**

The Series 2013 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 2013 Bonds will be available for delivery at DTC, New York, New York, on or about May 30, 2013.

Piper Jaffray & Co.

_____, 2013
* Preliminary, subject to change.

MAYOR
Andrew McKenzie

CITY MANAGER
Robert Herron

CITY COUNCIL
Gloria Delbrugge
Ken Imer
Robert Henry
David Miller
Don Atkinson
Eugene T. Fahey

CITY ADMINISTRATION
Janice L. Jones - City Clerk

BOND COUNSEL
Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE CITY OF WHEELING
Rose Humway-Warmuth, Esq.
Wheeling, West Virginia

UNDERWRITER
Piper Jaffray & Co.
Charleston, West Virginia

UNDERWRITER'S COUNSEL
Jackson Kelly PLLC
Charleston, West Virginia

**CUSIP data on the inside cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the 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 2013 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 Underwriters to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the 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 Underwriters. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City of Wheeling, West Virginia, as it relates to the System, since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

The information contained in this Official Statement has been obtained from the City and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

The Series 2013 Bonds shall not be or constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, and from the funds on deposit in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account therein with respect to the Series 2013 Bonds and the unexpended proceeds of the Series 2013 Bonds, with respect to the Series 2013 Bonds all as herein provided. No Holder or Holders of the Series 2013 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2013 Bonds or the interest thereon.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected," "assumed" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

You should make your own decision whether this offering meets your investment objectives and risk tolerance level. No federal or state securities commission has approved, disapproved, endorsed or recommend this offering. No independent person has confirmed the accuracy or truthfulness of this disclosure, nor whether it is complete.

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

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

The Series 2013 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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Appendices:

Appendix A – City of Wheeling and Ohio County (West Virginia) Economic and Demographic Data

Appendix B – The System

Appendix C – Financial Statements of the City

Appendix D – Proposed Form of Bond Counsel Opinion

Appendix E –Bond Ordinance and Supplemental Resolution

Appendix F – Rate Tariffs

Appendix G – Form of Continuing Disclosure Agreement

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OFFICIAL STATEMENT

relating to

$39,065,000*
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

_____, 2013

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 City's combined waterworks and sewerage system and the City's $39,065,000* in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"). The Series 2013 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 finally enacted by the Council of the City on April 16, 2013 (the "Ordinance"), as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013 (the "Supplemental Resolution" and collectively with the Ordinance, hereinafter the "Ordinance"). Certain capitalized terms used and not defined in this Introductory Statement are defined in the Ordinance.

The proceeds of the Series 2013 Bonds, together with other funds available therefor, will be used as follows: (i) to pay a portion of the costs of acquisition and construction of improvements and betterments (the "Project") to the waterworks portion of the combined waterworks and sewerage system of the City (the "System"); (ii) to fund a reserve account for the Series 2013 Bonds; and (iii) 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 2013 Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program) (the "Series 2005 A Bonds"), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000, of which approximately $10,573,049 is outstanding as of March 31, 2013; (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"), dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000, of which approximately $10,835,000 is outstanding as of March 31, 2013; (iii) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"), dated May 6, 2010, issued in the original aggregate

* Preliminary, subject to change.

principal amount of $4,455,000, of which approximately $3,055,000 is outstanding as of March 31, 2013; and (iv) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program) (the "Series 2010 B Bonds"), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000, of which approximately $7,768,650 is outstanding as of March 31, 2013 (collectively, the "Prior Bonds"). The City intends to defease the Series 2010 A Bonds prior to the issuance of the Series 2013 Bonds.

The Series 2013 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 Series 2013 Bonds Sinking Fund, including the Reserve Accounts therein. The Series 2013 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 2013 Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. Pursuant to the Ordinance, the City has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will always produce Gross Revenues which shall be sufficient (i) to pay all Operating Expenses of the System and (ii) to leave a balance each year so long as the Series 2006 A Bonds are outstanding of at least 125%, thereafter so long as the Series 2010 A Bonds are outstanding of at least 120%, and thereafter of at least 115% of the maximum annual amount required in any year to pay principal of and interest on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2013 Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2013 BONDS - Rate Covenant." The covenants relating to the Series 2010 A Bonds will be eliminated when the Series 2010 A Bonds are defeased.

The City may issue additional bonds on a parity with the Series 2013 Bonds for the purpose of (i) financing the cost of the design, acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding all or a portion of one or more series of Bonds, Prior Bonds or additional parity bonds hereafter issued; (iii) pay claims which may exist against the revenues or facilities of the System; or (iv) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Ordinance (any such additional parity bonds are hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2013 BONDS - Additional Parity Bonds."

Brief descriptions of the Project, the Series 2013 Bonds, the Ordinance, certain provisions of the Supplemental Resolution, 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 Supplemental Resolution, 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 2013 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.

FINANCING PLAN

The Project

The Series 2013 Bonds are being issued to provide moneys for the Project which consists of acquiring and constructing certain additions, betterments and improvements to the waterworks portion of the System, including rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation; replacing the existing blower building and equipment; replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation; replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance; constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls; replacing the existing clearwell with a new above-ground storage tank; and making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the water treatment plant.

The City opened bids on March 22, 2013. The low bid was $30,548,000. The City anticipates a two-year construction period.

Sources and Uses of Bond Proceeds

Sources of Funds		
Principal Amount of Series 2013 Bonds		$
[Original Issue Premium/Discount]		
	TOTAL	$
Uses of Funds		
Deposit to Construction Fund		$
Deposit to Reserve Account (1)		
Underwriter's Discount		
Costs of Issuance (2)		
	TOTAL	$

(1) An amount not to exceed the maximum annual debt service on the Series 2013 Bonds/reserve requirement.

(2) Includes legal and financing fees, bond counsel fees, underwriter's counsel fees, rounding, registrar's fee and other miscellaneous expenses relating to the issuance of the Series 2013 Bonds.

THE SERIES 2013 BONDS

General

The Series 2013 Bonds are dated the date of delivery. All Series 2013 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 2013 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2013 Bonds shall be in default, Series 2013 Bonds issued in exchange for Series 2013 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2013 Bonds surrendered. The Series 2013 Bonds will bear interest from their date, payable semiannually on each June 1 and December 1 in each year (each an "Interest Payment Date"), commencing December 1, 2013, 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 2013 Bonds will be issued as fully registered Series 2013 Bonds without coupons, in denominations of $5,000 or any integral multiples thereof for any year of maturity. Interest on the Series 2013 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 2013 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 $1,000,000 or more of the Series 2013 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 2013 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 2013 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 2013 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 2013 Bonds that have been called for redemption.

Optional Redemption

The Series 2013 Bonds are subject to optional redemption prior to their stated maturity at any time on and after June 1, 20__, at the option of the City at _____, plus accrued interest thereon to the date set for redemption.]

[Mandatory Sinking Fund Redemption

The Series 2013 Bonds maturing June 1, 20__, June 1, 20__ and June 1, 20__, 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 as may be determined by the Registrar 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 20__

Year (June 1)	Principal Amount
20__	$
20__*	$

*Final Maturity

So long as the Series 2013 Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2013 Bonds shall be given as described in "THE SERIES 2013 BONDS – Book-Entry Series 2013 Bonds."]

Notice of Redemption

Unless waived by any Registered Owner of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the City 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 Original Purchaser, and the Registered Owner of the Series 2013 Bond or Bonds, as applicable, 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. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2013 Bonds, and failure to mail such notice shall not affect the validity of any such proceedings for the redemption of any portion of the Series 2013 Bonds for which there was no failure. After notice of redemption has

been given in the manner hereinabove and in the Ordinance described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2013 Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue. Notice may also be given by acceptable electronic means.

Book-Entry Series 2013 Bonds

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 maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 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 the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street

name," and will be the responsibility of such Participant and not of DTC, Agent, or the 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 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 Series 2013 A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC Account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City 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. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that City believes to be reliable, but 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 2013 Bonds (1) payments of principal of or interest and premium, if any, on the Series 2013 Bonds, (2) confirmation of beneficial ownership interest in the Series 2013 Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2013 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 2013 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 2013 Bonds.

SECURITY FOR THE SERIES 2013 BONDS

The Series 2013 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 2013 Bonds except from said sources.

Sources of Payment

The payment of the debt service on all of the Series 2013 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 Holders of the Prior Bonds, and all moneys in the Series 2013 Bonds Sinking Fund for each Series of Series 2013 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 2013 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 Series 2013 Bonds Sinking Fund are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Prior Bonds and the Series 2013 Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

In the Ordinance, the City covenants and agrees that so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to provide for all Operating Expenses of the System and 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 2013 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds including the Prior Bonds. Under the Prior Ordinances, the City has covenanted to collect fees and charges such that Gross Revenues after the payment of all Operating Expenses available for debt service which are at least 125% so long as the Series 2006 A Bonds are outstanding, thereafter at least 120% so long as the Series 2010 A Bonds are outstanding, and thereafter at least 115% of the average annual debt service on all Series 2013 Bonds and the Prior Bonds.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under

construction, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia, (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

In the Ordinance, the City 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 90 days following a determination of the Independent Certified Public Accountant that less than the above required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

The City did not meet the coverage tests for the Prior Bonds for fiscal year 2012. The City enacted rate ordinances that are anticipated to produce revenues to meet such tests. See "Appendix C – Financial Statements of the City" and "Appendix F – Rate Tariffs." The City enacted a 17% sewer rate increase which took effect on the January 2013 billing cycle. The water rates attached herein in Appendix F will become effective upon issuance of the Series 2013 Bonds.

Reserve Account

Pursuant to the Ordinance, there will be created with the Bond Commission in the Series 2013 Bonds Sinking Fund a Reserve Account (the "Series 2013 Bonds Reserve Account") into which will be deposited an amount equal to the reserve requirement. See "Appendix E – Form of Bond Ordinance and Supplemental Resolution." Moneys in the Series 2013 Bonds Reserve Account shall be used only to pay principal of, or interest on the Series 2013 Bonds as due when other moneys in the Series 2013 Bonds Sinking Funds are insufficient therefor; provided, that any such moneys in excess of the Series 2013 Bond Reserve Requirement shall be withdrawn annually from the Series 2013 Bonds Reserve Account and deposited in the Series 2013 Bonds Sinking Fund. The City is required to restore any withdrawals from the Series 2013 Bonds Reserve Account which have the effect of reducing the value of the funds therein below the Series 2013 Bonds Reserve Account Requirement from the first Gross Revenues available after all other required payments to the Sinking Fund, including any deficiencies for prior payments, have been made in full; provided, that such restoration is not required when the sum in the Series 2013 Bonds Sinking Fund, including the Series 2013 Bonds Reserve Account therein, is at least equal to the aggregate amount of Series 2013 Bonds outstanding, plus the amount of interest due or thereafter to become due on said Series 2013 Bonds.

The reserve accounts for the Prior Bonds are fully funded. Simultaneously with the issuance of the Series 2013 Bonds, the City intends to cash fund from Bond proceeds the Reserve Account to the reserve requirement.

Renewal and Replacement Fund

The City is required after the payments into the Series 2013 Bonds Sinking Fund described above and the sinking funds created for the Prior Bonds and after the payment of Operating Expenses, on the first day of each month, commencing with the first month in which interest is payable from the Revenue Fund, to transfer to the Renewal and Replacement Fund a sum equal to five percent (5%) so long as the Series 2006 A Bonds are outstanding and two and one half percent (2½%) thereafter of the Gross Revenues each month, exclusive of any payments for the Series 2013 Bonds Reserve Account in the Series 2013 Bonds Sinking Fund and the reserve accounts and sinking funds of the Prior Bonds.

Withdrawals and disbursements from the Renewal and Replacement Fund shall be made (a) to pay the reasonable costs of replacements, emergency repairs, improvements or extensions to the System; or (b) to make up any deficiency in the Reserve Accounts.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the City (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 amount 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 2013 Bonds, for deposit in the Series 2013 Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2013 Bonds on the next ensuing semiannual interest payment date, and (iii) beginning 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2013 Bonds, for deposit in the Series 2013 Bonds Sinking Fund, and the 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 2013 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 2013 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) next, for restoration of any deficiency in the funding of the Reserve Accounts; and (4) then, for monthly transfer to the Renewal and Replacement Fund, a sum equal to not less than five percent so long as the Series 2006 A Bonds are outstanding and two and one-half percent thereafter of the Gross Revenues (less any amount transferred to the Reserve Accounts) received during the preceding month. Any amounts not required for deposits as set forth in (1) through (4) above shall be considered "system revenue" and such system revenue may be used for any lawful purpose of the System.

As described under "Sources of Payment" above, the Series 2013 Bonds 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 reasonable 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 2013 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 Bonds, Prior Bonds or Additional Parity Bonds; (iii) pay claims which may exist against the revenues or facilities of the System; or (iv) all such purposes.

So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the respective Prior Ordinances shall be applicable.

So long as the Series 2013 Bonds are Outstanding, no Additional Parity Bonds shall be issued at any time unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived from the System, during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 115% of 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 Prior Ordinances and the Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the City, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the City.

The term "Additional Parity Bonds," as used above, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of the Ordinance, payable from the Gross Revenues of the System on a parity with the Bonds. All 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 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 the Ordinance. All Bonds issued on a parity, 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 of one series over any other Bond of the same series. The City 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 above, 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. The City 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 the Ordinance, equally, as to lien and source of and security for payment from such Revenues, with the Bonds.

No additional parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in the Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in the Ordinance, shall have been made in full as required to the date of issuance of the Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances. See "Appendix E – Form of Bond Ordinance and Supplemental Resolution."

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceding the proposed issuance of Additional Parity Bonds states that the City was not in compliance with the rate covenant in the Ordinance for the year being audited and the City has, as required by the Ordinance, enacted a rate ordinance seeking a rate increase sufficient to comply with the Ordinance, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the City from issuing Additional Parity Bonds under the Ordinance.

This provision does not, in any way, modify or amend the requirements in the Prior Ordinances related to the issuance of Additional Parity Bonds when the audit for the prior fiscal year states that the City was not in compliance with the rate covenant in the Prior Ordinances or the Ordinance.

The City anticipates that it will from time to time issue additional parity bonds to finance the costs of improvements to the System.

THE CITY

The City of Wheeling 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 of Wheeling is the third largest city in the State and has a population of 28,355. See "Appendix A – The City of Wheeling and Ohio County" herein.

City Government

The City Government is organized under the "Manager-Mayor Plan", 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 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.

THE SYSTEM

The City of Wheeling 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 Department, and separate from the Water Department. The System operates as a combined water and sewer system for debt purposes pursuant to the Act. 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 such that Gross Revenues after the payment of all Operating Expenses available for debt service which are at least 125% so long as the Series 2006 A Bonds are outstanding, thereafter at least 120% so long as the Series 2010 A Bonds are outstanding, and thereafter at least 115% of the average annual debt service on all Series 2013 Bonds and the Prior Bonds. See "SECURITY FOR THE SERIES 2013 BONDS -- Rate Covenant," herein. The City intends to defease the Series 2010 A Bonds.

The following table presents the historical debt service coverage ratio for the Prior Bonds for the fiscal years ended June 30, 2011 and June 30, 2012, estimated coverage for fiscal year ending June 30, 2013, and projected coverage for the Prior Bonds and the Series 2013 Bonds for the fiscal years ended June 30, 2014 and June 30, 2015. See "Appendix B – The System."

	Historical		Actual	Projected		
	2010*	2011*	2012	2013	2014	2015
GROSS REVENUES						
Operating Revenues - Sewer (1)	5,364,545	5,367,160	5,200,767	5,187,765	5,174,796	5,161,859
Operating Revenues - Water (1)	5,968,043	6,284,132	6,316,614	6,300,822	6,285,070	6,269,358
Plus: Other Income and Contributions (1)	13,705	10,936	8,201	8,180	8,160	8,140
Plus: Estimated Revenues from Approved Rate Increases - Sewer (2)				1,060,185	1,057,534	1,054,890
Plus: Estimated Revenues from Approved Rate Increases - Water (3)				3,357,831	3,349,436	3,341,063
Gross Revenues to pay Operating Expenses	11,346,293	11,662,228	11,525,582	15,914,784	15,874,997	15,835,309
OPERATING EXPENSES (4)						
Operating expenses - Sewer	4,768,848	4,976,116	5,063,426	5,209,469	5,359,075	5,489,836
Operating expenses - Water	4,830,578	4,989,091	5,313,616	5,443,268	5,576,084	5,712,140
Less: Depreciation and Adjustments	(2,050,797)	(2,167,755)	(2,199,077)	(2,252,734)	(2,307,701)	(2,364,009)
Plus: Estimated Increase for Project O&M and Membrane Sinking Fund (5)						358,760
Operating Expenses for Debt Service Coverage	7,548,629	7,797,452	8,177,965	8,400,002	8,627,457	9,196,727
NET REVENUES	3,797,664	3,864,776	3,347,617	7,514,781	7,247,540	6,638,582
MAXIMUM ANNUAL DEBT SERVICE (6)	2,483,341	3,005,480	3,005,480	4,401,041	4,401,041	4,401,041
DEBT SERVICE COVERAGE	153%	129%	111%	171%	165%	151%

(1) Assumes a decline of .25% in 2013, 2014 and 2015, to reflect decline in sales.

(2) Assumes a 2.67% increase and a 17.5% project increase effective in 2013, declining by .25% in 2014 and 2015 to reflect decline in sales.

(3) Assumes a 53.1% increase effective in 2013, declining by .25% in 2014 and 2015 to reflect decline in sales.

(4) Assumes increase of 2.44% annually in 2014 and 2015 to reflect inflation.

(5) Assumes additional operating costs for the new plant of $243,120 and membrane sinking fund costs of $115,640 for 2015.

(6) Maximum Annual Debt Service

	2010	2011, 2012	2013 - 2015
2005 Series	881,428	881,429	881,428
2006 Series	772,381	771,806	774,963
2010 A Series	829,531	828,188	-
2010 B Series	-	524,058	524,057
2013 Series	-	-	2,220,594
	2,483,341	3,005,480	4,401,041

*Source: Annual Audits

DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which Prior Bonds and the Series 2013 Bonds will be outstanding beginning Fiscal Year 2014 (July 1, 2013 – June 30, 2014) the amounts payable from Gross Revenues.

Year Ended June 30	Prior Bonds Debt Service	Series 2013 Principal	Series 2013 Interest	Series 2013 Total	Total Debt Service
2014	2,178,092.49				
2015	2,177,292.47				
2016	2,175,741.52				
2017	2,178,778.62				
2018	2,176,198.79				
2019	2,180,447.19				
2020	2,178,698.52				
2021	2,176,198.56				
2022	2,177,947.87				
2023	2,176,587.34				
2024	2,179,585.19				
2025	2,176,734.95				
2026	2,178,247.86				
2027	1,738,195.84				
2028	1,298,745.49				
2029	1,298,743.94				
2030	1,297,506.90				
2031	1,295,008.41				
2032	1,165,256.44				
2033	771,975.00				
2034	775,237.50				
2035	771,737.50				
2036	771,737.50				
2037	-				
2038	-				
2039	-				
2040	-				
2041	-				
2042	-				
2043	-				
TOTALS	39,494,695.89*				-

*Does not include the Series 2010 A Bonds.

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Series 2013 Bonds are secured solely by the Gross Revenues of the System. There can be no guarantee that current rates of the System will always produce revenue sufficient to pay the debt service on the Prior Bonds, the Series 2013 Bonds and any Additional Parity Bonds. The City has covenanted in the Ordinance to raise the rates of the System if the Gross Revenues

of the System are not sufficient to provide the required coverage of the maximum annual debt service of the Series 2013 Bonds and all bonds issued on a parity with the Series 2013 Bonds and the Prior Bonds. After enactment of a rate increase, however, if twenty-five percent or more of the City's customers or one of the City's wholesale customers file a petition protesting the rate increase, the Public Service Commission of West Virginia (the "Commission") will have jurisdiction to review and modify the rates of the City. If a rate increase is appealed, there can be no assurance that the Commission will approve the increase of rates and charges to a level sufficient to generate revenues sufficient to pay the debt service on the Prior Bonds and the Series 2013 Bonds and meet the coverage requirements. The Commission is not expressly statutorily required to set rates sufficient to satisfy the bond covenants of any combined waterworks and sewerage utility.

Gross Revenues sufficient to pay the debt service on the Series 2013 Bonds, the Prior Bonds and any Additional Parity Bonds also depend on the retention of current customers by the City. An unexpected loss of customers by the City could have an adverse effect on the ability of the City to make the required payments on the Series 2013 Bonds. Additionally, a significant reduction in the amount of water used by customers of the City may also have an adverse impact on the City's ability to make the required payments on the Series 2013 Bonds. The City does not have the authority to require citizens to accept potable water service by the System. Accordingly, any further extensions of the waterworks portion of the System by the City are dependent upon the City being able to obtain agreements with those potential customers to purchase water from the City. If the City is unable to obtain agreements from potential water customers after an extension is constructed, it may have an adverse impact on the ability of the City to make the required payments on the Series 2013 Bonds. The City has 5 resale customers that purchase water from the City. See "APPENDIX B – THE SYSTEM" herein. If a significant wholesale customer were to obtain water from some other source, it may have an adverse impact on the ability of the City to make the required payments on the Series 2013 Bonds.

Although water usage has been historically higher in the City, a combination of multiple businesses moving outside of the service area of the System and a decrease in the City's population have caused water usage to decrease in recent years.

Failure to Meet Coverage Requirement

The City did not meet the coverage tests for the Prior Bonds for fiscal year 2012. Following such determination, the City enacted rate ordinances that are anticipated to produce revenues to meet such tests. See "Appendix C – Financial Statements of the City" and "Appendix F – Rate Tariffs." The City enacted a 17% sewer rate increase which took effect on the January 2013 billing cycle. The water rates attached herein in Appendix F will become effective upon issuance of the Series 2013 Bonds. .

Demographic and Economic Changes in the Service Area

Wheeling Downs, one of the City's five largest customers of the System is facing competition from new gaming establishments in Ohio and Pennsylvania. Wheeling Downs has indicated that it may reduce or eliminate certain gaming activities. Such reduction may have an impact on the revenues paid to the City by Wheeling Downs. The City can make no representations with respect to the long term impact of gaming competition on Wheeling Downs and its rate/revenue impact.

There is possible growth in the Highlands shopping center area that may have an impact on the water consumption in the area.

The City is located in the Marcellus Shale play area which may have an impact on the water consumption in the area. See "Appendix B – The System."

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2013 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Series 2013 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Series 2013 Bonds. Prospective purchasers of the Series 2013 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2013 Bonds if any legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes.

The Public Service Commission of West Virginia

In West Virginia, municipal combined waterworks and sewerage utilities such as the City are subject to regulatory oversight by the Public Service Commission of West Virginia (the "Commission") in certain situations. Specifically, pursuant to Chapter 24, Article 2, Section 11 of the Code of West Virginia, 1931, as amended, utilities must obtain a certificate of public convenience and necessity prior to proceeding to construction for projects which are outside of "the normal course of business." Additionally, rate increases approved by the Council of the City are subject to review for regulatory "notice" requirements and, under certain circumstances, the actual proposed rates. Municipal combined waterworks and sewerage utilities in West Virginia do not have the ability to adjust rates without the possibility of regulatory review. The parameters surrounding this review are discussed below. Such regulatory review may delay or halt the implementation of rate increases which could cause the utility to fail to meet rate covenants or produce revenue sufficient to pay debt service.

The Commission has two levels of review. Most cases are initially assigned to an administrative law judge ("ALJ") for decision. The Commission employs a "staff" comprised of engineers, lawyers and financial analysts (the "Staff") to review cases and make recommendations. The City is also permitted to make recommendations, as are other parties who are granted "intervenor" status. The ALJ may conduct a hearing, at which evidence is presented and witnesses for all parties may be cross-examined, after which a recommended decision is issued. Any party to the underlying proceeding, including a party granted intervenor status, may take exception to the recommended decision of the ALJ, in which case the matter is referred to the full Commission for decision.

Commission Regulatory Oversight of Rate Increases

Pursuant to Chapter 8, Article 11, Section 4, Chapter 8, Article 19, Section 11 and Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended, the Council of the City has the ability to establish rates for the combined waterworks and sewerage utility through the enactment of an ordinance, following a public hearing on such ordinance. In the enactment of such an ordinance, the City must comply with regulations of the Commission related to providing notice of such proposed rate increase. The Commission reviews the compliance of the City with such regulations and, if the Commission determines that the City has failed to satisfy the requirements of the regulations, the Commission may declare the rate ordinance invalid.

In such instance, the City would have no choice but to reenact the ordinance.

Commission Review of Proposed Rate Increases

Once enacted by the City, the proposed rates are subject to review by the Commission under the following scenarios:

1. More than 25% of the customers of the City sign a petition asking that the Commission review the rates proposed by the City; or

2. A customer of the City, which resides within the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory"; or

3. A customer of the City, which resides outside of the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory."

If any of the above occurs, the Commission then takes "jurisdiction" over the rates, initiating an investigation into the need for the proposed rates. Pursuant to Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended (the "PSC Act"), the rates enacted by the City are suspended for 120 days from the date the rates would otherwise have gone into effect (i.e., 45 days from enactment of the rate ordinance) and the new rates, if any, established by the Commission will go into effect at that end of the suspension period.

The Commission views the term "discrimination" to include more situations than those where a different rate is applied to resident and non-resident customers. The Supreme Court of Appeals of West Virginia previously affirmed the Commission's interpretation of the term "discrimination" when the court held that verified allegations, "which included the failure of the [municipality] to perform a class cost of service study and the discriminatory imposition of certain costs to resale customers, were sufficient to meet the requirements" found in the PSC Act. *City of Wheeling v. Pub. Serv. Comm'n of W. Va.*, 199 W. Va. 252, 257, 483 S.E.2d 835, 840 (1997).

The City has 5 water resale customers. Any one resale customer may allege "discrimination," causing the Commission to take jurisdiction over any proposed rate increase. Likewise, any one customer located within the City limits may allege "discrimination," also causing the Commission to take jurisdiction over any proposed rate ordinance.

Potential Delays for the Enactment of Rate Increases

Generally, the process of enacting a rate ordinance requires a minimum of two weeks (two readings by Council, separated by sufficient time to allow for the publication of a public hearing prior to the second reading, with the first publication for the public hearing being not less than 5 days prior to the date of the publication). Pursuant to the PSC Act and regulations of the Commission, the rates cannot go into effect any sooner than 45 days from the date of enactment, provided that an appeal of the proposed rates does not occur. In the event that the Commission takes jurisdiction of the rate increase, the Commission will establish a decision due date for the ALJ, that is generally 30 days prior to the end of the 120-day suspension period. If any of the parties, however, appeal the ALJ's recommended decision to the full Commission, the Commission will render its decision no later than the end of the 120-day suspension period. Additionally, a decision of the Commission may be appealed to the Supreme Court of Appeals of West Virginia, which has no statutory time frame within which to render a decision.

Consequently, the time period from the first reading of a rate ordinance to the increased rates being charged to the customers is a minimum of 60 days, and if the Commission takes jurisdiction, can exceed 180 days (Commission approved rates are billable during an appeal to the Supreme Court of Appeals of West Virginia). From the date the new rates begin to be charged, the City should realize revenues in approximately 45 to 60 days. Resale customers are required to obtain authorization from the Commission for any necessary increase in resale rates. Such increases are often granted by the Commission after the rates for the City go into effect, which means no assurance exists that resale customers will have sufficient revenues to begin paying the increased resale rates. The Commission can, and has on occasion, pre-approved resale rate increases in advance of the effective date of the new rates. As a result, resale customers may have the ability to begin charging the new resale rates of the City as soon as the rates go into effect.

Test Year

If the Commission takes jurisdiction over a municipality's rate ordinance as described above, the regulations of the Commission require a municipality to file "financial justification" for the proposed rate increase. This financial justification must be based on financial data from the most recent actual audited or finally closed twelve-month period, also known as the "test year." Events which occur outside the test year are not generally permitted in the rate adjustment. A determination at the end of any twelve-month period that a rate increase is necessary may not result in increased rates and collections for nine months or more from the end of that period.

The City has the option to proceed with a rate increase at any time during the course of the year, however, the financials examined by the Commission will be the financials for the most recent full fiscal year, not the 12-month period immediately preceding the date of the request.

Reliance on "Known and Measurable" Adjustments

When considering adjustments to the rates of a utility for costs occurring during the "test year," the Commission's regulations requires that the need for, and amount of, such adjustments be based on information that is "known and measurable." As a result, a change in revenues or expenses must, in most cases, have occurred in the test year being analyzed. If an increase in a cost, or a decline in revenue, is anticipated for the coming year, the Commission generally will not take such change into account for rate making purposes unless the change occurs during the test year.

As a result of the requirement that the support for adjustments be "known and measurable," the Commission will generally not allow multi-year rate increases to address anticipated inflation or drops in customer usage. Therefore, the City must initiate the rate ordinance process, and potential Commission review, whenever increased costs or decreased revenues necessitate a rate increase.

Emergency Rate Increase

The PSC Act permits utilities to request "emergency rates" if the utility is in "financial distress." Financial distress has been defined by the Commission to mean the utility is unable to pay operation and maintenance expenses and the principal and interest on the utility's debt obligations. Such rates, however, are subject to refund, in the event the Commission determines that the emergency rates, or any portion thereof, are not warranted. Generally, emergency rates CANNOT be obtained to meet coverage requirements in bond documents.

Treatment of Renewal and Replacement Funds

Most municipal combined waterworks and sewerage utilities in the State are required, pursuant to the terms of their outstanding bonds, to deposit 2.5% of gross revenues in a

"Renewal and Replacement Fund" or "Depreciation Account" each month. The purpose of this account is to provide monies for capital repairs and improvements, to construct extensions and to make up deficiencies in the reserve funds. In recent years, the Commission has taken the position that while the deposits should be made into the Account each month, such deposits are to be included in the calculation of the City's funds available for capital additions for the Fiscal Year. The Commission generally calculates funds available for capital additions by averaging capital additions for the last five years; provided, however, the Commission will consider a different calculation if the utility can demonstrate the need for a higher capital requirement. Consequently, the City is not permitted to accumulate funds to be used for unforeseen capital repairs and replacements, for needed extensions or to replenish draws from the reserve funds as the account is to be utilized each year as part of the ongoing capital expenditures for the system. The City's inability to maintain funds for emergencies increases its risk of utilizing revenues to pay for emergency repairs leaving insufficient funds to pay debt service on the Bonds.

Annual Municipal Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The City is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the City's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The City has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the City and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE" herein. Additionally, the City has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

RATINGS

Standard & Poor's Corporation ("S&P") has assigned a rating of "A" to the Series 2013 Bonds. Any desired explanation of the significance of such rating, should be obtained from S&P. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the City to S&P. Generally, S&P bases its rating on the

information and materials so furnished and on its investigations, studies and assumptions. There is no assurance that this rating will continue for any period of time or that the rating will not be reviewed, downgraded or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Owners of the Series 2013 Bonds any proposed revision or withdrawal of any rating of the Series 2013 Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of the rating may have an adverse effect upon the market price or value of the Series 2013 Bonds.

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, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the City's financial position or on the validity of the Series 2013 Bonds, the Ordinance, or any agreement to which the City is a party and which is a part of the issuance of the Series 2013 Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2013 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

Tax Exemption

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming continued compliance of the City with certain covenants designed to meet the requirements of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2013 Bonds including any original issue discount properly allocable to an owner thereof is excludable from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2013 Bonds is not a specific item of tax preference under Section 57 of the Code for purposes of the federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel is of the opinion that interest on the Series 2013 Bonds is exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. It should be noted, however, that interest on the Series 2013 Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2013 Bonds. The City has covenanted to comply with certain covenants and restrictions designed to ensure that interest on the Series 2013 Bonds will not be includable in gross income of the beneficial owners thereof (the "Beneficial Owners") for federal income tax purposes. Failure to comply with these covenants and restrictions could result in interest on the Series 2013 Bonds being includable in income for federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2013 Bonds. The opinion of Bond Counsel assumes compliance with these covenants and restrictions. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2013 Bonds may adversely affect the tax status of the interest on the Series 2013 Bonds.

Certain requirements and procedures contained or referred to in the Series 2013 Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2013 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2013 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson, PLLC.

Although Bond Counsel is of the opinion that interest on the Series 2013 Bonds will be excludable from gross income for federal and West Virginia income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any tax consequences other than what is set forth in its opinion and each Beneficial Owner or potential Beneficial Owner is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series 2013 Bonds on the tax liabilities of the individual or entity.

[Original Issue Discount/Original Issue Premium

The original issue discount in the selling price of Series 2013 Bonds maturing on June 1, 20__, through June 1, 20__, and June 1, 20__ (collectively, the "Discount Bonds"), to the extent properly allocable to each owner of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any

interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond.

Purchasers of any Discount Bond at any original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

The Series 2013 Bonds maturing on June 1, 20__, through June 1, 20__, and June 1, 20__ (collectively, the "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. Owners 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.

The opinions described above are subject to the condition that the City complies on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied subsequent to issuance of the Series 2013 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 2013 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 2013 Bonds.

The accrual or receipt of the interest on the Series 2013 Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2013 Bonds.]

UNDERWRITING

Piper Jaffray & Co., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2013 Bonds from the City at an aggregate purchase price (net of accrued interest) of $_____ (par less Underwriter's discount of $_____ [plus/less original issue premium/discount] of $_____). The Underwriter will be obligated to purchase all of the

Series 2013 Bonds if any are purchased. The Series 2013 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.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Series 2013 Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co. Piper Jaffray & Co. has also entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2013 Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2013 Bonds that CS&Co. sells.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C are the audited financial statements (and reports with respect thereto) of the City as of June 30, 2012, prepared by Bodkin, Wilson & Kozicki PLLC, Wheeling, West Virginia, certified public accountants. The financial statements have been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting. The City has obtained the consent of Bodkin, Wilson & Kozicki PLLC to include the audited financial statements in the Official Statement.

CONTINUING DISCLOSURE

The City has agreed to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2013 Bonds to provide certain financial and operating information (the "Annual Information") not later than 300 days following the end of fiscal year 2013 and each fiscal future year, and to provide the Annual Information to the Electronic Municipal Markets Access System ("EMMA"), 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 EMMA and to provide notice of the occurrence of the enumerated events to EMMA.

The City timely filed its Annual Information with Disclosure USA for FY 2008 and with EMMA for FY 2009, FY 2010 and FY 2012. The FY 2011 Annual Information was not filed until July 30, 2012 due to administrative oversight.

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 EMMA. Wesbanco Bank, Inc. has and will continue to serve as the Dissemination Agent for the City. any failure to supply the requested information.

However, any such failure will not constitute a default under the terms of the Series 2013 Bonds. Registered Owners may contact the City Manager of the City at City County Building, Wheeling, West Virginia 26003, (304) 234-3617 (rherron@wheelingwv.gov) for more information.

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 2013 Bonds.

Copies of the Ordinance, the Supplemental Resolution, the Undertaking, and other applicable documents may be obtained from the City at the following address:

The City of Wheeling
City County Building
Wheeling, West Virginia 26003
(304) 234-3617
Attention: City Manager

or, during the period of offering the Series 2013 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.

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THE CITY OF WHEELING, WEST VIRGINIA

By:_____
Mayor

By: _____
City Manager

Dated: _____, 2013

Appendix A

Economic and Demographic Data
Ohio County, West Virginia

County: The County is governed by, and generally acts through, The Ohio County Commission. The Commissioners of the County Commission are elected on a countywide basis.

County Commissioners:	Tim McCormick, President Orphy Klempa Randy Wharton
County Administrator:	Greg Stewart

City: The City of Wheeling is the County Seat of Ohio County. The City is located in the Northern Panhandle of West Virginia and is 128 miles from the City of Charleston (State Capitol), West Virginia, 55 miles from Pittsburgh, Pennsylvania, 120 miles from Columbus, Ohio, and 130 miles from Cleveland, Ohio.

City Council:	Gloria Delbrugge Ken Imer Robert Henry David Miller Don Atkinson Eugene T. Fahey
City Mayor:	Andrew McKenzie

Wheeling MSA: The City of Wheeling is the largest city in the Wheeling-Belmont County (Ohio) Metropolitan Statistical Area that includes Ohio and Marshall Counties, WV, and Belmont County, OH.

Population

Year	City of Wheeling	Wheeling MSA	Ohio County	West Virginia	United States
2011	28,355	147,197	44,246	1,855,364	311,591,917
2010	28,506	147,900	44,478	1,854,368	309,330,219
2009	28,805	147,910	44,355	1,847,775	306,771,529
2008	28,864	148,073	44,469	1,840,310	304,093,966
2007	29,025	148,727	44,714	1,834,052	301,231,207

Source: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Census Bureau

Per Capita Personal Income

County	2007	2011	County Rank in State in 2011
United States	$39,506	$41,560	---
West Virginia	$29,497	$23,403	---
Wheeling MSA	$29,824	$34,406	---
Ohio County	$34,890	$37,969	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Average Annual Unemployment Rates (%) – Not Seasonally Adjusted

Year	Wheeling MSA	Ohio County	West Virginia	U.S.
2012	7.5	6.8	7.3	8.1
2011	8.6	8.0	7.8	8.9
2010	9.8	9.3	8.4	9.6
2009	8.7	7.8	7.6	9.3
2008	5.2	4.1	4.2	5.8
2007	4.9	3.8	4.2	4.6

Source: U.S. Department of Labor, Bureau of Labor Statistics

Largest Employers in Ohio County (March 2012)

Employer
1. Wheeling Hospital, Inc.
2. Ohio County Board of Education
3. Cabela's Wholesale , Inc.
4. Ohio Valley Medical Center, Inc.
5. Wheeling Park Commission
6. Wheeling Island Gaming, Inc.
7. Wesbanco Bank, Inc.
8. City of Wheeling
9. West Liberty State College
10. Wheeling Jesuit University, Inc.

Source: WORKFORCE West Virginia

Average Employment and Average Weekly and Annual Wages

	Average Employment		Average Weekly Wage		Average Annual Wage	
	2007	2011	2007	2011	2007	2011
Ohio County	29,031	29,310	$590.60	$641.96	$30,711	$33,382
West Virginia	708,313	701,871	$653.87	$751.77	$34,001	$39,092

Source: WORKFORCE West Virginia

Average Annual Employment for Ohio County by Industry

Industry	2011
Construction	854
Manufacturing	1,437
Trade, Transportation & Utilities	5,752
Information	422
Financial Activities	1,368
Professional & Business Services	3,477
Education & Health Services	6,680
Leisure & Hospitality	3,906
Other	1,404
Government	4,010
TOTAL	29,310

Source: WORKFORCE West Virginia

Total Wages ($)

Year	Ohio County	West Virginia
2011	978,414,709	27,437,330,374
2010	959,563,963	26,100,976,332
2009	959,412,861	25,528,702,813
2008	962,214,772	25,534,204,980
2007	891,579,527	24,083,126,318

Source: WORKFORCE West Virginia

Wages Per Industry for Ohio County (2011) ($)

Industry	Total Wages	Average Weekly Wage
Construction	35,736,341	804.73
Manufacturing	51,867,023	694.12
Trade, Transportation & Utilities	163,727,852	547.40
Information	29,826,241	1,359.19
Financial Activities	56,845,698	799.12
Professional & Business Services	132,220,495	731.29
Education & Health Services	262,253,324	754.98
Leisure and Hospitality	64,049,504	315.35
Other Services	41,502,569	488.71
Government	140,385,662	673.25
TOTAL	978,414,709	641.96

Source: WORKFORCE West Virginia

Selected City of Wheeling Demographic Information

History: Colonel Ebenezer Zane founded Wheeling in 1769. Wheeling was established as a town in 1795 and incorporated in 1836 through a Charter granted by the Virginia Assembly. The first convention of the delegates from the loyal counties of northwestern Virginia met in Wheeling on May 13, 1861, and inaugurated the movement which finally resulted in the admission of West Virginia into the Union as a state on June 20, 1863. Wheeling, West Virginia, was the capital of the newly formed state from 1863 to 1870 when it was moved to Charleston. In 1875, the seat of the government was brought back to Wheeling and remained until 1885, again being transferred to Charleston where it has since remained.

Education: Public and Private Schools:

Ohio County Schools
Wheeling Catholic Central
Linsly School

Higher Education Institutions :

West Virginia Business College
West Virginia Northern Community College
West Liberty University
Wheeling Jesuit University
Bethany College

Transportation: Ohio Valley Regional Transportation Authority
East Ohio Regional Transportation Authority

Healthcare: Doctor's Urgent Care
East Seals West Virginia
MedExpress
Ohio Valley Medical Center
Peterson Rehabilitation Hospital and Geriatric Center
Wheeling Hospital
Wheeling Clinic

Community: Ohio County Public Library
WesBancoArena.com
CapitolTheatreWheeling.com
WheelingCVB.com
WheelingSymphony.org
Oglebay Institute
Oglebay-Resort.com
Children's Museum of the Ohio Valley
Centre Market
Wheeling Nailers (East Coast Hockey League)

Source: City of Wheeling

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 thru 2012 (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 2012" prepared by KLH Engineers, Inc. of Pittsburgh, Pennsylvania. 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 2012 Report. For additional and more complete information, reference should be made to the City itself or to the Audits, the 2012 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 2005 A, Series 2010 A and Series 2010 B 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. Potassium permanganate can also be added to control taste, odor and to help control zebra mussels. 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**	0	gal.
Howard Hills (Oakmont)	200,000	gal.
Springdale	810,000	gal.
Patterson Reservoir	593,000	gal.
Oglebay	1,000,000	gal.
Leewood**	0	gal.
Washington Farms	50,000	gal.
Total Storage Facilities	14,430,000	gal.

**Not in service

C. Distribution System

The distribution system includes over 189 miles of pipelines and 10 booster stations, capable of delivering up to 12 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 five (5) 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 (Oakmont)
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 50% of the City's average daily usage, in event of an emergency condition with the City's river supply.

Management (As of February 18, 2013)

Superintendent – Mr. David M. Nickerson

All the Divisions operate under the direct supervision of Superintendent, Mr. David M. Nickerson. As Superintendent, Mr. Nickerson 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. Nickerson began his employment with the City as a utility worker in the Distribution Division in 1985. He moved to Utility Lead Worker in 1988. In 2003 he transferred to the Water Treatment Plant as a mechanic and was promoted to Maintenance Foreman in 2009. In 2012 Mr. Nickerson was appointed Acting Plant Manager of the Water Treatment Plant, in the absence of Mr. Frank Blaskovich due to medical issues. On February 18, 2013 he was appointed Water Superintendent after the retirement of Mr. William Huggins.

Acting Plant Manager – Lori Siburt

Ms. Siburt was hired by the Wheeling Water Treatment Plant in May 2002 as a Lab Technician and Water Operator. She came to the city with a background in water and wastewater and 15 years of experience as a lab technician. She is a Class IV Water Operator certified with the state of West Virginia. She is certified with the WV Microbiology Lab for bacteriological testing and is currently completing her B.S. in Chemistry at Wheeling Jesuit University. She was promoted to Senior Lab Technician in 2012 and to Acting Plant Manager in 2013. She works closely with ORSANCO regarding Ohio River quality issues and is also a member of the American Water Works Association.

Employees and Payroll

As of June 30, 2012, the City had 58 employees engaged in Waterworks System tasks. The Fiscal Year 2012 payroll was budgeted at $2,624,985.

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, 2012. The Waterworks System pumped an average of 7.59 MGD in 2012, with daily averages during the peak month of June 2012 at 7.89 MGD.

Customer Class	Gallons Sold/ Billed (000)	Number of Customers
Residential	566,570	11,824
Commercial	529,437	1,392
Industrial	11,922	20
Resale	1,723,442	13,341
Unmetered	0	0
Unaccounted Loss	643,207	N/A

Water loss in the system accounted for nearly 25% 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	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
	13,240	13,250	13,614	13,697	13,795

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, 2012, are:

	Annual Consumption (000 gallon)	Annual Revenue
1. Bethlehem	87,186	$166,154
2. Triadelphia	51,589	103,825
3. Valley Grove	22,438	44,710
4. West Alexander (Pennsylvania)	20,249	40,428
5. Ohio County PSD	432,691*	1,014,121**
TOTAL	614,153	1,369,248

* Represents 76% of the Water System's total consumption for fiscal year 2012.
**Represents 21% of the Water System's total water operating revenues for fiscal year 2012.

The ten largest users (not including resale to neighboring communities) and their billings for the fiscal year 2012 were:

		Annual Consumption (1,000 Gallons)	Annual Revenue
1.	Oglebay Park (multiple)	60,387	$179,939.09
2.	Wheeling Hospital	57,123	116,242.74
3.	Ohio Valley Hospital	47,274	100,576.54
4.	Ziegenfelder Ice Cream	35,856	79,634.69
5.	Wheeling Downs (multiple)	28,685	68,402.22
6.	Wheeling Linen (35%)	14,295	35,224.45
7.	Board of Education	12,346	49,152.85
8.	Swisher International	8,371	28,429.61
9.	North Park Associates	4,875	16,533.29
10.	Centre Foundry	2,058	8,007.48
TOTAL		271,270	$682,142.96

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 4/2/10, following Public Service Commission approval, and represent approximately 7% increase from previous rates.

Rates (Monthly)

First 1,000 gallons used per month	$	7.46 per 1,000 gallons
Next 499,000 gallons used per month		3.422 per 1,000 gallons
All over 500,000 gallons used per month		1.763 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	$	7.46	per month
3/4-inch meter		11.18	per month
1-inch meter		18.64	per month
1½ -inch meter		37.28	per month
2-inch meter		59.64	per month
3-inch meter		111.83	per month
4-inch meter		186.38	per month
6-inch meter		372.75	per month
8-inch meter		596.40	per month

Service Connection Charge: $50/Water and $50/Sewer deposit; $25 reconnect fee

Size of Tap	Charge
5/8-inch and 3/4-inch	$315.00
1-inch and larger	$420.00

Fire Service Lines

2-inch or smaller	$	60.00	per year
3-inch		96.00	per year
4-inch		156.00	per year
6-inch		324.00	per year
8-inch		564.00	per year
10-inch		900.00	per year

If unmetered, an additional $90.00 per year.

Hydrants

$156.00 per hydrant per year.

Average Monthly Rates

Based upon current rates, the average user of the Waterworks System pays the average monthly amounts set forth in the table which follows:

	Wheeling	Ohio Co. PSD	Valley Grove	Triadelphia	W. Alexander
Gals/Mo.					
Resid.					
4,500	$19.44	$97,511.17	$3,725.64	$8,651.90	$3,369.98
Commer.		Gal.	Gal.	Gal.	Gal.
50,000	175.14	31,223,419	1,896	4,403	1,715
Indust.					
500,000	1,715.04				

Upcoming Projects: Water

Included in this bond issue are funds for engineering design of a new water treatment plant. Construction of a new plant is estimated at $30.5 million and proposed for 2013 and 2014. 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.

*OCPSD Highlands transmission main is now in service.

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, Benwood 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 7.6 MGD, serving a sewered population of approximately 57,000. Hydraulically, the plant can handle a flow of 35 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, ultraviolet disinfecting, 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 centrifuges.

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 17 MGD or up to 35 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 and landfilled.

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 sludges 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 ultraviolet disinfection and/or 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 four significant industrial users. Effluent quality is analyzed by laboratory technicians who are certified by the West Virginia Department of Natural Resources. All treatment plant operations and collection division personnel are also state certified.

Management – Daniel P. Villani - Superintendent

As Superintendent, Mr. Villani is responsible for the continuing management and operation of the Wastewater Treatment and Collection System, supervising over forty (40) employees within three (3) divisions: collection, operation, and maintenance. Mr. Villani's duties range from plant management, equipment maintenance and effluent testing to budget preparation.

The City of Wheeling's Water Pollution Control Department has received numerous distinctions, including the Operations and Maintenance Award of Excellence from the West Virginia Department of Environmental Protection and a first place safety award from the West Virginia Water Environment Association.

Mr. Villani began his employment with the City of Wheeling in 1976. He became Head Operator in 1977, Operations Supervisor in 1979, and achieved his current position as Superintendent in 2013.

Mr. Villani holds a Class IV Wastewater Operator's certification, Class 1-C Collection System Certification, and is a certified Wastewater Treatment Laboratory Technician. He has attended classes at both West Liberty University and West Virginia Northern Community College, graduating from WVNCC in 1987 with an A.S. and an A.A.S. in Business Administration. He has also continued his education through various seminars and training classes.

Employees and Payroll

As of June 30, 2012, the City had 39 employees engaged in Sewerage System tasks. The fiscal year 2012 payroll is budgeted at $2,129,808.

Operations

The Wastewater Collection and Treatment System treated an average of 7.6 MGD during fiscal year 2012, with daily averages during the peak month of Jan. at 19.4 MGD. The effluent biological demand (BOD) averaged12 milligrams per liter with an overall efficiency of 94.7 percent for the year. Suspended solids in the effluent averaged 10 milligrams per liter with an overall removal efficiency of 94.9 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 6/18/10 and has an effective date of 7/18/10 and expires 6/17/15.

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 2012:

	Average Number of Sewer Customers				
Fiscal Year	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
	12,628	12,645	12,723	12,826	12,956

Customer Class	Gallons Billed (000)	Number of Customers
Residential	537,199	11,274
Commercial	393,672	1,333
Industrial	9,675	16
Outside Communities	356,988	5

The City provides wastewater collection and treatment service under long-term contracts to four 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, 2012 are:

	Avg MGD	Annual Revenues
Benwood	.13	$87,848
Bethlehem (5 connections)	.21	140,136
Clearview	.04	30,694
Triadelphia	.14	93,962
Ohio County Public Serv. Dist. (8 connections)	.46	310,492
	*	**

* Represents 27.5% of the System's total discharge for fiscal year 2012.
**Represents 13.6% of the System's total operating revenues for fiscal year 2012.

The ten largest users (not considering collection and treatment provided to neighboring communities) and their billings for the fiscal year 2012 were:

		Annual Discharge (000)	Annual Revenue
1.	Ohio Valley Hospital	46,748	$98,552.55
2.	Wheeling Downs (Multiple)	28,697	64,557.14
3.	Ziegenfelder Ice Cream	28,520	63,830.94
4.	North Park Landfill	24,724	54,902.84
5.	Wheeling Hospital	24,378	52,410.53
6.	Liquid Assets Disposal	17,404	38,421.89
7.	Oglebay Park (Multiple)	16,704	39,557.21
8.	Wheeling Housing Authority	16,351	50,328.82
9.	Water Treatment Plant	12,633	31,146.11
10.	Wheeling Linen (35% discount)	9,297	22,023.66
	TOTAL	225,456	$515,731.69

Rates

The rates charged to users of the Sewerage System inside the City are detailed in the following table. These rates became effective in September 2010, following Public Service Commission approval, and represent a 1% increase from previous rates.

Monthly Usage Gallons	Charge per 1,000 Gallons
First 10,000 used per month	$6.15
Next 90,000 used per month	5.10
Next 100,000 used per month	3.63
Over 200,000 used per month	2.46

The Minimum Metered Rate is $9.77 per month; an Unmetered Flat Rate of $27.68 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 will be approximately $27.68 for 4,500 gallons of water used in 2014.

Billing and Collection Experience

WATER

YEAR	BILLED	COLLECTED	%
2009	$5,171,430	$4,291,137	82.98%
2010	5,338,646	4,240,592	79.98%
2011	5,829,889	4,286,862	73.53%
2012	5,928,824	4,236,431	71.45%

SEWER

YEAR	BILLED	COLLECTED	%
2009	$3,729,747	$4,660,221	124.9%
2010	4,688,986	5,586,644	119.1%
2011	4,438,211	5,059,445	113.9%
2012	4,234,473	4,867,682	114.9%

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. Upon termination of service a lien process is started. Unpaid bills over $25 and below $5,000 are sent to Magistrate Court. Bills $5,000 and above go to Circuit Court. This program has been in place for approximately two years and has shown to produce positive results in the collection process.

Future Projects: Sewer

The City of Wheeling's Water Pollution Control Division is currently finishing up Phase II of VII phases planned under WPCD's Long Term Control Plan. Elimination of Combined Sewer Overflows remains a priority of the Water Pollution Control Division. Each phase costs between fifteen (15) to twenty (20) million dollars and includes upgrades to the Waste Water Treatment Plant, pump stations, collections system, storm and sanitary separations and the elimination of the Combined Sewer Overflows.

NOTE:
THE COMBINED STATEMENT OF NET ASSETS AND THE COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2012 CAN BE FOUND IN THE AUDITED FINANCIAL STATEMENTS. See "Appendix C – Financial Statements of the City."

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, 2012, 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,				
	2008	2009	2010	2011	2012
Employees Covered	12	12	11	11	11
Contribution Rate	6%	6%	6%	6%	6%
Contributions	$27,658	$31,692	$28,851	$28,539,	$28,586

Method of Accounting

For the fiscal year 2012, the System operated day-to-day on a cash basis of accounting. For reporting purposes, in the Comprehensive Annual Financial Report of the City, the accounting records were 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.

Appendix C

Financial Statements of the City

City of Wheeling
Wheeling, West Virginia

Financial Statements
Together with Auditor's Report
As of June 30, 2012

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, 2012

GOVERNMENTAL FUNDS

MAJOR FUNDS
General Fund

Special Revenue Funds
Coal Severance
Home Fund

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds
Tax Increment Fund (TIF)
Community Development
Public Safety
Homelessness Prevention & Rapid Rehousing

Capital Project Funds
Capital Project Fund

Debt Service Funds
Debt Service Fund

PROPRIETARY FUND TYPE

Enterprise Funds
WPCD- Major Fund
Water- Major Fund
Parking- Nonmajor Fund

Internal Service Fund
Workers Compensation

COMPONENT UNIT
Greater Wheeling Sports and Entertainment Authority

FIDUCIARY FUND TYPES

Trust Fund
Employees' Retirement and Benefit
Firemen's Pension or Relief
Policemen's Pension or Relief
WPCD Pension Plan

CITY OF WHEELING
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CITY OF WHEELING
MUNICIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ELECTIVE

MAYOR:	TERM
Andy McKenzie	07/01/08 to 06/30/12

COUNCIL MEMBERS:

Gloria Delbrugge	07/01/08 to 06/30/12
Vernon Seals	07/01/08 to 06/30/12
Robert Henry	07/01/08 to 06/30/12
James Tiu	07/01/08 to 06/30/12
Don Atkinson	07/01/08 to 06/30/12
Eugene Fahey	07/01/08 to 06/30/12

APPOINTIVE

CITY MANAGER
Robert D. Herron

FINANCE DIRECTOR
Michael Klug

CITY SOLICITOR
Rosemary Humway-Warmuth

CITY CLERK
Janice Jones

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA
Nancy J. Gwynn, CPA

Doreen M. DeMeter, CPA
Amy R. Schmitt, CPA
Justin M. Pastorius, CPA, MSA

The Maxwell Centre
32 Twentieth Street, Suite 300
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Weirton, West Virginia 26062

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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, 2012, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows 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 March 19, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 22 and 69 through 72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and schedule of expenditures of state awards, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Wheeling, West Virginia,
March 19, 2013.

Bodkin Wilson & Kopicki PLLC

CITY OF WHEELING, WEST VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2012

This section of the City of Wheeling's (the City's) annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2012. 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 were 101% of budget, while expenses were 98% of budget, resulting in a budget surplus of $1,012,540. Encumbered and budgeted surplus amounts were $293,077 resulting in an unencumbered balance of $719,463 subject to appropriation by City Council.

- Demolition of the 1100 Block using TIF funding and for East Wheeling Recreational Complex using private donations was started.

- Plans for the new water treatment plant were finalized, with it going out to bid in March 2013.

- Water and WPCD began working with the Ohio County Magistrate's Office placing liens on customers with unpaid final balances. This is proving to be a very effective means of collecting outstanding balances. Also, utility deposits on new accounts have reduced outstanding balances.

- Water Department has assessed an administrative fee for collecting accounts that are on the shut-off list.

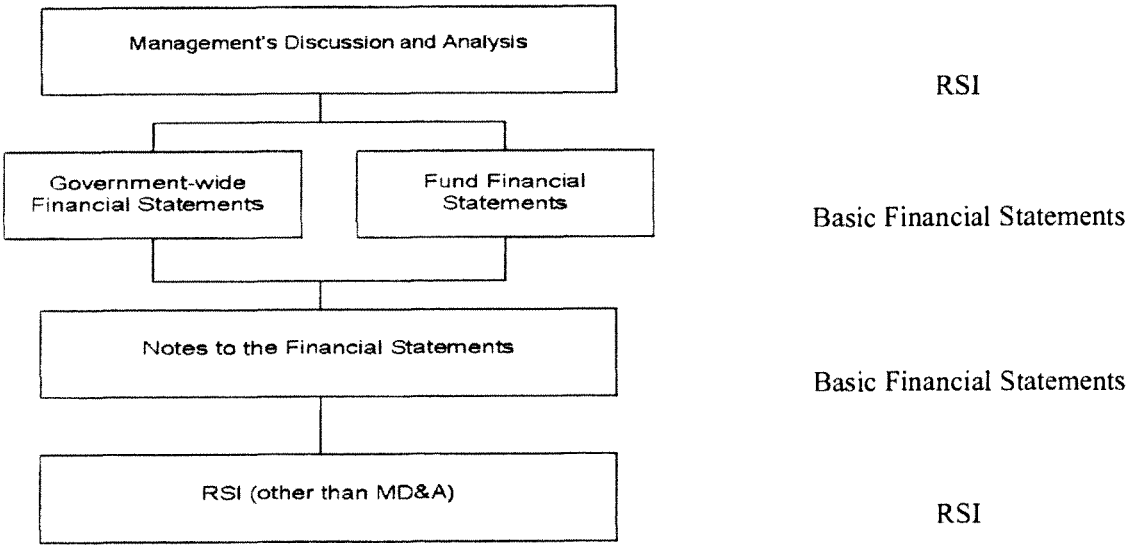
- The City joined the program with the WV Tax Commissioner to collect past due police tickets from taxpayer's refund checks. To date, approximately $11,000 has been recovered.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Wheeling annual report consists of two sections - (1) the Introductory Section and (2) the Financial Section, which includes the Management Discussion and Analysis, 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 fund financial statements, notes to the financial statements, 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, including community development, public safety, street and transportation, health and sanitation, culture and recreation, and social services. The business-type activities of the City include sewer, solid waste and recycling, water works, and parking. The City has an internal service fund to account for workers' compensation. The City includes one separate legal entity in its report – the Greater Wheeling Sports and Entertainment Authority (WesBanco Arena). Although legally separate, this "component unit" is important because the City is financially accountable for it and partly provides operational funding. Separately issued financial statements are available upon request from the Authority.

The government-wide financial statements can be found on pages 23-25 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 enterprise funds and one internal service fund. The 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 internal service fund is used to account for the workers' compensation activity of the City.

The proprietary funds financial statements can be found on pages 30-33 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 34-35 and 75-76 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 36-68 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 69-70 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 $76,653,944 at the close of the fiscal year ending June 30, 2012 (Table 1 – Statement of Net Assets) compared to $75,919,209 at the end of the previous fiscal year, representing an increase of $734,735 in net assets. The increase in net assets was mostly due to increases in restricted and unrestricted net assets.

The largest portion of Wheeling's net assets, (80.4 %) 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 investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay 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, 2012 and 2011

Table 1

	Governmental Activities		Business-type Activities		Totals		Percentage Change
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	
Current and other assets	$ 13,825,199	$ 14,719,488	$ 4,281,431	$ 3,676,761	$ 18,106,630	$ 18,396,249	-1.57%
Restricted assets	3,681,661	1,240,345	4,071,663	3,726,450	7,753,324	4,966,795	56.10%
Capital assets	32,646,296	31,724,350	67,347,356	64,871,845	99,993,652	96,596,195	3.52%
Total assets	50,153,156	47,684,183	75,700,450	72,275,056	125,853,606	119,959,239	4.91%
Current and other liabilities	5,550,079	6,433,731	2,815,576	2,898,400	8,365,655	9,332,131	-10.36%
Long-term liabilities	11,229,098	8,417,115	29,604,909	26,290,783	40,834,007	34,707,898	17.65%
Total liabilities	16,779,177	14,850,846	32,420,485	29,189,183	49,199,662	44,040,029	11.72%
Net assets:							
Invested in capital assets (net of related debt)	25,638,161	28,805,938	35,998,808	36,207,434	61,636,969	65,013,372	-5.19%
Restricted net assets	4,632,414	3,004,866	4,071,663	3,726,450	8,704,077	6,731,316	29.31%
Unrestricted net assets	3,103,404	1,022,533	3,209,494	3,151,989	6,312,898	4,174,522	51.22%
Total net assets	$ 33,373,979	$ 32,833,337	$ 43,279,965	$ 43,085,872	$ 76,653,944	$ 75,919,209	0.97%

Another portion of the City's net assets, (11.4 %), 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 (8.2 %) 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 $0.5 million, compared to an increase of $1.8 million in fiscal year 2011 (Table 2 – Statement of Governmental Activities). Overall fiscal year 2012 revenues were 3.41% higher than the previous year. The increase was largely due to the City's ability to get various capital grants for various projects but was offset by a decrease in video lottery revenue. Expenses were 5.4% higher than the previous fiscal year, but this is mostly due to increases in culture and recreation and general government..

City of Wheeling, West Virginia
Statement of Activities – Governmental
June 30, 2012 and 2011

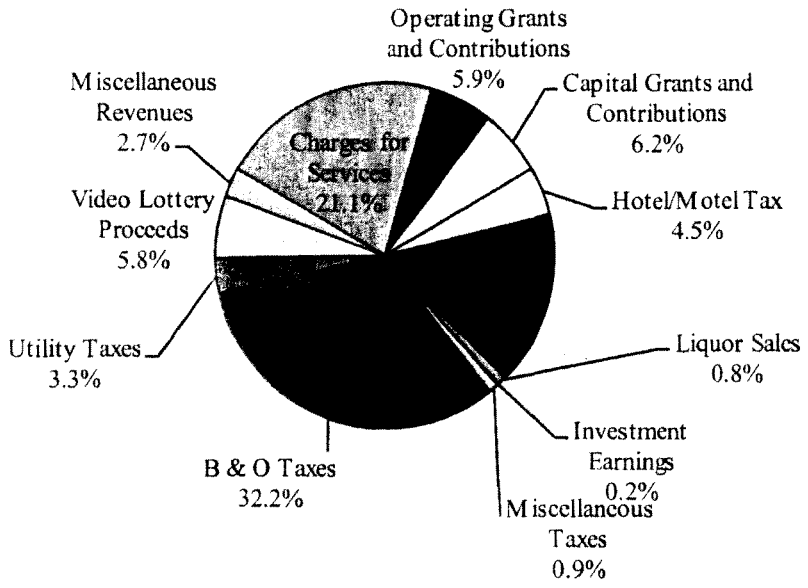
Table 2

	Governmental Activities		Percentage Change
	FY2012	FY2011	
Revenues:			
Program Revenues			
Charges for services	$ 7,139,861	$ 6,978,230	2.32%
Operating grants and contributions	2,003,339	2,645,742	-24.28%
Capital grants and contributions	2,103,205	1,862,900	12.90%
General Revenues			
Property taxes	5,507,969	5,282,232	4.27%
Business and occupation taxes	10,863,107	10,216,902	6.32%
Utility taxes	1,101,576	1,223,777	-9.99%
Hotel/motel tax	1,535,499	1,221,420	25.71%
Liquor sales	282,553	285,717	-1.11%
Miscellaneous taxes	303,021	298,304	1.58%
Video lottery and table gaming	1,966,426	1,895,491	3.74%
Miscellaneous revenues	921,018	634,631	45.13%
Unrestricted investment earnings	54,786	68,166	-19.63%
Gain (loss) on sale of assets	-	54,648	-
Total revenues	33,782,360	32,668,160	3.41%
Expenses:			
General government	4,311,650	3,914,305	10.15%
Public safety	16,865,076	16,102,346	4.74%
Streets and transportation	6,403,756	6,282,710	1.93%
Health and sanitation	1,767,176	1,847,962	-4.37%
Culture and recreation	3,283,336	2,716,750	20.86%
Social services	293,916	410,370	-28.38%
Debt service	499,580	436,715	14.39%
Total expenses	33,424,490	31,711,158	5.40%
Increase (decrease) in net assets before transfers	357,870	957,002	-137.39%
Transfers	182,772	123,868	47.55%
Increase (decrease) in net assets	540,642	1,080,870	-49.98%
Net assets - beginning (as originally stated)	32,833,337	31,373,800	4.65%
Prior period adjustment	-	378,667	
Net assets - beginning (restated)	32,833,337	31,752,467	3.40%
Net assets - ending	$ 33,373,979	$ 32,833,337	1.65%

Total revenues were $33.8 million. Three main areas represent 69.6 percent of total revenues. Approximately 16.3 percent of the City's revenues came from property taxes, 32.2 percent came from B&O taxes, and 21.1 percent came from charges for services (Chart 1 – Revenue by Source – Governmental Activities).

Revenue by Source – Governmental Activities **Chart 1**

City of Wheeling
Sources of Revenue for Fiscal Year 2012
Governmental Activities

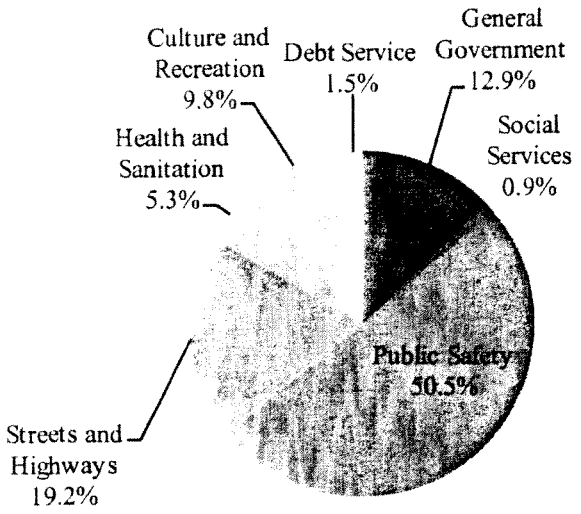


Even though total revenues from governmental activities for FY2012 exceeded FY2011 revenues the sources of these revenues remained relatively the same on a percentage basis with the prior year.

The total cost of functions and programs was $33.4 million. A significant expense in the statement of activities, compared to the fund statements, is depreciation. Current year depreciation for governmental activities was $2,039,058 (Chart 2 – Expenses by Function).

Expenses by Function – Governmental Activities **Chart 2**

City of Wheeling
Functional Expenses for Fiscal Year 2012
Governmental Activities



The City's expenses from governmental activities increased by $1,713,332 in FY2012 over the prior year but, the expenses by function remained relatively the same percentage basis with the prior year.

Business-type activities.

City of Wheeling, West Virginia
Statement of Activities - Business
June 30, 2012 and 2011

Table 3

	Business Activities		Percentage Change
	FY2012	FY2011	
Revenues:			
Program Revenues			
Charges for services			
Water	$ 6,316,614	$ 6,284,132	0.52%
Sewer	5,200,767	5,367,160	-3.10%
Parking	855,657	757,979	12.89%
Capital grants and contributions	48,597	11,850	310.10%
General Revenues			
Miscellaneous revenues	-	-	
Unrestricted investment earnings	9,982	13,387	-25.44%
Gain (loss) on sale of assets	-	-	0.00%
Total revenues	12,431,617	12,434,508	-0.02%
Expenses:			
Water	6,025,608	5,719,909	5.34%
Sewer	5,414,820	5,348,537	1.24%
Parking	699,941	747,100	-6.31%
Total expenses	12,140,369	11,815,546	2.75%
Increase (decrease) in net assets before transfers	291,248	618,962	-52.95%
Transfers	(182,772)	(123,868)	47.55%
Increase (decrease) in net assets	108,476	495,094	-78.09%
Net assets - beginning (as originally stated)	43,085,873	42,715,549	0.87%
Prior period adjustments	85,616.00	(124,770.00)	
Net assets - beginning restated	43,171,489	42,590,779	
Net assets - ending	$ 43,279,965	$ 43,085,873	0.45%

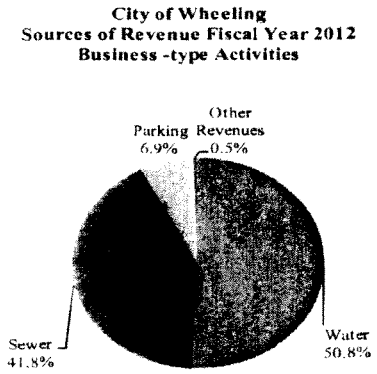
Business-type activities increased the City's net assets by $108,476 compared to an increase of $495,094

in the prior fiscal year.

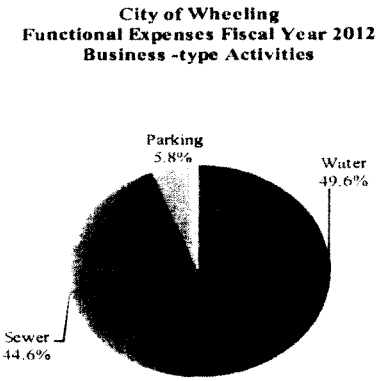
Key elements of the change are as follows:

- Water department activities increased net assets by $291,006.
- Sewer department activities decreased net assets by $214,053.
- Parking Fund activities increased net assets by $155,716.
- Charges for Services stayed relatively the same as the prior year.

Revenue by Source – Business-type Activities **Chart 3**



Expenses by Function – Business-type Activities **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 Home Funds. The non-major funds are combined in Non-major Governmental Funds and include the Debt Service, Community Development, Capital Projects Fund, Tax Increment Financing, Rapid Rehousing and Homelessness Prevention Fund, and Public Safety Fund.

As of June 30, 2012, the City of Wheeling had its governmental funds reporting a total fund balance of $12.2 million.

The elements of this balance are as follows:

- The General Fund reported an increase of $232,278.
- The Coal Severance Fund reported a decrease of $6,686.
- Non-major Governmental Funds showed an increase of $2,042,272 mostly due to the sale of TIF Bonds.

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 (versus the amounts estimated in February 2011 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:

- $200,000 increase for various street paving projects.
- $158,385 for an one time salary adjustment
- $43,000 increase for public safety.

City of Wheeling, West Virginia
Summarized General Fund Highlights
For the year ended June 30, 2012

Table 4

	Original Budget	Amended Budget	Actual Budget (Cash) Basis	Variance Over (Under) Final Budget	Actual Modified Accrual Basis
Revenues					
Taxes	$ 17,717,110	$ 17,903,360	$ 18,337,837	$ 434,477	$ 18,467,429
Licenses and permits	873,000	873,000	964,187	91,187	952,515
Intergovernmental	1,012,000	1,354,632	1,269,597	(85,035)	1,300,940
Charges for services	5,793,235	5,880,235	5,419,537	(460,698)	5,524,992
Fines and forfeits	413,000	413,000	538,889	125,889	538,889
Video Lottery and Table Games	1,540,000	1,940,000	1,979,623	39,623	1,966,426
Interest	30,481	30,481	10,069	(20,412)	52,372
Other	473,000	675,980	997,673	321,693	395,238
Total	27,851,826	29,070,688	29,517,412	446,724	29,198,801
Assigned Fund Balance	700,000	859,679	-	(859,679)	-
Appropriated Fund Balance	-	335,563	-	(335,563)	-
Total revenue and fund balance	28,551,826	30,265,930	29,517,412	(748,518)	29,198,801
Expenditures					
General Government	3,465,571	3,585,674	3,369,692	(215,982)	3,079,817
Public Safety	15,585,420	16,601,425	16,410,480	(190,945)	16,241,585
Streets and transportation	5,826,204	6,326,949	6,297,886	(29,063)	6,248,599
Health and sanitation	1,607,853	1,631,970	1,554,129	(77,841)	1,588,380
Culture and recreation	1,988,086	2,040,339	1,984,353	(55,986)	2,047,167
Social services	78,692	79,573	74,232	(5,341)	8,604
Debt Service					
Principal retirement	-	-	-	-	235,552
Interest	-	-	-	-	79,549
Total	28,551,826	30,265,930	29,690,772	(575,158)	29,529,253
Revenue over (under) expenditures	-	-	(173,360)	(173,360)	(330,452)
Other financing sources (uses)					
Proceeds under capital leases	-	-	-	-	250,208
Proceeds from sale of capital ass	-	-	-	-	-
Transfers in	1,000,000	1,000,000	1,240,000	240,000	375,672
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-	(63,150)
Total other financing sources and (uses)	-	-	240,000	240,000	562,730
Net change in fund balance	-	-	66,640	66,640	232,278
Fund Balance, June 30, 2011					6,166,849
Fund Balance, June 30, 2012					6,399,127

The General Fund is the general operating checking account of the City of Wheeling. As of June 30, 2012 the checking account balance was $1,012,540, which is $719,863 greater than the budgeted carryover of $200,000 and encumbrances of $93,017. This budgeted carryover plus the Municipal Financial Stabilization Fund are 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 increased Fines & Forfeits and a decrease in Federal grants, FY2012 exceeded the prior year by $1,267,528.

City of Wheeling, West Virginia
Statement of General Fund – Actual Budget (Cash) Basis - Revenue by Source
June 30, 2012 and 2011 **Table 5**

	FY 2012		FY 2011		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
Taxes	$ 18,337,837	62.13%	$ 17,418,868	61.66%	$ 918,969	5.28%
Licenses and Permits	964,187	3.27%	1,033,726	3.66%	(69,539)	-6.73%
Intergovernmental	1,269,597	4.30%	1,490,319	5.28%	(220,722)	-14.81%
Charges for Services	5,419,537	18.36%	5,271,586	18.66%	147,951	2.81%
Fines and Forfeits	538,889	1.83%	398,730	1.41%	140,159	35.15%
Video Lottery	1,979,623	6.71%	1,879,518	6.65%	100,105	5.33%
Interest	10,069	0.03%	10,181	0.04%	(112)	-1.10%
Other	997,673	3.38%	746,956	2.64%	250,717	33.57%
Total Revenues	$ 29,517,412	100.00%	$ 28,249,884	100.00%	$ 1,267,528	4.49%

City of Wheeling, West Virginia
Statement of General Fund – Actual Budget (Cash) Basis – Expenditures by Function
June 30, 2012 and 2011 **Table 6**

	FY 2012		FY 2011		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
General Government	$ 3,369,692	11.44%	$ 3,497,592	12.21%	$ (127,900)	-3.66%
Public Safety	16,410,480	55.72%	15,660,374	54.69%	750,106	4.79%
Streets and Transportation	6,297,886	21.38%	6,216,709	21.71%	81,177	1.31%
Health and Sanitation	1,554,129	5.28%	1,596,286	5.57%	(42,157)	-2.64%
Culture and Recreation	1,984,353	6.74%	1,831,919	6.40%	152,434	8.32%
Social Services	74,232	0.25%	72,633	0.25%	1,599	2.20%
Total Expenditures	29,690,772	100.81%	28,875,513	100.84%	815,259	2.82%
Net Transfers	(240,000)	-0.81%	(240,000)	-0.84%	-	0.00%
Total Expenditures and Other Financing Uses	$ 29,450,772	100.00%	$ 28,635,513	100.00%	$ 815,259	2.85%

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, 2012, amounts to $99,993,652 (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) were 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, 2012 was approximately 4.27%. Construction in progress increased due to the construction of the WPCD Treatment Plant . Overall, net capital assets increased by $4,097,446 over the previous fiscal year.

City of Wheeling, West Virginia
Statement of Capital Assets
(net of accumulated depreciation)
June 30, 2012 and 2011

Table 7

	Governmental Activities		Business-type Activities		Totals		Percentage
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	Change
Land	$ 3,791,428	$ 3,600,228	$ 1,829,512	$ 1,689,199	$ 5,620,940	$ 5,289,427	6.27%
Land Improvements	1,264,521	1,240,893			1,264,521	1,240,893	
Parking Structures & Equipment			940,189	941,110	940,189	941,110	-0.10%
Utility plant			58,129,194	59,375,391	58,129,194	59,375,391	-2.10%
Building and improvement	5,702,597	5,125,493			5,702,597	5,125,493	11.26%
Vehicles and equipment	6,030,386	5,590,523			6,030,386	5,590,523	7.87%
Infrastructure	15,597,700	15,238,272			15,597,700	15,238,272	2.36%
Construction in progress	259,664	928,942	6,448,461	2,166,155	6,708,125	3,095,097	116.73%
Total	$ 32,646,296	$ 31,724,351	$ 67,347,356	$ 64,171,855	$ 99,993,652	$ 95,896,206	4.27%

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.

Long-term debt. As of June 30, 2012, the City of Wheeling had total bonds outstanding of $37,917,549 compared to $33,468,290 in the prior fiscal year. Of this amount, $2,025,000 related to governmental activities, TIF Bonds of $6,569,000 and $31,348,549 related to business activities. In addition to bonded debt, the City had a Section 108 HUD loan outstanding as of June 30, 2012 with a balance of $1,375,000 and other obligations of $1,864,798.

City of Wheeling, West Virginia
Statement of Bond Indebtedness
June 30, 2012 and 2011

Table 8

	Balance 06/30/2011	Additions	Maturities	Balance 06/30/2012	Percentage Change
General Obligation Bonds					
Series 2003	$ 2,105,000	$ -	$ 80,000	$ 2,025,000	-3.80%
	2,105,000	-	80,000	2,025,000	-3.80%
Revenue Bonds					
TIF revenue bonds 2005A	3,515,000		90,000	3,425,000	-2.56%
TIF revenue Bonds 2011	-	3,144,000	-	3,144,000	
Sewer Revenue Series 2005	11,722,390	-	651,849	11,070,541	-5.56%
Water Revenue Series 2006	11,085,000	-	250,000	10,835,000	-2.26%
Water and Sewer Series 2010A	3,770,000	-	715,000	3,055,000	-18.97%
Sewer Revenue Series 2010B	1,270,900	5,117,108	-	6,388,008	
	31,363,290	8,261,108	1,706,849	37,917,549	20.90%
Other					
HUD Section 108 loan	1,500,000		125,000	1,375,000	-8.33%
Capital Leases payable	1,813,414	250,208	224,488	1,839,134	1.42%
Center Market HVAC loan	36,728	-	11,064	25,664	-30.12%
	3,350,142	250,208	360,552	3,239,798	-3.29%
	$ 36,818,432	$ 8,511,316	$ 2,147,401	$ 43,182,347	17.28%

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 approximately $25,216,000. This is significantly more than the City's current total outstanding general obligation bond debt of $2,025,000.

The City maintained an "AA" rating from Standard & Poor's and an "Aa3" rating from Moody's for its general obligation and revenue bonds debt for all of the fiscal year ending June 30, 2012. Additional information on the City's long-term debt can be found in Note 8 on pages 58-60 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 Wheeling'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, for the ninth consecutive year, 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, in fiscal year 2011-2012, 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. No additional parking debt has been incurred. The City has also been particularly attune to reviewing its organization. That review has included departmental reorganizations and the elimination of unnecessary positions. In Fiscal Year 2009-10 the City successfully eliminated 13 full-time positions that had been vacant without reduction in City services. In fact, a smaller re-organization in the Fire Department enabled the City to eliminate 3 full time positions through attrition and add a fourth ambulance crew.

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 2012-13 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 (Ohio County) at the end of December, 2012, as released by the WV Bureau of Employment Programs, is 6.7%. The rate is below the states' rate of 7.4% and the national rate of 7.6%. 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 250 new jobs; the construction of the Federal Courthouse expansion and many more small business expansions. Wheeling Hospital completed its $60 million, 122,000 square foot Tower 5, and Ohio Valley Medical Center has completed its $7 million Adolescent Mental Health Facility. In the last 4 years over 70 new businesses have opened in the City of Wheeling. In addition, in August, 2004 a Cabela'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. A $14 million renovation was completed at the Wheeling Island Gaming Center in 2012. The passage of table gaming at the Wheeling Island facility has created 300 new jobs. The first phase of the Center Wheeling Redevelopment 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 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 completed in December, 2006. The first tenant has now occupied the first floor of this building. In addition, the West Virginia Northern Community College received funding for their $8,000,000 College Square Project which was completed in August, 2006. The college has purchased two major buildings in downtown Wheeling adjacent to their campus and have begun construction on a new classroom/technical facility as well as a student center, both of which are currently under construction with completion scheduled for April and June, 2013. The student center will include a Barnes and Noble bookstore and Starbucks Coffee Shop. In July of 2008 the City gained approval of its third Tax Increment Financing Project which included acquisition and redevelopment of buildings in the 1100 block of Downtown Wheeling as well as the Capitol Theater. Acquisition of the 1100 block by the City, which includes five buildings in the heart of the downtown, occurred in 2008. During 2012, the City successfully demolished these buildings creating a 50,000 square foot development site in the heart of Downtown Wheeling. The Capitol Theater has also been acquired by the Wheeling Convention and Visitor's Bureau and is now managed by the City's Greater Wheeling Sports and Entertainment Authority. The Theater's reopening in September, 2009 has been a huge success with several sold out shows already performed with several more in the foreseeable future. To further emphasize the success of this project, during a period from November, 2012 to January, 2013, the Theater hosted six straight sold-out shows.

An ongoing challenge to this and future budgets are the unfunded liabilities in the Policemen's and Firemen's Pension and Relief Funds. Currently he Municipal employee's Retirement and Benefit Fund is over funded. As of January 31, 2013 the Policemen's Pension was 38% funded and the Firemen's Pension was 29% funded.

The City is in the heart of the Marcellus Shale area. This activity has created significant business opportunities and commerce throughout the region. This activity has contributed to record B&O Tax collection and record Motel/Hotel Tax collection for the City during fiscal year 2011-12.

VI. Request for Information.

This financial report is designed to provide a general overview of the City of Wheeling'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.

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City of Wheeling
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Greater Wheeling Sports and Entertainment Authority
ASSETS				
Cash and cash equivalents	$ 4,403,681	$ 1,934,672	$ 6,338,353	$ 756,763
Investments	-	-	-	368,006
Receivables (net of allowance)				
Accounts receivable	1,491,687	1,608,507	3,100,194	87,154
Taxes receivables	3,085,231	-	3,085,231	-
Loans receivable	3,407,394	-	3,407,394	-
Lease receivable	473,717	-	473,717	
Intergovernmental	212,996	-	212,996	-
Other fees and proceeds	317,363	-	317,363	-
Internal balances	9,297	(9,297)	-	-
Inventories	-	79,125	79,125	18,687
Deposit and prepaids	-	27,746	27,746	
Deferred charges (net of accumulated amortization)	423,833	640,678	1,064,511	-
Other assets	-	-	-	109,644
Restricted assets:				
Restricted cash and cash equivalents				-
Restricted governmental	3,660,951	-	3,660,951	-
Sinking fund	-	2,107,952	2,107,952	-
Depreciation fund	-	843,757	843,757	-
Construction fund	-	395,259	395,259	-
Maintenance fund	-	384,258	384,258	-
Renewal and replacement fund	-	152,234	152,234	-
Utility deposits	-	188,203	188,203	
Restricted taxes receivable	20,710	-	20,710	-
Restricted accrued interest receivable	-	-	-	-
Capital Assets (Net of Accumulated depreciation):				-
Land and land improvements	5,055,949	1,829,512	6,885,461	-
Infrastructure	15,597,700	-	15,597,700	-
Parking structures and equipment	-	940,189	940,189	-
Utility plant, in service	-	58,129,194	58,129,194	-
Buildings and improvements	5,702,597	-	5,702,597	857,684
Vehicles and equipment	6,030,386	-	6,030,386	182,564
Construction in progress	259,664	6,448,461	6,708,125	-
Total assets	$ 50,153,156	$ 75,700,450	$ 125,853,606	$ 2,380,502

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Greater Wheeling Sports and Entertainment Authority
LIABILITIES				
Accounts payable	$ 1,002,082	$ 431,797	$ 1,433,879	$ 90,324
Accrued payroll	277,588	70,815	348,403	44,108
Due to fiduciary funds	-	-	-	-
Current maturity of capital leases payable	268,035	-	268,035	-
Current maturity of bonds payable (net of unamortized debt discount)	178,127	1,802,982	1,981,109	-
Current maturity of notes payable	136,064	-	136,064	-
Accrued interest payable	58,238	68,315	126,553	-
Accrued vacation and other accrued liabilities	804,199	242,239	1,046,438	-
Deferred revenue	2,825,746	-	2,825,746	-
Reserve for painting and sealing	-	77,048	77,048	-
Customer/advanced deposits	-	122,380	122,380	651,913
Non-current maturity of capital leases payable	1,571,098	-	1,571,098	-
Non-current maturity of notes payable	1,264,601	-	1,264,601	-
Non-current maturity of bonds payable (net of unamortized debt discount)	8,393,399	29,604,909	37,998,308	-
Total liabilities	16,779,177	32,420,485	49,199,662	786,345
NET ASSETS				
Invested in capital assets (net of related debt)	25,638,161	35,998,808	61,636,969	1,040,248
Restricted for:				
Capital projects	-	1,239,016	1,239,016	-
Debt service	979,653	2,107,952	3,087,605	-
Public Safety	271,916	-	271,916	-
Community development	3,380,845	-	3,380,845	-
Maintenance and replacement	-	536,492	536,492	-
Utility deposits	-	188,203	188,203	-
Unrestricted	3,103,404	3,209,494	6,312,898	553,908
Total net assets	$ 33,373,979	$ 43,279,965	$ 76,653,944	$ 1,594,156

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Activities
June 30, 2012

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: Greater Wheeling Sports and Entertainment Authority
Primary government:								
Governmental activities:								
General government	$ 4,311,650	$ 1,396,004	$ 792,849	$ 41,558	$ (2,081,239)	$ -	$ (2,081,239)	$ -
Public safety	16,865,076	3,846,780	799,573	1,056,323	(11,162,400)	-	(11,162,400)	-
Streets and transportation	6,403,756	-	-	627,622	(5,776,134)	-	(5,776,134)	-
Health and sanitation	1,767,176	1,777,167	-	98,856	108,847	-	108,847	-
Culture and recreation	3,283,336	119,910	113,579	83,126	(2,966,721)	-	(2,966,721)	-
Social services	293,916	-	297,338	195,720	199,142	-	199,142	-
Debt Service:								
Interest Expense	499,580	-	-	-	(499,580)	-	(499,580)	-
Total governmental activities	33,424,490	7,139,861	2,003,339	2,103,205	(22,178,085)	-	(22,178,085)	-
Business-type activities:								
Water	6,025,608	6,316,614	-	48,597	-	339,603	339,603	-
Sewer	5,414,820	5,200,767	-	-	-	(214,053)	(214,053)	-
Parking	699,941	855,657	-	-	-	155,716	155,716	-
Total business-type activities	12,140,369	12,373,038	-	48,597	-	281,266	281,266	-
Total primary government	45,564,859	19,512,899	2,003,339	2,151,802	(22,178,085)	281,266	(21,896,819)	-
Component Units:								
Greater Wheeling Sports and Entertainment Authority	2,367,733	1,886,224	296,000	6,000	-	-	-	(179,509)
	$ 2,367,733	$ 1,886,224	$ 296,000	$ 6,000	$ -	$ -	$ -	$ (179,509)
General Revenues:								
Property taxes					$ 4,733,731	$ -	$ 4,733,731	$ -
TIF property tax					774,238	-	774,238	-
Business and occupation taxes					10,863,107	-	10,863,107	-
Utility taxes					1,101,576	-	1,101,576	-
Hotel/motel tax					1,535,499	-	1,535,499	-
Liquor/wine sales tax					282,553	-	282,553	-
Miscellaneous taxes					303,021	-	303,021	-
Video lottery proceeds					1,966,426	-	1,966,426	-
Miscellaneous revenues					921,018	-	921,018	4,696
Interest					54,786	9,982	64,768	78,569
Gain (loss) on sale of assets					-	-	-	-
Transfers					182,772	(182,772)	-	-
Total general revenues and transfers					22,718,727	(172,790)	22,545,937	83,265
Changes in net assets					540,642	108,476	649,118	(96,244)
Net assets- beginning					32,833,337	43,171,489	76,004,826	1,690,400
Net assets- ending					$ 33,373,979	$ 43,279,965	$ 76,653,944	$ 1,594,156

The notes to the financial statements are an integral part of this statement.

City of Wheeling
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Coal Severance Fund	Home Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 2,081,994	$ 44,224	$ 300	$ 1,887,480	$ 4,013,998
Receivables (net allowance for uncollectables):					
Taxes	3,085,231	-	-	-	3,085,231
Charges for services	1,491,733	-	-	-	1,491,733
Loans receivable	-	-	2,555,213	852,181	3,407,394
Lease receivable	473,717	-	-	-	473,717
Intergovernmental	157,400	-	8,936	46,660	212,996
Other fees and proceeds	309,199	-	-	-	309,199
Due from other funds	189,289	-	-	-	189,289
Restricted cash and cash equivalents	11,019	-	-	3,649,932	3,660,951
Restricted taxes receivable (net of allowance)	-	-	-	20,710	20,710
Total assets	7,799,582	44,224	2,564,449	6,456,963	16,865,218
LIABILITIES:					
Accounts payable	766,632	6,967	3,959	161,822	939,380
Notes payable	-	-	-	125,000	125,000
Accrued payroll	277,588	-	-		277,588
Accrued vacation	117,762	-	-		117,762
Accrued interest	-	-	-	30,067	30,067
Due to other funds	-	-	4,978	175,014	179,992
Deferred revenues:					
Unearned revenue	61,296	-	2,555,512	208,938	2,825,746
Taxes	177,177	-	-	16,138	193,315
Total liabilities	1,400,455	6,967	2,564,449	716,979	4,688,850
FUND EQUITY:					
Fund Balance					
Nonspendable	473,717	-	-	-	473,717
Restricted	-	-	-	3,533,276	3,533,276
Committed	-	-	-	1,308,435	1,308,435
Assigned	11,019	37,257	-	898,273	946,549
Unassigned	5,914,391	-	-	-	5,914,391
Total fund balances	6,399,127	37,257	-	5,739,984	12,176,368
Total liabilities and fund equity	$ 7,799,582	$ 44,224	$ 2,564,449	$ 6,456,963	$ 16,865,218

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

Total fund balance-Total governmental funds	$	12,176,368
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $82,644,671, net of accumulated depreciation of $49,998,375 are not financial resources and, therefore, are not reported in funds.		32,646,296
The internal service fund is used by management to charge the costs of workers compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental funds in the Statement of Net Assets.		379,273
Other long term assets (receivables) are not available to pay current-period expenditures and, therefore, are deferred in the funds. These include deferred TIF and property taxes, as well as B & O taxes of $153,595 and $39,675 respectively.		193,270
Long term liabilities are not due and payable in the current period and are not reported in the funds. These include bonds payable of $8,571,526 (net of unamortized debt discount of $22,474), non-current portion of notes payable of $1,275,665, capital leases payable of $1,839,133, non-current portion accrued interest of $28,171, non-current portion of accrued vacation of $686,437, and property tax pass-throughs of $44,129.		(12,445,061)
Bond issuance costs are expended in the funds, while being capitalized and amortized over the life of the bonds on the government-wide Statement of Net Assets. Deferred charges are $566,656 net of accumulated amortization of $142,823.		423,833
Net assets of governmental activities	$	33,373,979

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Coal Severance Fund	Home Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
General property	$ 4,532,727	$ -	$ -	$ 197,111	$ 4,729,838
TIF property	-	-	-	772,656	772,656
Business and occupation	10,862,978	-	-	-	10,862,978
Utilities	1,101,576	-	-	-	1,101,576
Hotel/motel	1,535,499	-	-	-	1,535,499
Wine/liquor	282,553	-	-	-	282,553
Miscellaneous	152,096	150,925	-	-	303,021
Licenses and permits	952,515	-	-	13,687	966,202
Fines and forfeits	538,889	-	-	93,154	632,043
Intergovernmental					
Federal	705,194	-	253,708	2,357,829	3,316,731
State	95,746	-	-	147,115	242,861
Local	500,000	-	-	46,952	546,952
Charges for services	5,524,992	-	-	16,624	5,541,616
Video lottery and table gaming	1,966,426	-	-	-	1,966,426
Interest	52,372	-	-	2,460	54,832
Miscellaneous revenue	395,238	-	-	525,780	921,018
Total revenues	29,198,801	150,925	253,708	4,173,368	33,776,802
EXPENDITURES					
Current:					
General government	3,079,817	6,176	253,708	1,081,413	4,421,114
Public Safety	16,241,585	33,337	-	917,459	17,192,381
Streets and transportation	6,248,599	1,965	-	740,790	6,991,354
Health and sanitation	1,588,380	25,000	-	347,845	1,961,225
Culture and recreation	2,047,167	91,133	-	925,359	3,063,659
Social Services	8,604	-	-	283,897	292,501
Debt Service:					
Principal retirement	235,552	-	-	295,000	530,552
Interest	79,549	-	-	413,203	492,752
Costs of issuance	-	-	-	140,380	140,380
Total Expenditures	29,529,253	157,611	253,708	5,145,346	35,085,918
Excess (deficiency) of revenues over expenditures	(330,452)	(6,686)	-	(971,978)	(1,309,116)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	250,208	-	-	-	250,208
Proceeds from bonds	-	-	-	3,144,000	3,144,000
Transfers in	368,174	-	-	810,459	1,178,633
Transfers out	(55,652)	-	-	(940,209)	(995,861)
Total other financing sources and uses	562,730	-	-	3,014,250	3,576,980
Net change in fund balances	232,278	(6,686)	-	2,042,272	2,267,864
Fund balances - beginning	6,166,849	43,943	-	3,697,712	9,908,504
Fund balances - ending	$ 6,399,127	$ 37,257	$ -	$ 5,739,984	$ 12,176,368

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Net changes in fund balances-total governmental funds	$	2,267,864
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $2,960,954 exceeded depreciation expense of $2,039,056 in the current period		921,898
The internal service fund is used by management to charge workers compensation costs. The net loss of the internal service fund is reported with governmental funds.		(82,428)
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which capital lease proceeds of $250,208 and bond proceeds of $3,144,000 exceeded bond, capital lease and note principal payments of $170,000, $224,488, and $136,064, respectively.		(2,863,656)
Governmental funds report the effects of premiums, discounts, and costs of issuance when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. Cost of issuance on bonds issued during the year of $140,380 exceeded the current year expense for existing discount and costs of issuance of $1,929 and $28,919, respectively.		109,532
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. This is the amount by which net decreases in accrued vacation and pass-through payables of $186,250 and $477, respectively, exceeded the increase in accrued interest (included in accounts payable) of $4,899.		181,828
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This is the amount of the net inreases in general property, TIF property tax and B&O taxes of $3,893, $1,582, and $129 respectively.		5,604
Changes in net assets of governmental activities	$	540,642

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking Fund	Total	Workers Compensation Fund
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 204,208	$ 1,563,193	$ 167,271	$ 1,934,672	389,683
Accounts receivables (net of allowance for uncollectables)	761,859	716,288	130,360	1,608,507	8,164
Due from other funds	-	221,139	140,000	361,139	-
Inventory of supplies, at cost	-	79,125	-	79,125	-
Prepaid expenses	-	-	27,746	27,746	-
Restricted assets:					
Sinking fund	941,133	1,166,819	-	2,107,952	-
Depreciation fund	303,851	539,906	-	843,757	-
Construction fund	38,166	357,093	-	395,259	-
Maintenance fund	-	384,258	-	384,258	-
Renewal and replacement fund	-	-	152,234	152,234	-
Utility deposits	93,401	94,802	-	188,203	-
Total current assets	2,342,618	5,122,623	617,611	8,082,852	397,847
Non-current assets:					
Capital assets:					
Land	-	-	1,829,512	1,829,512	-
Structures, improvements, parking lots, and equipment	-	-	6,063,831	6,063,831	-
Less: Allowance for depreciation	-	-	(5,123,642)	(5,123,642)	-
Utility Plant:					-
In service	69,275,549	53,167,750	-	122,443,299	-
Less: Allowance for depreciation	(38,160,690)	(26,153,415)	-	(64,314,105)	-
Construction work in process	6,393,207	55,254	-	6,448,461	-
Deferred charges (net of accumulated amortization)	137,618	503,060	-	640,678	-
Total non-current assets	37,645,684	27,572,649	2,769,701	67,988,034	-
Total assets	39,988,302	32,695,272	3,387,312	76,070,886	397,847

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking Fund	Total	Workers Compensation Fund
LIABILITIES:					
Current liabilities:					
Accounts payable	160,334	215,893	55,570	431,797	18,573
Due to other funds	222,263	-	148,174	370,437	-
Accrued payroll	29,386	38,451	2,977	70,814	-
Accrued vacation and payroll withholdings	110,383	131,856	-	242,239	-
Accrued interest payable	21,723	46,592	-	68,315	-
Current maturity of revenue bonds payable (net of unamortized debt discount)	1,128,452	674,530	-	1,802,982	-
Total current liabilities	1,672,541	1,107,322	206,721	2,986,584	18,573
Non-current liabilities:					
Long-term revenue bonds payable (net of unamortized debt discount)	17,515,448	12,089,461	-	29,604,909	-
Reserve for painting and sealant	-	-	77,048	77,048	-
Deposits	44,095	78,285	-	122,380	-
Total non-current liabilities	17,559,543	12,167,746	77,048	29,804,337	-
Total liabilities	19,232,084	13,275,068	283,769	32,790,921	18,573
NET ASSETS:					
Invested in capital assets, (net of related debt)	18,796,968	14,432,139	2,769,701	35,998,808	-
Restricted for:					
Capital projects	342,017	896,999	-	1,239,016	-
Debt service	941,133	1,166,819	-	2,107,952	-
Maintenance and replacement	-	384,258	152,234	536,492	-
Utility deposits	93,401	94,802	-	188,203	-
Unrestricted	582,699	2,445,187	181,608	3,209,494	379,274
Total net assets	$ 20,756,218	$ 19,420,204	$ 3,103,543	$ 43,279,965	$ 379,274

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking	Total	Workers Compensation Fund
OPERATING REVENUES:					
Charges for services	$ 4,214,825	$ 4,236,431	$ -	$ 8,451,256	325,103
Sales to other systems	663,132	1,369,250	-	2,032,382	-
Fire protection services	-	246,048	-	246,048	-
Billing and collection services	-	329,837	-	329,837	-
Lease revenue	-	-	551,084	551,084	-
Transient revenue	-	-	233,434	233,434	-
Special event revenue	-	-	53,132	53,132	-
Miscellaneous	322,810	135,048	18,007	475,865	6,250
Total operating revenues	5,200,767	6,316,614	855,657	12,373,038	331,353
OPERATING EXPENSES:					
Pumping system	56,176	1,063,940	-	1,120,116	-
Collection system	754,259	-	-	754,259	-
Treatment and disposal	1,586,689	-	-	1,586,689	-
Painting and sealant	-	-	147,924	147,924	-
Maintenance	-	-	78,581	78,581	-
Other operating expenses	498,470	-	-	498,470	413,780
Purification system	-	613,067	-	613,067	-
Distribution system	-	1,205,774	-	1,205,774	-
Commercial	-	453,609	-	453,609	-
General and administrative	1,082,770	848,804	341,801	2,273,375	-
Depreciation	1,085,062	1,114,015	131,635	2,330,712	-
Total operating expenses	5,063,426	5,299,209	699,941	11,062,576	413780
Operating income (loss)	137,341	1,017,405	155,716	1,310,462	(82,427)
NON-OPERATING REVENUES:					
Interest earned - Sinking Fund	-	864	-	864	-
Interest earned - Other investments	1,215	6,122	1,783	9,120	-
Total other income	1,215	6,986	1,783	9,984	-
NON-OPERATING EXPENSES:					
Interest on long term debt	(351,394)	(711,992)	-	(1,063,387)	-
Other	-	(14,407)	-	(14,407)	-
Total other deductions	(351,394)	(726,399)	-	(1,077,794)	-
Income (loss) before contributions and transfers	(212,838)	297,991	157,499	242,652	(82,427)
Capital contributions	-	48,597	-	48,597	-
Transfers in	14,046	19,313	152,042	185,401	-
Transfers out	-	-	(368,174)	(368,174)	-
Change in net assets	(198,792)	365,901	(58,633)	108,476	(82,427)
Total net assets - beginning, as restated	20,955,010	19,054,303	3,162,176	43,171,489	461,701
Total net assets - ending	$ 20,756,218	$ 19,420,204	$ 3,103,543	$ 43,279,965	379,274

The accompanying notes are an integral part of these financial statements.

CITY OF WHEELING
ALL PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking Fund	Totals	Workers Compensation Fund
Cash Flows from Operating Activities:					
Cash received from customers and departments	$ 5,016,068	$ 6,330,948	$ 646,454	$ 11,993,470	$ 325,309
Cash received from miscellaneous	322,810	135,048	-	457,858	
Cash paid to suppliers and employees	(4,559,236)	(4,189,780)	(438,910)	(9,187,926)	(429,081)
Net cash provided by operating activities	779,642	2,276,216	207,544	3,263,402	(103,772)
Cash Flows from Noncapital Financing Activities					
Payments from (to) other funds	12,905	17,987	(216,132)	(185,240)	-
Net cash provided by noncapital financing activities	12,905	17,987	(216,132)	(185,240)	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(4,717,929)	(499,176)	(154,896)	(5,372,001)	-
Interest paid on long-term debt and other	(276,537)	(604,635)	-	(881,172)	-
Retirement of long-term debt	4,172,109	(671,850)	-	3,500,259	-
Net cash used for capital and related financing activities	(822,357)	(1,775,661)	(154,896)	(2,752,915)	-
Cash Flows from Investing Activities:					
Interest income from restricted fund investments and other	1,215	6,988	1,783	9,986	264
Net cash provided by investing activities	1,215	6,988	1,783	9,986	264
Net increase (decrease) in cash and restricted cash	(28,596)	525,528	(161,700)	335,232	(103,508)
Cash and restricted cash, July 1, 2011	1,609,354	3,580,541	481,204	5,671,099	493,191
Cash and restricted cash, June 30, 2012	$ 1,580,759	$ 4,106,071	$ 319,504	$ 6,006,334	$ 389,683
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:					
Net operating income (loss)	$ 137,339	$ 1,017,405	$ 155,716	$ 1,310,460	$ (82,428)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	1,085,062	1,114,015	131,635	2,330,712	-
Changes in Assets and Liabilities -					
(Increase) decrease in receivables	99,811	32,599	(217,299)	(84,889)	(5,780)
(Increase) decrease in inventory	-	(10,213)	-	(10,213)	-
(Increase) decrease in other assets	-	-	(4,573)	(4,573)	-
Increase (decrease) in accounts payable	(579,945)	(5,592)	126,722	(458,815)	(15,564)
Increase (decrease) in accrued and other liabilities	37,375	128,002	15,343	180,720	-
Net cash provided by operating activities	$ 779,642	$ 2,276,216	$ 207,544	$ 3,263,402	$ (103,772)
Noncash Investing, Capital, and Financing Activities:					
Contributions of capital assets from others	$ -	$ 48,597	$ -	$ 48,597	$ -

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Total Pension Trust Funds
ASSETS	
Cash and cash equivalents	$ 1,585
Receivables:	
Accrued interest and dividends	171,604
Cash surrender life insurance policies	304,753
Investments:	
Money markets	1,411,377
U.S. Government obligations	8,245,766
U.S. Government agency obligations	4,280,873
Corporate obligations	11,928,272
Mutual Funds	2,242,121
Common stock	33,654,748
Total investments	61,763,157
Total assets	62,241,100
LIABILITIES	
Accounts payable	77,032
Accrued pension benefit	125,555
Total liabilities	202,587
NET ASSETS	
Net assets held in trust	$ 62,038,513

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Total Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 3,998,565
Plan members	1,237,966
Insurance premium tax allocation	1,705,098
Total contributions	6,941,629
Investment earnings:	
Investment income (loss)	2,720,637
Less: Investment expense	(229,085)
Net investment income	2,491,552
Other additions:	
Miscellaneous	7,346
Total other additions	7,346
Total additions	9,440,527
DEDUCTIONS	
Benefits payments	6,558,573
Other operating expenses	16,258
Total deductions	6,574,831
Change in net assets	2,865,697
Net assets held in trust for pension benefits:	
Net assets - beginning	59,172,816
Net assets - ending	$ 62,038,513

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The accounting policies of the City of Wheeling conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies:

A. Reporting entity

The City of Wheeling, West Virginia is a Class II municipality with a population of approximately 28,355 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 most recent election being May 2012.

The services provided by the City and accounted for within these financial statements include general government, public safety, streets and transportation, health and sanitation, cultural and recreational programs, social services and other governmental services.

The accompanying financial statements present the government and its component unit as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent upon the City.

Discretely Presented Component Unit

The Greater Wheeling Sports and Entertainment Authority (the Authority) is responsible for the supervision, operation, and control of Wesbanco Arena and the Capitol Threatre. Board members are appointed by the Mayor pending City Council ratification. The City issued bonds in previous years to provide capital improvements for the Authority. The Authority is presented as a proprietary fund type. The Authority receives a portion of the hotel/motel tax collected by the City. This is reflected in the operating grants and contributions line in the Statement of Activities.

The Annual Audit and Financial Report for the Authority can be obtained upon request. Questions concerning the Report should be addressed to the Authority's Executive Director, 2-14th Street, Wheeling, West Virginia, 26003.

1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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. City Council and/or the City Manager are responsible for appointing members of these boards and commissions. The City's accountability for these boards or commissions does not extend beyond making appointments.

B. Government-wide and governmental fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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 business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are combined into a single column.

C. Measurement Focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic 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 and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

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.

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 or if payment is due within 60 days of year end.

Property taxes, business and occupation taxes, utility excise taxes, hotel/motel taxes, wine/liquor sales taxes, some sources of miscellaneous tax and revenue, video lottery proceeds, 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.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

(a) Governmental Funds

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:

General Fund – The general fund is the primary operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund. The City reports the General Fund as a major fund as required.

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 finance specified activities.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

The City reports the following major special revenue funds:

Coal Severance Fund – This special revenue fund accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

Home Fund – This special revenue fund accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of providing loans to underprivileged citizens for the purpose of purchasing homes.

Capital Projects Fund – The capital project fund accounts for financial resources to be used for the acquisition or construction of major capital assets which are not financed by the proprietary funds.

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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.

The City reports the following major enterprise funds:

WPCD Fund – This fund accounts for the revenues and expenses generated by sewage services provided to the residents of the City as well as other entities.

Water Fund – This fund accounts for the revenues and expenses generated by water services provided to the residents of the City as well as other entities.

Parking Fund – This fund accounts for the revenues and expenses generated by the operation of parking buildings and parking lots owned by the City.

Internal Service Funds – Internal services funds are used to account for operations that provide, on a user charge basis, services to other governmental departments.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

The City reports the following internal service fund:

Workers Compensation Fund – This fund provides workers compensation coverage to all government departments on a reimbursement basis.

Fiduciary Funds:

Pension Trust Funds – The pension trust funds account for the activities of the Employees and Public Safety Employees (Fire and Police) Retirement System as well as the Water Pollution Control Department Pension Plan, which accumulate resources for pension benefit payments to qualified employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the accrual basis of accounting. See Note 6.

The City follows GASB guidance (as applicable to proprietary funds) and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the WPCD, Water, Parking Funds and the Greater Wheeling Sports and Entertainment Authority (Component Unit) are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(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. Capital assets (including infrastructure) are depreciated using the straight-line method over their estimated useful lives less any salvage value. The City utilizes GASB guidance for Phase II governments related to assigning estimated useful lives which range from 3 to 50 years. Infrastructure recorded by the City includes roads/streets, alleys, bridges, trails, and trail bridges.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

(b) Capital Assets and Long-Term Liabilities (continued)

In the Statement of Net Assets, long term liabilities consist of general obligation and revenue bonds, notes payable, capital leases, and most of the balance of the compensated absences. All amounts are split out between current and non-current liabilities. Non-current liabilities represent those amounts due beyond one year. Bonds payable are reflected net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized on a straight line basis over the term of the debt.

(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 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. All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred.

(d) Investments

The securities included in investments are stated at fair value as determined primarily by quoted market price. The investment policy for the City including the Pension funds follows the guidelines established under §8-22-22a of the West Virginia Code. State statutes authorize the City to invest in the Municipal Bond Commission, obligations of the United States or any agency thereof, obligations of the state, and high grade debt of private corporations. In addition to the above, the Pension funds can also in invest in common stock and mutual funds. All other deposits and investments of the City follow the guidelines established under the West Virginia Code Article 12-1 for state depositories. The City does not have a policy for concentration of credit, interest, and credit risk in addition to the state's governing statutes.

(e) Utility Plant and Depreciation

Within the Water Fund, improvements to Utility Plant and Equipment are capitalized and upon being placed into service are depreciated using the composite method over the estimated useful life as established in guidelines for water utilities published by the Public Service Commission of West Virginia. Within the WPCD Fund, improvements to Utility Plant and Equipment are capitalized and upon being placed into service are depreciated using the straight line method over the estimated useful life as established in guidelines for 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 Revenues, Expenditures, and Changes in Fund Balance reflects charges for depreciation of these assets.

1. **Summary of Significant Accounting Policies (Continued)**

(f) Parking Fund – Fixed Assets and Depreciation

(a) Land – The cost of the land on which the Center Wheeling Parking Garage and the 10th Street Parking Garage are situated is included as "Land." The land on which the 900 and 901 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 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.

(g) 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. Inventory for the Water Fund is stated at cost.

(h) Restricted Assets

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.

Restricted cash and cash equivalents, tax increment property taxes and accrued interest receivable in the Other Nonmajor Governmental Funds column are classified as restricted assets on the balance sheet because they are maintained in separate trust accounts and their use is limited to debt service on the TIF revenue and general obligation bonds. Tax increment revenues are pledged as collateral to the bondholders of the TIF revenue bonds. Excess TIF amounts placed into a specific trust account are restricted to use for economic development within the City's TIF district.

(i) Fund Balance

In 2011, the City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned and unassigned.

(j) Cash and Cash Equivalents

For purposes of the statement of cash flows, the City of Wheeling considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents in governmental funds includes cash on hand, deposits with financial institutions or fiscal agents, and money market deposits with trust departments.

(k) Estimates

The presentation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

2. Transfers

The TIF Fund transfers tax increment revenues to the Debt Service Fund (included in nonmajor governmental funds) to make necessary debt service payments related to the TIF revenue bonds.

The Parking Fund transfers excess revenues each month to the General Fund. Also, during the current year, the Parking Fund recorded a transfer to the General Fund for their portion of the energy efficiency project.

	Governmental Activities		Business-type Activities	
Governmental Activities: *Major Governmental Funds*	General	Nonmajor Funds	Proprietary Fund	Transferred Out
General Fund	$ -	$ 10,250	$ 45,402	$ 55,652
Nonmajor Funds	-	800,209	140,000	940,209
Business-type Activities:				
Parking	368,174	-	-	368,174
Transferred in	$ 368,174	$ 810,459	$ 185,402	$ 1,364,035

3. 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, 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.

3. Property Taxes (Continued)

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 cents (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, 2012 were assessed as follows:

Assessed Class Of Property	Valuation for Tax Purposes	Current Expense	Excess Rate	Bond Rate
Class I	$ -	$ 11.89	$ 3.55	$ 0.65
Class II	430,346,826	23.78	7.10	1.30
Class IV	571,502,975	47.56	14.20	2.60

4. 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. The City's General Fund and Coal Severance budget process utilizes the cash basis. The cash basis recognizes revenues and expenditures when received and paid and does not record receivables and payables. The General Fund and Coal Severance 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.

As a result, the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund reflects adjustments from the budget (cash) basis to the modified accrual basis. The adjustments reflect accrual adjustments related to the recognition of revenues and expenditures for receivables and payables that are recognized on the modified accrual basis. In addition, other adjustments represent reclassifying transfers to other funds for specific purposes from expenditures on the budget basis to transfers out on the modified accrual basis as well as recording revenues and expenditures for transactions where cash amounts received are net of a fee or for a financing transaction where the cash does not pass-through the City's cash accounts.

During the year the City made three revisions to the General Fund Budget and two revisions to the Coal Severance Budget.

5. Fund Balance Classifications

The fund balances of the City's governmental fund financial statements are divided into five classifications based on the constraints imposed upon the use of the resources within the funds. The classifications are a follows:

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to remain intact. The City has $473,717 in nonspendable fund balance at year end.

- Restricted – Restricted fund balance is reported when constraints placed on the use of resources are either externally imposed by creditors (suchs as debt covenants), grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City has $3,533,276 in restricted fund balance at year end.

- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. The City has $1,308,435 in committed fund balance at year end.

- Assigned – The assigned fund balance includes amounts that are intended to be used by the City for specific purposes but do not meet criteria to be classified as restricted or committed. The City has $946,549 in assigned fund balance at year end.

- Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not constrained by other classifications. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance. The City has $5,914,391 of unassigned fund balance at year end.

Stabilization fund – Included in Unassigned, the City maintains a stabilization fund within the General Fund. The fund is used for short-term cash flow purposes. The amount in the stabilization fund at June 30, 2012 was $1,024,442.

The City Council is the City's highest level of decision-making authority. Council has the authority to take formal action to establish, modify or change a fund balance commitment. Typically, expenditures are to be spent from restricted fund balance first, followed in order by committed, then assigned and lastly unassigned fund balance. The City has the authority through City Council to deviate from this policy if necessary.

6. Retirement Systems

The City participates in three single-employer, defined benefit, public employee retirement plans and a defined contribution, money purchase pension plan related to WPCD. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans.

DEFINED BENEFIT PLANS

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.

The City of Wheeling Employee's Retirement and Benefit Fund

Plan Summary

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	28
Fully vested active members	204
Retirees and beneficiaries currently receiving benefits	81
Terminated plan members entitled to but not yet receiving benefits	7
Total	320

Eligible employees contribute 6% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2012 was $7,497,641. The total employee's contribution was $618,249. The plan's fund balance as of June 30, 2012 is $31,622,838. The City's contribution for the year ended June 30, 2012 was $ -0-.

6. Retirement Systems (Continued)

The City of Wheeling Employee's Retirement and Benefit Fund (Continued)

ARC and Significant Actuarial Assumptions

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. According to the most recent actuarial report as of July 1, 2011, the average annual salary for benefits was $35,405. There were 81 pensioners as of June 30, 2011 receiving an average of $13,117 in pension benefits. Administrative costs are financed with investment earnings.

The actuarial assumptions and other information used to determine the ARC are as follows:

Valuation date:	7/1/11
Actuarial cost method:	Entry age normal cost
Amortization method:	Level percent of salary
Actuarial asset valuation method:	Smoothed market value
Actuarial assumptions	
Investment rate of return:	8.00%
Project salary increases:	4.50%
Retirement rates:	Earlier of age 63 and 10 years of service

Funding Progress

Actuarial Evaluation Date	7/1/11
Actuarial Value of Assets	$ 31,004,012
Actuarial Accrued Liability (AAL)	$ 29,935,016
(Overfunded) Underfunded (UAAL)	$ (2,068,996)
Funded Ratio	104%
Covered Payroll	$ 7,497,641
UAAL as a % of Covered Payroll	(28)%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates whether the actuarial value of plan assets (increase of 1.6%) is, over time, increasing or decreasing relative to the actuarial accrued liability (increase of 8.7%).

Trend Information

Fiscal Year	Annual Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2012	$ 0	100%	$ 0
2011	0	100%	0
2010	0	100%	0

6. Retirement Systems (Continued)

Firemen's Pension and Relief Fund

Plan Summary

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 hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible firemen hired on or after January 1, 2010 contribute 9.5%. The total eligible payroll for fiscal year ended June 30, 2012 was $4,013,315. The total employee contribution was $314,714. The plan's fund balance as of June 30, 2012 is $13,168,532.

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 and 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 $2,438,734. Actual contributions were $2,829,498 for the year ended June 30, 2012.

ARC and Significant Actuarial Assumptions

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. According to the most recent actuarial report, as of July 1, 2011, the average annual salary for benefits was $41,632. There were 123 pensioners as of June 30, 2011 receiving an average of $21,616 in pension benefits with expected cost-of-living increases up to 3%.

The actuarial assumptions and other information used to determine the ARC are as follows:

Valuation date:	7/1/11
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:	6.00%
Project salary increases:	4.00%
Retirement rates:	Earlier of age 65 or 20 years of service

6. Retirement Systems (Continued)

Firemen's Pension and Relief Fund (Continued)

Funding Progress

Actuarial Evaluation Date		7/1/11
Actuarial Value of Assets	$	12,154,353
Actuarial Accrued Liability (AAL)	$	59,132,072
(Overfunded) Underfunded (UAAL)	$	46,977,719
Funded Ratio		20%
Covered Payroll	$	4,013,315
UAAL as a % of Covered Payroll		1170%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates whether the actuarial value of plan assets (increase of 22%) is, over time, increasing or decreasing relative to the actuarial accrued liability (decrease of 3.7%).

Trend Information

Fiscal Year	Annual Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2012	$ 2,438,734	116%	$ 0
2011	2,404,524	116%	0
2010	2,280,817	120%	0

Policemen's Pension and Relief Fund

Plan Summary

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 participant's average annual salary for 20 years of service, up to 75% for 30 years service.

Eligible policemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible policemen hired after January 1, 2010 contribute 9.5%. The total eligible payroll for fiscal year ended June 30, 2012 was $3,781,421. The total employee contribution was $276,566. The plan's fund balance as of June 30, 2012 is $14,310,524.

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 and 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.

6. Retirement Systems (Continued)

Policemen's Pension and Relief Fund (continued)

The minimum required contribution of the City and State was $2,402,213. Actual contributions were $2,845,728 for the year ended June 30, 2012.

ARC and Significant Actuarial Assumptions

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. According to the most recent actuarial report, as of July 1, 2011, the average annual salary for benefits was $41,957. There were 111 pensioners as of June 30, 2011 receiving an average of $21,553 in pension benefits with expected cost-of-living increases up to 3%.

The actuarial assumptions and other information used to determine the ARC are as follows:

Valuation date:	7/1/11
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:	6.00%
Project salary increases:	4.00%
Retirement rates:	Earlier of age 65 or 20 years of service

Funding Progress

Actuarial Evaluation Date		7/1/11
Actuarial Value of Assets	$	13,105,407
Actuarial Accrued Liability (AAL)	$	49,522,643
(Overfunded) Underfunded (UAAL)	$	36,417,236
Funded Ratio		26%
Covered Payroll	$	3,781,421
UAAL as a % of Covered Payroll		963%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates whether the actuarial value of plan assets (increase of 24%) is, over time, increasing or decreasing relative to the actuarial accrued liability (increase of 3.9%).

Trend Information

Fiscal Year		Minimum Required Contribution	Percentage of Minimum Contributed		Net Pension Obligation
2012	$	2,402,213	118%	$	0
2011		2,375,867	114%		0
2010		2,184,018	120%		0

6. Retirement Systems (Continued)

DEFINED CONTRIBUTION PLAN

Water Pollution Control Division Pension Plan

On September 15, 1976, a money purchase pension plan was established for employees of the Water Pollution Control Division. The plan is administered by the Water Pollution Control Division and is governed by the laws of West Virginia applicable to pension plans. To be eligible, an employee must have attained the age of 18. Contributions are based on 6% of an eligible employee's annual salary with a 6% match provided by the employer. Normal retirement benefits commence when the participant has attained the age of 65. Participants are eligible for early retirement benefits, provided that they have attained the age of 55 and completed 15 years of service. For the year ended June 30, 2012, employee and employer contributions were $28,437 and $28,437, respectively.

Effective July 1, 1982, all newly hired employees are required to participate in the retirement plans sponsored by the City and may no longer participate in the Water Pollution Control Division Plan.

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.

The cost and fair market value of the investments of each fund at June 30, 2012, are as follows:

	Cost	Market Value
Employees' Retirement and Benefit Fund	$ 29,285,632	$ 31,592,843
Firemen's Pension and Relief Fund	12,321,848	13,194,895
Policemen's Pension and Relief Fund	13,422,536	14,345,685
Water Pollution Control Division Pension Plan	2,663,906	2,629,733

6. Retirement Systems (Continued)

At year end, the City's defined benefit pension funds had the following investments:

Employee Retirement and Benefit Fund		Fair Value	Credit Risk Rating
Federated US Treasury Cash Reserves 632+	$	783,944	AAAm
U.S. Government Obligations		2,192,983	Aaa
U.S. Government Agency Obligations		3,301,167	Aaa
U.S. Government Agency Obligations		1,345,240	Not Available
Corporate Obligations -			
Bear Stearns Commerial Mortgage		126,800	Aaa
Comm MTG Asset Trust		58,409	Aaa
GE Capital Credit Card Master Note Trust		100,000	Aaa
GE Dealer Floorplan Master Note Trust		100,086	Aaa
JP Morgan Chase Comm Mtg		259,046	Aaa
LB-UBS Comm MTG Trust SER		27,095	Aaa
Merrill Lynch Mortgage Investors CMO		158,884	Aaa
SLM Student Loan Trust 2006		21,443	Aaa
Stanford University		28,661	Aaa
Toyota Auto Receivables Owner Trust 2010-B		17,129	Aaa
UBS COML MTG TR 2012		15,336	Aaa
Wachovia Bank Comm Mtg Trust		121,111	Aaa
Burlington Northern Santa Fe		87,639	Aa2
Google Inc.		97,457	Aa2
Wal-Mart Stores		152,325	Aa2
Coca-Cola Co		140,352	Aa3
IBM		150,286	Aa3
Pepsico Inc.		136,920	Aa3
Procter & Gamble		47,905	Aa3
US Bancorp		109,796	Aa3
BHP Biltion Finance		34,828	A1
Cisco Systems		74,276	A1
ConocoPhillips		103,660	A1
GE Capital		182,777	A1
George Washington University		139,917	A1
GlaxoSmithKline Capital		54,098	A1
National Rural Utils		56,279	A1
Occidental Petroleum		83,522	A1
American Express		64,676	A2
AT&T		169,749	A2
BP Capital Markets PLC		135,078	A2
Caterpillar INC.		171,261	A2
CSX Transportation		187,265	A2
JP Morgan Chase		102,840	A2
Pacific Corp.		111,101	A2
Phillip Morris Int'l		136,469	A2
Walt Disney		126,288	A2
Wells Fargo		89,915	A2
Consolidated Edison		37,547	A3
Goldman Sachs		44,994	A3
Hewlett-Packard		70,796	A3
Home Depot		62,328	A3
Pacific Gas & Elec.		80,362	A3
PNC Funding		109,119	A3
Verizon Communications		170,443	A3
Amgen INC.		65,240	Baa1
Comcast		85,360	Baa1
Lockheed Martin		43,377	Baa1
Citigroup		40,993	Baa2
Freeport-Mcmoran Copper & Gold		37,387	Baa3
Citigroup		94,306	Baa3
Other		1,479,682	Not Available
Total Rated Obligations		14,025,947	
Total Equities		17,566,896	
Total Employee Retirement and Benefit Fund	$	31,592,844	

6. Retirement Systems (Continued)

At year end, the City's defined benefit pension funds had the following investments:

Firemen's Pension and Relief		Fair Value	Credit Risk Rating
Federated US Treasury Cash Reserves 632	$	207,432	AAAm
U.S. Government Obligations		994,865	Aaa
U.S. Government Agency Obligations		1,087,026	Aaa
U.S. Government Agency Obligations		629,738	Not available
Corporate Obligations			
Bear Stearns Commercial Mortgage		83,605	Aaa
Comm Mtg Asset Trust		19,116	Aaa
JP Morgan Chase		143,194	Aaa
LB-UBS Comm Mtg Trust		10,421	Aaa
SLM Student Loan Trust		12,688	Aaa
Toyota Auto Receivables Owner Trust		6,944	Aaa
UBS COML MTG TR 2012		10,224	Aaa
Wachovia Bank Comm Mtg Trust		27,582	Aaa
Stanford University		12,126	Aaa
Microsoft		46,631	Aaa
Burlington Northern Santa Fe		57,231	Aa2
Google Inc.		39,869	Aa2
Wal-Mart Stores		80,394	Aa2
Procter & Gamble		18,347	Aa3
US Bancorp		45,329	Aa3
Intl Business Machines		61,317	Aa3
Coca-Cola Co		55,712	Aa3
Pepsico Inc.		65,309	Aa3
BHP Biltion Finance		12,292	A1
Cisco Systems		38,376	A1
ConocoPhillips		30,488	A1
GE Capital		74,720	A1
George Washington University		56,193	A1
GlaxoSmithKline Capital		22,040	A1
National Rural Utils		21,105	A1
Occidental Petroleum		9,057	A1
CSX Transportation		89,042	A2
AT&T		79,700	A2
American Express		27,122	A2
BP Capital Markets PLC		54,244	A2
Caterpillar, Inc.		62,031	A2
Walt Disney		50,379	A2
JP Morgan Chase		39,079	A2
Pacific Corp.		45,100	A2
Phillip Morris Int'l		25,361	A2
Wells Fargo		42,038	A2
Consolidated Edison		14,242	A3
Goldman Sachs		17,997	A3
Hewlett-Packard		25,925	A3
Home Depot		26,547	A3
PNC Funding		40,792	A3
Pacific Gas & Elec.		29,986	A3
Verizon Communications		65,978	A3
Amgen, Inc.		22,782	Baa1
Comcast		28,854	Baa1
Lockheed Martin		16,266	Baa1
Citigroup		51,554	Baa3
Freeport-Mcmoran Copper & Gold		34,436	Baa3
Other		684,579	Not Availabe
Total Rated Obligations		5,553,408	
Total Equities		7,641,486	
Total Firemen's Pension and Relief	$	13,194,893	

6. Retirement Systems (Continued)

At year end, the City's defined benefit pension funds had the following investments:

Policemen's Pension and Relief	Fair Value	Credit Risk Rating
Federated US Treasury Cash Reserves 632	$ 273,929	AAAm
U. S. Government Obligations	1,093,025	Aaa
U. S. Government Agency Obligations	1,103,393	Aaa
U. S. Government Agency Obligations	779,202	Not Available
Corporate Obiligations -		
SLM Student Loan Trust	12,688	Aaa
Toyota Auto Receivables Owner Trust	7,407	Aaa
UBS COML MTG TR 2012	10,224	Aaa
Wachovia Bank Comm Mtg Trust	30,329	Aaa
Bear Stearns Commercial Mortgage	60,823	Aaa
Comm Mtg Asset Trust	19,116	Aaa
JP Morgan Chase	108,294	Aaa
LB-UBS Comm Mtg Trust	11,463	Aaa
Microsoft	26,813	Aaa
Stanford University	13,228	Aaa
Burlington Northern Santa Fe	50,079	Aa2
Google Inc.	40,976	Aa2
Wal-Mart Stores	87,446	Aa2
Coca-Cola Co	62,141	Aa3
Intl Business Machines	67,328	Aa3
Pepsico Inc.	69,749	Aa3
Procter & Gamble	30,578	Aa3
US Bancorp	49,358	Aa3
BHP Biltion Finance	34,828	A1
Cisco Systems	39,614	A1
ConocoPhillips	28,049	A1
GE Capital	81,617	A1
George Washington University	59,352	A1
GlaxoSmithKline Capital	25,045	A1
National Rural Utils	24,120	A1
Occidental Petroleum	9,057	A1
CSX Transportation	53,562	A2
AT&T	87,798	A2
American Express	29,208	A2
BP Capital Markets PLC	53,181	A2
Caterpillar, Inc.	71,471	A2
Walt Disney	53,591	A2
EI DU Pont De Nemours	29,825	A2
JP Morgan Chase	43,193	A2
Pacific Corp.	46,200	A2
Phillip Morris Int'l	27,777	A2
Wells Fargo	44,374	A2
Consolidated Edison	15,537	A3
Goldman Sachs	19,997	A3
Hewlett-Packard	28,916	A3
Home Depot	28,856	A3
PNC Funding	44,871	A3
Pacific Gas & Elec.	31,185	A3
Verizon Communications	67,352	A3
Amgen, Inc.	25,889	Baa1
Comcast	30,056	Baa1
Lockheed Martin	18,435	Baa1
Comcast	29,850	Baa2
Citigroup	55,655	Baa3
Freeport-Mcmoran Copper & Gold	37,387	Baa3
Other	857,423	Not Available
Total Rated Obligations	6,140,860	
Total Equities	8,204,825	
Total Policemen's Pension and Relief	$ 14,345,685	

6. Retirement Systems (Continued)

At year end, the City's defined contribution plan had the following investments:

Water Pollution Control Division	Fair Value	Credit Risk Rating
United Bank Inc. Liquid Asset Fund	$ 146,072	Not Available
Total Mutual Funds	2,388,193	Not Rated
Total Equities	241,541	Not Rated
Total Water Pollution Control Division	$ 2,629,733	

Investment Policy – The City's Pension Plans follow West Virginia State Code 8-22-22a as their Investment Policy.

Concentration of Credit Risk – No individual investments in any one issuer represent more than 5% of the total investments for all four pension funds. Additionally, within each pension fund, no individual investment in any one issue represents more than 5% of the total investment for that fund, except for investments that are issued or explicitly guaranteed by the U.S. government.

Credit Risk – The City's investment policy does not specify that investments must be rated at a specified level. As of June 30, 2011, the City's investments were rated using Moody's Investor Services, when available.

Interest Rate Risk – The City's Pensions Plans follow West Virginia State Code 8-22-22a. The City does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

6. Retirement Systems (Continued)

At year end, the City's Pension fund investments had the following maturity ranges:

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Employee Retirement and Benefit Fund:					
Money Markets	$ 783,944	$ 1,017,598	$ -	$ -	$ -
U.S. Government Agency	4,646,407	-	1,513,837	54,047	3,078,523
U.S. Government Obligations	2,192,983	-	1,960,116	-	232,868
Corporate Obligations	6,402,613	-	2,742,149	2,273,696	1,386,764
Common Stock	17,566,896	17,566,896	-	-	-
Total Investments	$ 31,592,843	$ 18,584,494	$ 6,216,102	$ 2,327,743	$ 4,698,155

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Firemen's Pension and Relief					
Money Markets	$ 207,432	$ 207,432	$ -	$ -	$ -
U.S. Government Agency	1,716,764	-	362,257	35,901	1,318,606
U.S. Government Obligations	994,865	-	903,431	-	91,434
Corporate Obligations	2,634,346	-	1,159,085	883,786	591,475
Common Stock	7,641,486	7,641,486	-	-	-
Total Investments	$ 13,194,893	$ 7,848,918	$ 2,424,773	$ 919,687	$ 2,001,515

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Policemen's Pension and Relief					
Money Markets	$ 273,929	$ 273,929	$ -	$ -	$ -
U.S. Government Agency	1,882,595	-	391491	35,901	1,455,202
U.S. Government Obligations	1,093,025	-	989,883	-	103,142
Corporate Obligations	2,891,311	-	1,278,972	1,017,054	595,286
Common Stock	8,204,825	8,204,825	-	-	-
Total Investments	$ 14,345,685	$ 8,478,754	$ 2,660,346	$ 1,052,955	$ 2,153,630

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Water Pollution Control Div.					
Money Markets	$ 146,072	$ 146,072	$ -	$ -	$ -
Mutual Funds	2,242,121	2,242,121	-	-	-
Common Stock	241,541	241,541	-	-	-
Total Investments	$ 2,629,734	$ 2,626,734	$ -	$ -	$ -

7. Capital Assets

A summary of changes in fixed assets for the fiscal year ended June 30, 2012 is as follows:

Governmental Activities:	Beginning Balance 07/01/2011	Additions	Deductions	Balance 06/30/2012	Accumulated Depreciation Prior Years	Depreciation Expense Current Year	Net 06/30/2012
Non-Depreciable capital assets:							
Land	$ 3,600,228	$ 191,200	$ -	$ 3,791,428	$ -	$ -	$ 3,791,428
Construction in progress	928,942	259,664	928,942	259,664	-	-	259,664
Depreciable capital assets:							
Land Improvements	1,480,499	91,565	-	1,572,064	239,606	67,937	1,264,521
Buildings and improvements	10,032,588	920,050	-	10,952,638	4,907,095	342,946	5,702,597
Vehicles and Equipment	13,582,403	1,500,442	-	15,082,845	7,991,879	1,060,580	6,030,386
Infrastructure	50,059,010	927,023	-	50,986,033	34,820,738	567,595	15,597,700
Total Governmental	$ 79,683,670	$ 3,889,944	$ 928,942	$ 82,644,672	$ 47,959,318	$ 2,039,058	$ 32,646,296

Business-Type Activities:	As restated Beginning Balance 07/01/2011	Additions	Deductions	Balance 06/30/2012	Accumulated Depreciation Prior Years	Depreciation Expense Current Year	Net 06/30/2012
Non-Depreciable capital assets:							
Land	$ 1,689,199	$ 140,313	$ -	$ 1,829,512	$ -	$ -	$ 1,829,512
Construction in progress	2,017,880	4,627,145	196,564	6,448,461	-	-	6,448,461
Depreciable capital assets:							
Parking Structures and Equipment	5,934,458	130,715	1,342	6,063,831	4,993,349	130,293	940,189
Utility Plant, in service	121,724,871	721,329	2,336	122,443,864	62,115,590	2,199,080	58,129,194
Total Business-Type	$ 131,366,408	$ 5,619,502	$ 200,242	$ 136,785,668	$ 67,108,939	$ 2,329,373	$ 67,347,356

Depreciation Expense charged to departments on the government wide statement of activities is as follows:

General government	$ 104,048
Public safety	822,925
Streets and transportation	492,959
Health and sanitation	93,606
Culture and recreation	525,520
Total	$ 2,039,058

8. Long-Term Debt

(a) Water and WPCD Revenue Bonds –

Series 2005A Revenue Bonds – On May 5, 2005, WPCD began drawing on the $14,500,000 Series 2005A Revenue Bonds. The purpose of these bonds is to finance the construction of a WPCD department improvements project. Interest and principal payments began on March 1, 2007, at which time the interest rate was 2%. There is also a 1% administrative fee in effect for these bonds. The outstanding balance at June 30, 2012 was $11,070,541. During fiscal year ended June 30, 2012, $651,849 and $229,579 was paid in principal and interest and fees respectively.

Series 2006A Revenue Bonds – On September 26, 2006, the Water department issued $12,000,000 Series 2006A Revenue Bonds. The purpose of these bonds is to finance the Water department's infrastructure improvements. The 2006A Revenue Bonds were issued at a 4.70% interest rate, payable semiannually, with principal payments beginning June 1, 2008. During fiscal year ended June 30, 2012, $522,381 and $250,000 was paid in interest and principal, respectively. The outstanding bond balance at June 30, 2012 was $10,835,000. The bond issue resulted in a deferred gain (debt premium) of $306,639 for the Water fund. This deferred gain is being amortized over the remaining life of the bonds.

Series 2010A Revenue Bonds – The City issued $4,455,000 of Combined Waterworks and Sewerage System Refunding Revenue Bonds on May 5, 2010 for the purpose of refunding outstanding Revenue Bonds dated January 1, 1997 which were issued for the purpose of funding additions, betterments and improvements to the City's Combined Waterworks and Sewerage System. The 2010A bonds were issued at interest rates from 2.50% to 3.50%, 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. This bond issue resulted in a deferred loss (debt discount) of $351,079 and $207,105 for the Water and WPCD fund respectively. This deferred loss is being amortized over the remaining life of the bonds. The total of these bonds outstanding at June 30, 2012 was $3,055,000, ($1,802,450 for Water and $1,252,500 for WPCD).

Series 2010B Revenue Bonds – On December 14, 2010, the WPCD began drawing down on the $8,356,000 Series 2010B Revenue Bonds. The purpose of these bonds is to finance the construction of a WPCD department improvement project. Interest and principal payments are to begin on March 1, 2013, at which time the interest rate is 2%. There is also a 1% administrative fee in effect for these bonds. The outstanding balance at June 30, 2012 was $6,388,008.

(b) General Obligation Bonds – 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, 2012, was $2,025,000. During the fiscal year ended June 30, 2012, $80,000 of the 2003 general obligation bonds matured and were repaid.

8. Long-Term Debt (Continued)

(c) Series 2005A TIF Bonds – In September 2005, the City issued $4,115,000 Series 2005A Bonds for the Stone Building Renovation Project. These bonds are special limited obligations of the City, payable solely from revenues generated through Tax Increment revenue generated from the TIF district. The bonds were issued at interest rates ranging from 3.75% to 5.50%, payable semiannually, with principal retirement annually through May 1, 2033. The total of bonds outstanding at June 30, 2012 was $3,425,000. During the fiscal year ended June 30, 2012, $90,000 of the TIF revenue bonds matured were repaid.

(d) Subordinate Series 2011 TIF Bonds – In December 2011, the City issued $3,144,000 Subordinate Series 2011 Bonds for the downtown redevelopment project on Main and Market Streets. These bonds are special limited obligations of the City, payable solely from revenues generated through Tax Increment revenue generated from the TIF district. The lien on Tax Increment revenue is subordinate to the lien on the Series 2005A TIF Bonds described above. The bonds were issued with a 4.20% interest rate, payable semiannually, with the maturity date being June 1, 2033. The total of bonds outstanding at June 30, 2012 was $3,144,000. No portion of these bonds has matured during the year.

The Water and WPCD Revenue, the General Obligation, 2005A TIF revenue bonds and 2011 TIF revenue bonds mature as follows:

Fiscal Year Maturity	WPCD Revenue Series 2005	Water Revenue Series 2006	Water and WPCD Revenue Series 2010A	WPCD Revenue Series 2010B	General Obligation	2005A TIF Revenue Bonds	2011 TIF Revenue Bonds
2013	$ 664,984	$ 260,000	$ 730,000	$ 178,915	$ 85,000	$ 95,000	$ -
2014	678,384	270,000	750,000	263,229	90,000	100,000	-
2015	692,054	280,000	775,000	270,548	95,000	105,000	-
2016	705,998	290,000	800,000	278,015	100,000	110,000	-
2017	720,225	305,000	-	285,631	105,000	115,000	-
2018-2022	3,824,756	1,750,000	-	1,547,899	600,000	665,000	-
2023-2027	3,784,140	2,185,000	-	1,762,714	770,000	855,000	-
2028-2032	-	2,755,000	-	1,801,057	180,000	1,120,000	-
2033-2037	-	2,740,000	-	-	-	260,000	3,144,000
	$ 11,070,541	$ 10,835,000	$ 3,055,000	$ 6,388,008	$ 2,025,000	$ 3,425,000	$ 3,144,000

8. Long-Term Debt (Continued)

The Water and WPCD Revenue, the General Obligation and TIF revenue bonds have interest due as follows:

Fiscal Year Maturity	WPCD Revenue Series 2005	Water Revenue Series 2006	Water And WPCD Revenue Series 2010A	WPCD Revenue Series 2010B	General Obligation	2005A TIF Revenue Bonds	2011 TIF Revenue Bonds
2013	$ 216,444	$ 513,006	$ 95,763	$ 83,114	$ 90,030	$ 182,000	$ 132,048
2014	203,044	502,606	75,687	160,829	86,800	177,488	132,048
2015	189,374	491,806	53,188	153,510	83,290	172,737	132,048
2016	175,430	480,256	28,000	146,043	79,490	167,750	132,048
2017	161,203	468,294	-	138,426	75,440	162,030	132,048
2018-2022	582,385	2,112,063	-	572,389	304,982	714,470	660,240
2023-2027	182,287	1,677,637	-	357,573	154,963	522,570	660,240
2028-2032	-	1,110,988	-	120,227	8,550	263,175	660,240
2033-2037	-	350,686	-	-	-	14,300	126,913
	$ 1,710,167	$ 7,707,344	$ 252,638	$ 1,732,107	$ 883,545	$ 2,376,520	$ 2,767,873

The following is a summary of changes in long-term debt for the year ended June 30, 2012.

Governmental Activities	Payable at June 30, 2011	Additions	Deductions	Payable at June 30, 2012
General obligation bonds payable	$ 2,105,000	$ -	$ 80,000	$ 2,025,000
2005A TIF revenue bonds payable	3,515,000	-	90,000	3,425,000
2011 TIF revenue bonds payable	-	3,144,000	-	3,144,000
Capital leases payable	1,813,414	250,208	224,488	1,839,134
Notes payable	1,536,728	-	136,064	1,400,664
Total governmental	$ 8,970,142	$ 3,394,208	$ 530,552	$ 11,833,798
Business-Type Activities				
Bonds payable	$ 27,848,290	$ 5,117,108	$ 1,616,849	$ 31,348,549
Total business activities	$ 27,848,290	$ 5,117,108	$ 1,616,849	$ 31,348,549

9. Deposits and Investments

Custodial Credit Risk

Deposits – The City has $4,138,838 in deposits with financial institutions collateralized by securities held by the pledging financial institutions or their agents in the City's name. The City also has $3,807,151 in deposits with financial institutions that are collateralized by securities held by the pledging financial institutions trust department or agent but not in the City's name.

9. Deposits and Investments (Continued)

Concentration of credit, interest rate, and credit risks –

Governmental and Proprietary Funds – On the Statement of Net Assets and Balance Sheet the governmental and proprietary funds money market and Municipal Bond Commission Pool investments are included in cash and cash equivalents and various restricted cash and cash equivalent accounts. All of the governmental and proprietary funds investments are insured or registered securities held by the City or its agent in the City's name. The credit risk ratings can be seen below and the maturity ranges of the investments are less than one year.

Fiduciary Funds – Concentration of credit, interest rate, and credit risks related to the Fiduciary Funds' investments can be found in Note 6.

At year end, the governmental and proprietary funds had the following investments:

		Credit Risk Rating	
	Fair Value	Standard & Poor's and Fitch	Moody's Investment Services
Governmental Funds			
Federated Prime Obligations Fund	$ 3,434,422	AAAm	Aaa-mf
Municipal Bond Commission Pool	145,450	Not Rated	
Total Governmental Investments	$ 3,579,872		
Proprietary Funds			
Federated Prime Obligations Fund	$ 395,262	AAAm	Aaa-mf
Municipal Bond Commission Pool	1,987,865	Not Rated	
Total Proprietary Fund Investments	$ 2,383,127		

10. 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 will receive partial payments for their accrued sick days.

11. Accrued Interest Payable

Governmental Activities

Accrued interest payable in the Governmental Activities column on the Statement of Net Assets represents accrued interest on the HUD Note Payable, the 2003 General Obligation Bonds, the 2005A TIF Bonds and 2011 TIF Bonds for varying periods through June 30, 2012.

Major Proprietary Funds

WPCD Fund - Accrued interest payable represents interest expense on outstanding bonds for the period June 1 to June 30, 2012.

Water Fund - Accrued interest payable represents interest expense on outstanding bonds for the period June 1 to June 30, 2012.

12. Unamortized Debt Discount and Premium

The original bond discount and expense from the issuance of the 2010A Water and WPCD revenue bonds is being amortized on the outstanding principal balance method. The unamortized debt discount at June 30, 2012 is $118,771 and $67,199 for Water and WPCD respectively on the Proprietary and Government-Wide Statement of Net Assets.

The 2006A Water revenue bonds were issued at a premium, this amount is being amortized on the outstanding principal balance method. The unamortized debt premium at June 30, 2012 is $245,312 for Water on the Proprietary and Government-Wide Statement of Net Assets. The discount and premium amounts are netted against current and long-term revenue bonds payable.

The original bond discount from the issuance of the TIF revenue bonds is being amortized using the effective interest method. The unamortized debt discount at June 30, 2012 is $22,474. This amount is netted against current and non-current maturity of bonds payable on the Government-Wide Statement of Net Assets in the amounts of $1,873 and $20,601 respectively.

13. Contingencies and Litigation

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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.

14. Loan Programs

The City, as part of its Community Development Block Grant Program, has initiated various revolving and rehabilitation loan funds.

The City, as part of its Home Program, provides first-time home buyer loans to citizens of the City as well as citizens of surrounding participating entities.

15. Minimum Lease Obligation

At June 30, 2012, the City has eight outstanding lease agreements which were made for the purchase of four 2010 Crown Victorias, four 2010 Ford Explorers (two leases, two vehicles each), three 2011 Crown Victorias, a 2010 Dodge Charger, six 2012 Dodge Chargers, a fire truck and energy efficiency upgrades. The cost and accumulated depreciation for assets under capital lease at June 30, 2012 totals $2,831,521 and $382,031, respectively. The total lease payments less interest costs are as follows:

June 30, 2013	$	341,415
June 30, 2014		284,142
June 30, 2015		286,142
June 30, 2016		116,000
June 30, 2017		136,000
June 30, 2018 – 2022		698,077
June 30, 2023 – 2026		457,802
Less: Interest Costs		(480,444)
Present value of future Minimum lease payments	$	1,839,134

16. 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 leased the Artisan Center Building to WNHAC for a period of ten years. 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.

17. Self-Insurance Letter of Credit

The City of Wheeling is self-insured for workers' compensation. The City has a $750,000 letter of credit with a local financial institution for security against workers' compensation claims which expires on July 12, 2012. At June 30, 2012, the outstanding balance on this letter of credit is zero. In addition, no draws were made on the letter during fiscal year 2012.

18. Notes Payable

HUD Loan - HUD loaned the City of Wheeling $2,250,000 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, OVIBDC paid the remaining balance of $2,150,000 to the City. During fiscal year 2006, the City used most of this money to pay for the buildup of the infrastructure at a commercial development site (Lowes). Principal and interest payments from the City are due to HUD based upon the following:

	Principal	Interest
2013	$ 125,000	$ 69,016
2014	125,000	62,716
2015	125,000	56,391
2016	150,000	49,405
2017	150,000	41,754
2018-2021	700,000	80,511
Total	$ 1,375,000	$ 359,794

Centre Market Loan - During 2008, the City of Wheeling obtained a loan with a local financial institution for $75,000. The loan was used to renovate the HVAC System of the Centre Market. At June 30, 2012, the balance of the loan is $25,664 and matures in 2015.

19. Conduit Debt

The City is the conduit issuer of bonds held on behalf of the Wheeling Park Commission, a public agency of the City. Outstanding Series include the 2003, 2004A and 2004B. These bond proceeds were used to refund previous bonds (2003) as well as to renovate and expand (2003, 2004A and 2004B) Wilson Lodge at Oglebay Park. The aggregate outstanding balance of these bonds at June 30, 2012 is $8,296,427. The City has no obligation for this debt.

20. Receivables and Uncollectible Accounts

Governmental Funds:

Taxes receivable include business and occupation taxes, property taxes, and utility excise taxes. Charges for services receivables include amounts due from customers for sanitation services, fire service fee, and ambulance services. 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:

20. Receivables and Uncollectible Accounts (Continued)

Receivable Type	General Fund	Home Fund	Other Governmental Funds
Taxes	$ 3,225,626	$ -	$ 28,190
Charges for services	2,208,777	-	-
Fees and other receivables	782,916	-	-
Loans	-	2,555,212	995,581
Intergovernmental	157,401	8,936	46,660
Less: Allowances for uncollectible	(857,437)	-	(150,881)
Net receivable	$ 5,517,284	$ 2,564,148	$ 919,550
Uncollectible netted with revenue	$ 17	$ -	$ 47,418

Proprietary Funds:

Receivables include amounts due from customers primarily for water and sewer services. 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:

	WPCD Fund	Water Fund	Parking Fund	Total
Accounts receivable	$ 1,288,898	$ 1,126,022	$ 130,360	$ 2,545,280
Less: allowances for Uncollective accounts	(527,039)	(409,734)	-	(936,773)
Net account receivable	$ 761,859	$ 716,288	$ 130,360	$ 1,608,507

21. Benefits Funded by the State of West Virginia

For fiscal year 2012, the State of West Virginia contributed payments on behalf of City employees as follows:

Plan	Amount
City of Wheeling Policemen's Pension and Relief Fund	$813,430
City of Wheeling Firemen's Pension and Relief Fund	$891,668

State contributions are funded by allocations of the state's insurance premium tax. The City is not legally responsible for these contributions.

22. Due From/To Other Funds

Generally, outstanding balances between funds, reported as "due from/to other funds", are related to purposes described in Note 2 as well as for 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	Business-Type Activities		
Major Governmental Funds	General	Water	WPCD	Total Due To
Home Fund	$ 4,978	$ -	$ -	$ 4,978
Nonmajor Funds	35,014	-	140,000	175,014
Business-type Activities:				
WPCD	1,123	221,139	-	222,262
Parking	148,174	-	-	148,174
Total Due From	$ 189,289	$ 221,139	$ 140,000	$ 550,428

23. Related Organizations

City Council and/or the City Manager are responsible for appointing members of other boards or commissions. The City's accountability for these boards or commissions does not extend beyond making appointments. City Council appoints board members to the following boards or commissions: Planning Commission, Board of Health, Ohio Valley Regional Transportation Authority, Recreation Commission, Municipal Service Commission, Greater Wheeling Sports and Entertainment Authority, Hall of Fame Board, Wheeling Park Commission, Human Rights Commission, Historic Landmarks Commission, and Centre Market Commission.

24. Lease Receivable

In 1998, the City entered into a lease-purchase agreement with Ohio Valley Regional Transportation Authority (OVRTA) for the sale of the land on which the Wheeling Intermodal Transportation Center was constructed. The lease term is for a period of twenty-five years with an annual installment of $68,105. The payments began in March 1998.

24. Lease Receivable (Continued)

The present value of net minimum lease payments which make up the receivable at June 30, 2012 are as follows:

June 30, 2013	$	68,105
June 30, 2014		68,105
June 30, 2015		68,105
June 30, 2016		68,105
June 30, 2017		68,105
June 30, 2018 – 2022		340,525
June 30, 2023		68,105
Less: Interest Costs		(275,438)
Present value of future Minimum lease payments	$	473,717

25. Other Post-Employment Benefits

The government does not provide post-retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act and no direct costs are incurred by the City.

26. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Governmental Funds	**Deferred Revenue Types**	
Descriptions	**Unavailable**	**Unearned**
Grant draws prior to meeting all eligibility requirements	$ -	$ 2,764,450
Taxes	193,316	-
Prepaid Licenses	-	61,296
Totals	$ 193,316	$ 2,825,746

27. Cash Flow Information

Cash and cash equivalents consist of the following at June 30, 2012:

Proprietary Funds		
Cash and cash equivalents	$	1,934,672
Restricted assets:		
Sinking fund		2,107,952
Depreciation fund		843,757
Construction fund		395,259
Maintenance fund		384,258
Renewal and replacement fund		152,234
Utility deposits		188,203
Total cash per cash flow statement	$	6,006,335

28. Risks and Uncertainties

The City's Pension Trust Funds invest in various investment securities and mutual funds. Investment securities and mutual funds are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net assets.

The actuarial present values of pension benefit obligations in Note 6 are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

CITY OF WHEELING
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

I. SCHEDULE OF FUNDING PROGRESS

Employee's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/11	$31,004,012	$29,935,016	$(2,068,996)	104%	$7,497,641	(28)%
07/01/10	30,514,903	27,551,548	(2,963,355)	111%	7,106,359	(42)%
07/01/09	29,800,552	26,183,189	(3,617,363)	114%	6,862,370	(53)%

Firemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/11	$12,154,353	$59,132,072	$46,977,719	20%	$4,013,315	1170%
07/01/10	9,962,473	61,406,653	51,444,180	16%	3,792,377	1357%
07/01/09	8,735,846	39,376,677	30,640,831	22%	3,667,595	835%

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/11	$13,105,407	$49,522,643	$36,417,236	26%	$3,781,421	963%
07/01/10	10,547,210	47,629,367	37,082,157	22%	3,425,174	1038%
07/01/09	8,981,589	32,918,716	23,937,127	27%	3,133,072	764%

CITY OF WHEELING
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS AND OTHER CONTRIBUTING ENTITIES

	Employee's Pension and Relief Fund	
Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	$ 0	100%
2011	0	100%
2010	0	100%

	Firemen's Pension and Relief Fund	
Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	$ 2,438,734	116%
2011	2,404,524	116%
2010	2,280,817	120%

	Policemen's Pension and Relief Fund	
Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	$ 2,402,213	118%
2011	2,375,867	114%
2010	2,184,018	120%

CITY OF WHEELING
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budget (Cash) Basis	Accrual and other Adjustments	Actual Modified Accrual Basis	Variance Actual Cash Basis Over (Under) Final Budget
	Original	Final				
REVENUES:						
Taxes						
General property	$ 4,447,337	$ 4,497,337	$ 4,539,585	$ (6,858)	$ 4,532,727	$ 42,248
Business and occupation	10,144,773	10,281,023	10,765,471	97,507	10,862,978	484,448
Utilities	1,250,000	1,250,000	1,087,796	13,780	1,101,576	(162,204)
Hotel/motel	1,400,000	1,400,000	1,499,547	35,952	1,535,499	99,547
Wine/liquor tax	310,000	310,000	293,501	(10,948)	282,553	(16,499)
Miscellaneous	165,000	165,000	151,937	159	152,096	(13,063)
Licenses and permits	873,000	873,000	964,187	(11,672)	952,515	91,187
Fines and forfeits	413,000	413,000	538,889	-	538,889	125,889
Intergovernmental						
Federal government	412,000	668,632	673,532	31,662	705,194	4,900
State government	-	86,000	96,065	-	95,746	10,065
Local government	600,000	600,000	500,000	-	500,000	(100,000)
Charges for services	5,793,235	5,880,235	5,419,537	105,455	5,524,992	(460,698)
Video lottery and table gaming	1,540,000	1,940,000	1,979,623	(13,197)	1,966,426	39,623
Charges to other funds	305,000	470,101	500,733	(500,733)	-	30,632
Interest	30,481	30,481	10,069	42,303	52,372	(20,412)
Insurance Claims	-	36,416				
Miscellaneous revenue	168,000	169,463	496,940	(101,702)	395,238	327,477
Total revenue	27,851,826	29,070,688	29,517,412	(318,292)	29,198,801	483,140
Assigned Fund Balance	700,000	859,679				
Fund balance, appropriated	-	335,563	-	-	-	(335,563)
Total revenue and fund balance	28,551,826	30,265,930	29,517,412	(318,292)	29,198,801	147,577
EXPENDITURES:						
Current						
General government	3,465,571	3,585,674	3,369,692	(289,875)	3,079,817	(215,982)
Public safety	15,585,420	16,601,425	16,410,480	(168,895)	16,241,585	(190,945)
Streets and transportation	5,826,204	6,326,949	6,297,886	(49,287)	6,248,599	(29,063)
Health and sanitation	1,607,853	1,631,970	1,554,129	34,251	1,588,380	(77,841)
Culture and recreation	1,988,086	2,040,339	1,984,353	62,814	2,047,167	(55,986)
Social services	78,692	79,573	74,232	(65,628)	8,604	(5,341)
Debt Service						
Principal retirement	-	-	-	235,552	235,552	-
Interest	-	-	-	79,549	79,549	-
Total expenditures	28,551,826	30,265,930	29,690,772	(161,519)	29,529,253	(575,158)
Excess (deficiency) of revenues over (under) expenditures	-	-	(173,360)	(156,773)	(330,452)	(173,360)
Other financing sources (uses)						
Proceeds under capital lease	-	-	-	250,208	250,208	-
Transfers in	1,000,000	1,000,000	1,240,000	864,328	375,672	240,000
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	936,850	(63,150)	-
Total other financing sources and uses	-	-	240,000	2,051,386	562,730	240,000
Net change in fund balance	$ -	$ -	$ 66,640	$ 1,894,613	$ 232,278	$ 66,640
FUND BALANCE, JUNE 30, 2011					$ 6,166,849	
FUND BALANCE, JUNE 30, 2012					$ 6,399,127	

CITY OF WHEELING
COAL SEVERANCE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budget (Cash) Basis	Accrual and other Adjustments	Actual Modified Accrual Basis	Variance Actual Cash Basis Over (Under) Final Budget
	Original	Final				
REVENUES:						
Coal serverance taxes	$ 124,000	$ 139,000	$ 111,203	$ 39,722	$ 150,925	$ 27,797
Interest and other	1,000	1,000	-	-	-	1,000
Total revenues	125,000	140,000	111,203	39,722	150,925	28,797
Assigned fund balance	-	49,500	-	-	-	-
Total revenues and fund balance	125,000	189,500	111,203	39,722	150,925	28,797
EXPENDITURES:						
Current						
General government	125,000	189,500	157,611	-	157,611	157,611
Streets and transportation	-	-	-	-	-	-
Total expenditures	125,000	189,500	157,611	-	157,611	157,611
Revenue over (under) expenditures	$ -	$ -	$ (46,408)	$ -	$ (6,686)	$
FUND BALANCE, JUNE 30, 2011					$ 43,943	
FUND BALANCE, JUNE 30, 2012					$ 37,257	

City of Wheeling
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Community Development Fund	Capital Projects Capital Projects Fund	Debt Service Debt Service Fund	Special Revenue TIF Fund	Special Revenue Public Safety Fund	Special Revenue Homelessness Prevention & Rapid Rehousing	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ 1,000	$ 1,594,824	$ -	$ -	$ 291,656	$ -	$ 1,887,480
Receivables (net of allowance for uncollectables):							
Loans receivable	852,181	-	-	-	-	-	852,181
Intergovernmental	41,477	-	-	-	4,016	1,167	46,660
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	316,464	3,333,468	-	-	3,649,932
Restricted taxes receivable (net of allowance)	-	-	7,295	13,415	-	-	20,710
Total assets	894,658	1,594,824	323,759	3,346,883	295,672	1,167	6,456,963
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	7,630	60,326	-	70,110	23,756	-	161,822
Notes Payable	-	125,000	-	-	-	-	125,000
Accrued Interest	-	30,067	-	-	-	-	30,067
Due to other funds	33,847	-	-	140,000	-	1,167	175,014
Deferred revenues							
Unearned revenue	157,746	51,192	-	-	-	-	208,938
Taxes	-	-	5,577	10,561	-	-	16,138
Total liabilities	199,223	266,585	5,577	220,671	23,756	1,167	716,979
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	570,966	228,410	318,182	2,411,702	4,016	-	3,533,276
Committed	124,469	448,102	-	714,510	21,354	-	1,308,435
Assigned	-	651,727	-	-	246,546	-	898,273
Unassigned	-	-	-	-	-	-	-
Total fund balances	695,435	1,328,239	318,182	3,126,212	271,916	-	5,739,984
Total liabilities and fund balances	$ 894,658	$ 1,594,824	$ 323,759	$ 3,346,883	$ 295,672	$ 1,167	$ 6,456,963

City of Wheeling

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2012

	Special Revenue	Capital Projects	Debt Service	Special Revenue	Special Revenue	Special Revenue	
	Community Development Fund	Capital Projects Fund	Debt Service Fund	TIF Fund	Public Safety Fund	Homelessness Prevention & Rapid Rehousing	Total Nonmajor Governmental Funds
REVENUES							
General property taxes	$ -	$ -	$ 197,111	$ -	$ -	$ -	$ 197,111
TIF property taxes	-	-	-	772,656	-	-	772,656
Licenses and permits	-	13,687	-	-	-	-	13,687
Fines and forfeits	-	-	-	-	93,154	-	93,154
Intergovernmental							
Federal	1,919,740	89,034	-	-	158,254	190,801	2,357,829
State	-	147,115	-	-	-	-	147,115
Local	-	-	-	-	46,952	-	46,952
Charges for service	-	-	-	-	16,624	-	16,624
Interest	-	1,880	106	20	454	-	2,460
Miscellaneous	1,405	445,388	-	-	78,987	-	525,780
Total revenues	1,921,145	697,104	197,217	772,676	394,425	190,801	4,173,368
EXPENDITURES							
Current:							
General government	580,701	477,528	-	11,297	-	11,887	1,081,413
Public Safety	445,496	137,939	-	-	334,024	-	917,459
Streets and transportation	627,622	113,168	-	-	-	-	740,790
Health and sanitation	53,269	294,576	-	-	-	-	347,845
Culture and recreation	140,430	353,031	-	431,898	-	-	925,359
Social Services	104,983	-	-	-	-	178,914	283,897
Debt Service							
Principal	-	125,000	170,000	-	-	-	295,000
Interest	36,080	36,603	340,520	-	-	-	413,203
Total Expenditures	1,988,581	1,537,845	510,520	583,575	334,024	190,801	5,145,346
Excess (deficiency) of revenues over	(67,436)	(840,741)	(313,303)	189,101	60,401	-	(971,978)
OTHER FINANCING SOURCES (USES)							
Proceeds from capital leases	-	-	-	-	-	-	-
Proceeds from bonds payable	-	-	-	3,144,000	-	-	3,144,000
Transfers in	-	337,053	428,128	278	45,000	-	810,459
Transfers out	-	(35,000)	(28)	(840,493)	(64,688)	-	(940,209)
Total other financing sources and uses	-	302,053	428,100	2,303,785	(19,688)	-	3,014,250
Net change in fund balances	(67,436)	(538,688)	114,797	2,492,886	40,713	-	2,042,272
Fund balances - beginning	762,871	1,866,927	203,385	633,326	231,203	-	3,697,712
Fund balances - ending	$ 695,435	$ 1,328,239	$ 318,182	$ 3,126,212	$ 271,916	$ -	$ 5,739,984

City of Wheeling
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2012

	Employee Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension or Relief Fund	WPCD Pension Fund	Total Pension Trust Funds
ASSETS					
Cash	$ 2	$ -	$ -	$ 1,583	$ 1,585
Receivables:					
Accrued interest and dividends	92,116	37,224	41,718	546	171,604
Cash surrender life insurance policies	-	-	-	304,753	304,753
Investments:					
Money markets	783,944	207,432	273,929	146,072	1,411,377
U.S. Government obligations	4,646,407	1,716,764	1,882,595	-	8,245,766
U.S. Government agency obligations	2,192,983	994,865	1,093,025	-	4,280,873
Corporate obligations	6,402,613	2,634,348	2,891,311	-	11,928,272
Mutual funds	-	-	-	2,242,121	2,242,121
Common stock	17,566,896	7,641,486	8,204,825	241,541	33,654,748
Total investments	31,592,843	13,194,895	14,345,685	2,629,734	61,763,157
Total assets	31,684,961	13,232,119	14,387,403	2,936,616	62,241,100
LIABILITIES					
Accounts payable	40,949	11,100	24,983	-	77,032
Accrued pension benefits	21,175	52,484	51,896	-	125,555
Total liabilities	62,124	63,584	76,879	-	202,587
NET ASSETS					
Net assets held in trust for pension benefits	$ 31,622,837	$ 13,168,535	$ 14,310,524	$ 2,936,616	$ 62,038,513

City of Wheeling
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2012

	Employee Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension or Relief Fund	WPCD Pension Fund	Total Pension Trust Funds
ADDITIONS					
Contributions:					
Employer	$ -	$ 1,937,830	$ 2,032,298	$ 28,437	$ 3,998,565
Plan members	618,249	314,714	276,566	28,437	1,237,966
Insurance premium tax allocation	-	891,668	813,430	-	1,705,098
Total contributions	618,249	3,144,212	3,122,294	56,874	6,941,629
Investment earnings:					
Investment income	1,418,655	627,837	671,753	2,392	2,720,637
Less: Investment expense	(114,534)	(39,732)	(55,237)	(19,582)	(229,085)
Net investment income	1,304,121	588,105	616,516	(17,190)	2,491,552
Other additions:					
Miscellaneous	3,292	2,262	1,762	30	7,346
Total other additions	3,292	2,262	1,762	30	7,346
Total additions	1,925,662	3,734,579	3,740,572	39,714	9,440,527
DEDUCTIONS					
Benefits payments	1,304,246	2,719,000	2,529,422	5,905	6,558,573
Administrative expenses	8,828	1,397	6,033	-	16,258
Total deductions	1,313,074	2,720,397	2,535,455	5,905	6,574,831
Change in net assets	612,588	1,014,182	1,205,117	33,809	2,865,697
Net assets - beginning	31,010,249	12,154,353	13,105,407	2,902,807	59,172,816
Net assets - ending	$ 31,622,837	$ 13,168,535	$ 14,310,524	$ 2,936,616	$ 62,038,513

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Identification Number	State Expenditures
West Virginia Development Office		
Governor's Community Partnership Grant	09LEDA0000	$ 65,000
	10LEDA0000	10,000
	11LEDA0000	22,115
Total West Virginia Development Office		$ 97,115
West Virginia Department of Environmental Protection		
Recycling Assistance Grant Program	600	$ 45,000
Total West Virginia Department of Environmental Protection		$ 45,000
TOTAL EXPENDITURES OF STATE AWARDS		**$ 142,115**

BODKIN WILSON & KOZICKI PLLC
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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 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 19, 2013. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: *2012-1.*

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: *2012-2.*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-3.

We noted certain other matters that we reported to management of the City in a separate letter dated March 19, 2013.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Wheeling, West Virginia,
March 19, 2013.

Bodkin Wilson & Kozicki PLLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council
of the City of Wheeling:

Compliance

We have audited the City of Wheeling, West Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City'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's management. Our responsibility is to express an opinion on the City'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; 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'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's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Wheeling, West Virginia,
March 19, 2013.

Bodkin Wilson & Kojecki PLLC

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Program Title	Federal CFDA Number	Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant	14.218	B10-MC-54-0005	$ 1,264,274
		B11-MC-54-0005	678,400
			1,942,674
Home Investment Partnerships Program	14.239	M09-DC-540204	100,668
		M10-DC-540204	428,550
		M11-DC-540204	171,603
			700,821
ARRA- Homelessness Prevention and Rapid Re-Housing Program	14.257	S09-MY-54-0005	190,519
Total U.S. Department of H.U.D.			$ 2,834,014
U.S. Department of Justice			
Direct Programs:			
Law Enforcement Assistance- Narcotics and Dangerous Drugs- Laboratory Analysis	16.001	MA-WVN-0075	$ 15,797
Bulletproof Vest Partnership Program	16.607	N/A	1,416
ARRA- Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0931	210,320
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-3058	37,618
Pass-Through Programs From:			
West Virginia Department of Military Affairs and Public Safety			
Edward Byrne Memorial Formula Grant	16.579	09-JAG-21	1,011
		10-JAG-36	25,000
		11-JAG-07	100,000
			126,011
Pass-Through Programs From:			
West Virginia Department of Military Affairs and Public Safety			
Enforcing Underage Drinking Laws	16.727	2011-AH-FX-0006	15,519

See accompanying notes 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, 2012

Federal Grantor/Program Title	Federal CFDA Number	Identification Number	Federal Expenditures
U.S. Department of Justice (Continued)			
Pass-Through Programs From:			
United States Marshals Service			
Law Enforcement Assistance	16.001	SI-MA-002-09	1,467
		D87-11-21	5,442
		D87-12-12	5,542
			12,451
Pass-Through Programs From:			
Young Women's Christian Association of of Wheeling			
Project Safe Neighborhoods	16.609	2010-GP-BX-0078	1,976
		2011-GP-BX-0039	4,839
			6,815
Total U.S. Department of Justice			$ 425,947
U.S. Department of Transportation			
Pass-through Programs From:			
West Virginia Department of Transportation			
State and Community Highway Safety Grant	20.600	F11HS04-402	$ 48,819
		F12HS04-402	68,985
			117,804
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	F11HS04-410	1,282
		F11HS04-410 HFR	2,413
		F12-HS04-410	30,233
			33,928
Alcohol Open Container Requirements	20.607	F11HS04-154	38,970
		F12HS04-154	62,699
			101,669
Safety Belt Performance Grants	20.609	F11HS04-406	32,718
		F12HS04-406	4,885
			37,603
Safety Traffic Safety Information System Improvement Grants	20.610	F12HS04-408	1,669
Child Safety and Child Booster Seat Incentive Grants	20.613	F11HS04-2011	782
		F12HS04-2011	4,786
			5,568
Total Highway Safety Cluster			298,241
Total U.S. Department of Transportation			$ 298,241

See accompanying notes 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, 2012

U.S. Department of Homeland Security			
Direct Programs:			
Assistance to Firefighters Grant	97.044	EMW-2009-F0-10331	$ 19,260
		EMW-2010-F0-07470	86,022
			105,282
Pass-Through Programs From:			
Port of Pittsburgh Commission			
Port Security Grant	97.056	2010-PU-TO-K0008	43,442
Pass-Through Programs From:			
West Virginia Citizen Corp			
Homeland Security Grant	97.067	09-CC-P01	13,879
Total U.S. Department of Homeland Security			$ 162,603
U.S. Department of the Interior			
Pass-Through Programs From:			
West Virginia Development Office			
Outdoor Recreation Acquisition, Development and Planning	15.916	11LWCF0474	61,008
Total U.S. Department of the Interior			$ 61,008
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 3,781,813**

See accompanying notes to schedule of expenditures of federal awards.

CITY OF WHEELING, WEST VIRGINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wheeling, West Virginia, 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 Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.

2. Sub-Recipients

The City of Wheeling, acting as a pass-through agency, provided funding passed through from federal agencies to various sub-recipients under the Community Development Block Grant, the Homelessness Prevention and Rapid Re-housing Program, the Governor's Highway Safety Program (Cluster), and Justice Assistance Grants during the fiscal year.

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statement

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
▪ Material weakness identified?	X Yes	____ No
▪ Significant deficiencies identified that are not considered to be material weaknesses?	X Yes	____ None reported
Noncompliance material to financial statements noted?	X Yes	____ No

Federal Awards

Internal control over major programs:		
▪ Material weakness identified?	____ Yes	X No
▪ Significant deficiencies 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
14.218	Community Development Block Grant
14.239	Home Investment Partnerships Program
14.257	ARRA- Homelessness Prevention and Rapid Re-Housing Program
16.710	ARRA- Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	____ Yes	X No

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

Preparation of Financial Statements
2012-1

CONDITION:

The City of Wheeling did not prepare financial statements and footnotes in accordance with generally accepted accounting principles (GAAP). The City did not record certain accounts receivable, accounts payable, transfers between funds, and fixed asset additions and disposals.

CRITERIA:

Under Statement on Auditing Standards 115 (SAS 115), management's preparation of incomplete financial statements is a material weakness.

Generally accepted accounting principles (GAAP) require the following:
Income and expenses as well as the corresponding receivables and payables to be recorded in the year in which they are incurred. Transfers between funds (governmental and proprietary) to be identified, recorded and reconciled appropriately. All fixed assets over established thresholds to be capitalized and depreciated over their useful life. Fully depreciated assets that are no longer in service should be disposed.

CAUSE:

Management is developing a financial reporting system to enable the preparation of an all-inclusive set of financial statements in the format required by GAAP.

EFFECT:

Management did not prepare an all-inclusive set of financial statements for the City of Wheeling. Significant activity was excluded from the financial records of the City of Wheeling.

RECOMMENDATION:

The City of Wheeling should improve their financial reporting system in order to prepare an all-inclusive set of financial statements and footnotes in accordance with generally accepted accounting principles.

SECTION II – FINANCIAL STATEMENT FINDINGS, continued

Safeguards for credit card purchases
2012-2

CONDITION:

The City of Wheeling began using credit cards to cover several expenditures. There are approximately sixty (60) City employees who have been issued credit cards. No standardized supporting documentation procedures are in place. Per review of the credit card statements and receipts, the purpose for the majority of the credit card charges was not documented. In addition, proper approval of the individual credit card statements and charges in most cases was not noted.

CRITERIA:

With the significant number of City employees holding a credit card, there is an increased exposure to unauthorized expenditures.

CAUSE:

The City does not have the appropriate controls in place to ensure that all credit card purchases are approved and adequate supporting documentation is maintained.

EFFECT:

Increased exposure of undetected erroneous or fraudulent transactions.

RECOMMENDATION:

The City of Wheeling must establish formalized credit card policies which include the following requirements:

- Employees with credit cards should prepare expense reports to be turned into the finance department with a monthly due date.
- The expense report should include a detail of the credit card charges (which matches the credit card statement), the purpose for the credit card charge and the proper expense accounts for coding. The credit card statement and a receipt for each credit card charge should be attached to each expense report.
- All expense reports, credit card statements and receipts should be reviewed and authorized by the appropriate individual.

SECTION II – FINANCIAL STATEMENT FINDINGS, continued

Debt Service Coverage (Water and WPCD Funds)
2012-3

CONDITION:

The City of Wheeling Water and WPCD departments failed to meet the debt service rate coverage requirements in accordance with the covenants of the bond issues for the fiscal year end June 30, 2012.

CRITERIA:

The 2010A Bond Ordinance, Section 6.04, states in part, 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 schedules or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenants and agrees that the schedule or schedules of rates and charges from time to time in effect shall be sufficient to provide a rate coverage equal to the highest rate coverage required sufficient (i) to provide for all operation expenses and (ii) to leave a balance each year equal to at least 120% of the maximum annual debt service for all outstanding bonds

Similar requirements exist in the 2005A, 2006A and 2010B bond ordinances.

CAUSE:

The City of Wheeling Water and WPCD rates are not sufficient to produce adequate gross revenue.

EFFECT:

The maximum annual debt service coverage was not met, in accordance with the covenants of the bond issues, for the fiscal year ended June 30, 2012.

RECOMMENDATION:

The City must institute Water and WPCD rates that will produce adequate gross revenues in order to achieve adequate debt service coverage.

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF WHEELING

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

City of Wheeling Responses to Financial Statement and Major Federal Award Programs Audits

Preparation of Financial Statements
2012-1

The City will continue to improve their financial reporting in accordance with GAAP. The City has upgraded its financial reporting software that is GASB 34 compatible. Additionally, the Finance Department's staff will attend training to improve their government financial reporting skills.

Safeguards for credit card purchases.
2012-2

The City has been working with the WV Auditor's PCard division in developing a purchasing card manual.

Debt Service Coverage (Water and WPCD Funds)
2012-3

WPCD had a 17% rate increase that took effect on the January 2013 billings. Water will have a 53% increase that will take effect approximately in June 2013.

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Financial Statement Findings

2011-1 – Preparation of Financial Statements	**REPEATED**
2011-2 – Safeguards for credit card purchases	**REPEATED**

Status of Prior Year Single Audit Findings

None noted in prior year.

Appendix D

Proposed Form of Bond Counsel Opinion

_____, 2013

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

The City of Wheeling
Wheeling, West Virginia

Piper Jaffray & Co.
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 of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds").

The Series 2013 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 (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on April 16, 2013, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on May 7, 2013 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2013 Bonds are issued in fully registered form, are dated _____, 2013, upon original issuance, mature on _____ 1 in the years and amounts and bear interest payable each _____ 1 and _____ 1, commencing _____ 1, 20_____, all as set forth in the Ordinance.

The Ordinance provides that the Series 2013 Bonds are issued for the purpose of (i) paying the costs of acquisition and construction of certain additions, betterments and

improvements to the System; (ii) funding the Series 2013 Bonds Reserve Account; and (iii) paying the costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds have been sold to Piper Jaffray & Co. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated _____, 2013, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2013 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement, the Continuing Disclosure Agreement, and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2013 Bonds, and has issued and delivered the Series 2013 Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2013 Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity with the Issuer's: (i) 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"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West

Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds") (collectively, the "Prior Bonds"). The Series 2013 Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. 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 2013 Bonds (including any original issue discount properly allocable to owners of the 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 upon individuals and corporations. Ownership of tax-exempt obligations, including the Series 2013 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2013 Bonds. Prospective purchasers of the Series 2013 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 (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2013 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2013 Bonds set forth in the Ordinance, Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2013 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2013 Bonds.

6. Under the Act, the Series 2013 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.

7. The Series 2013 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2013 Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2013 Bonds and the enforceability of the Series 2013 Bonds, the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2013 Bonds.

We have examined the executed and authenticated Series 2013 Bonds of said issue, and in our opinion, said Series 2013 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

Appendix E

Bond Ordinance and Supplemental Resolution

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013
(TAX EXEMPT)

BOND ORDINANCE
Table of Contents

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01 Definitions
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THE CITY OF WHEELING, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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 $49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements to the waterworks portion of the System and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system and any future stormwater system of the Issuer incorporated therein, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of the Project, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned Project should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013

Bonds"), such Series 2013 Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2013 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined.

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2013 Bonds.

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

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2013 Bonds shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser relating to the sale and purchase of the Series 2013 Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2013 Bonds.

"Bond Year" means with respect to each series of the Series 2013 Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2013 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2013 Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2013 BOND hereto.

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

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

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

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

"Consulting Engineers" means CT Consultants, Willoughby, Ohio or any independent 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.

"Continuing Disclosure Agreement" means the agreement delivered by the Issuer to disseminate annual financial information and material event disclosures as required by Rule 15c2-12.

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

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

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

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

"DTC-eligible" means, with respect to the Series 2013 Bonds, meeting the qualifications prescribed by DTC.

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, and all other items of income which have been established as reasonably anticipated annual income of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the

interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2013 Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2013 Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2013 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2013 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 2013 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2013 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2013 Bonds.

"Official Statement" means a document or set of documents prepared by the Issuer setting forth, among other matters, information concerning the Issuer and the proposed issue of securities that is complete as of the date of delivery of the document or set of documents to the Original Purchaser.

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

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2013 Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2013 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date;

(b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 hereof; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior 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 or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2013 Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 2005 A Bonds, Series 2006 A Bonds, and Series 2010 B Bonds.

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

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the acquisition of the rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation; replacing the existing blower building and equipment; replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation; replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance; constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls; replacing the existing clearwell with a new above-ground storage tank; and making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the plant.

"Purchase Price" for the purpose of computation of the Yield of the Series 2013 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2013 to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2013 Bonds are privately placed, the price paid by the first buyer of the Series 2013 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2013 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2013 Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2013 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2013 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986 as amended.

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

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

"Rule 15c2-12" means Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

"Series 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 Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000.

"Series 2010 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000 which are expected to be defeased prior to the Closing of the Series 2013 Bonds.

"Series 2010 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000.

"Series 2013 Bonds Construction Fund" means the Series 2013 Bonds Construction Fund created by Section 4.01 hereof.

"Series 2013 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2013 Bonds Costs of Issuance Fund" means the Series 2013 Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2013 Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2013 Bonds Reserve Account" means the Series 2013 Bonds Reserve Account created in the Series 2013 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2013 Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2013 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2013 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2013 Bonds.

"Series 2013 Bonds Sinking Fund" means the Series 2013 Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2013 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Original Purchaser, approving a Bond Purchase Agreement and an Official Statement, Bond Insurer provisions (if any) and other terms of the Series 2013 Bonds and authorizing the sale of the Series 2013 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the funds and accounts established for the Prior Bonds or the Series 2013 Bonds.

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

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2013 Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

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

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

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

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

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

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

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the Issuer, that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt), in the aggregate principal amount of not more than $49,500,000 to permanently finance 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; interest, if any, upon the Series 2013 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 2013 Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for Municipal Bond Insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of Registrars, Paying Agents, depositories or trustees or other costs in connection with the sale of the Series 2013 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 2013 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2013 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of the Bond Purchase Agreement, as shall be approved by the Supplemental Resolution of the Issuer.

F. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2013 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) 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"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

The Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000 are expected to be defeased prior to the Closing of the Series 2013 Bonds.

The Series 2013 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 respects. Prior to the issuance of the Series 2013 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 2005 A Bonds and the Series 2010 B Bonds to the issuance of the Series 2013 Bonds on a parity with the Prior Bonds. The Series 2006 A Bonds do not require consent. 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 the covenants of the Prior Bonds and the Prior Ordinances.

G. The Issuer intends to issue the Series 2013 Bonds and to pledge for payment thereof, the Gross Revenues of the System, on a parity with each other and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2013 Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2013 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate Renewal and Replacement Fund, as hereinafter provided, and to make all other payments provided for in this Ordinance and the Prior Ordinances.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2013 Bonds, and secure the Series 2013 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2013 Bonds Reserve Account, unexpended proceeds of the Series 2013 Bonds and as further set forth herein.

J. The Series 2013 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES

2013 BOND 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 2013 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 2013 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2013 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2013 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 Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2013 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 2013 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 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 more than $49,500,000. The proceeds of the Series 2013 Bonds hereby authorized shall be applied as provided herein.

The cost of the Project is estimated not to exceed $49,500,000 of which will be obtained from proceeds of the Series 2013 Bonds.

ARTICLE III

THE SERIES 2013 BONDS

Section 3.01. Form and Payment of Bonds. No Series 2013 Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2013 Bonds issued pursuant

to this Ordinance may be issued only as fully registered Series 2013 Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2013 Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2013 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 2013 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2013 Bonds shall be in default, Bonds issued in exchange for Series 2013 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2013 Bonds surrendered.

The principal of and the premium, if any, on the Series 2013 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 2013 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2013 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 2013 Bonds are redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2013 Bond in the principal amount of said Series 2013 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2013 Bonds shall be executed in the name of the Issuer by the Mayor, by his manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2013 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 2013 Bonds shall be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2013 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2013 Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2013 BOND attached hereto and incorporated herein by reference with respect to the Series 2013 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2013 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2013 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 2013 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2013 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2013 Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2013 Bonds. The Series 2013 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 2013 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 2013 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 2013 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2013 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2013 Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2013 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2013 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 2013 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2013 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2013 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and

through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2013 Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2013 Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2013 Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2013 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2013 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2013 Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2013 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, the Original Purchaser, and the registered owner of the Series 2013 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.

If funds sufficient to redeem all Series 2013 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2013 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2013 Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2013 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the

same maturity in the amount of the unpaid principal of such Bond. All Series 2013 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 2013 Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

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

Section 3.10. Series 2013 Bonds. For the purposes of paying all or a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System, paying capitalized interest, if any, funding the Series 2013 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2013 Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $49,500,000. Said Series 2013 Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2013 Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2013 Bonds shall be numbered from AR-1 consecutively upward. The Series 2013 Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $49,500,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 6%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 30 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2013 Bonds. A. The Series 2013 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2013 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2013 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2013 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2013 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the

Issuer or the Registrar either a Series 2013 Bond or any other evidence of ownership of the Series 2013 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2013 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2013 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2013 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2013 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2013 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2013 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2013 Bonds so redeemed, but DTC may retain such Series 2013 Bonds and make an appropriate notation on the Series 2013 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2013 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2013 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2013 Bonds, selecting the Series 2013 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2013 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2013 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2013 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2013 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2013 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2013 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2013 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2013 Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2013 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be

designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2013 Bonds.

Section 3.12. Delivery of Series 2013 Bonds. The Issuer shall execute and deliver the Series 2013 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2013 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 2013 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 2013 Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2013 Bonds by Bond Counsel; and

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

Section 3.13. Form of Series 2013 Bonds. The definitive Series 2013 Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2013 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 2013 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2013 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 2013 Bonds. Upon the issuance and delivery of the Series 2013 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(1). All interest accrued, if any, on the Series 2013 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2013 Bonds Sinking Fund and applied to payment of interest on the Series 2013 Bonds at the first interest payment date.

(2). An amount of the proceeds of the Series 2013 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 2013 Bonds Reserve Account, provided that, to the extent the Series 2013 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2013 Bonds shall be deposited in the Series 2013 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2013 Bonds Reserve Requirement.

(3). The amount of Series 2013 Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2013 Bonds shall be

deposited with the Depository Bank in the Series 2013 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2013 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 2013 Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2013 Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2013 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 2013 Bonds from which such proceeds are derived.

(4). The balance of Series 2013 Bonds proceeds, if any, shall be deposited in the Series 2013 Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2013 Bonds Construction Fund. Disbursements from the Series 2013 Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2013 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 2013 Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2013 Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

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

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

(2) Renewal and Replacement Fund (established by the Prior Ordinances);

(3) Series 2013 Bonds Costs of Issuance Fund;

(4) Rebate Fund; and

(5) Series 2013 Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued if established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 2005 A Bonds Sinking Fund (established by Prior Ordinances)

(2) Series 2005 A Bonds Reserve Account (established by Prior Ordinances);

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

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

(5) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);

(7) Series 2013 Bonds Sinking Fund; and

(8) Series 2013 Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2013 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 Commission (i) the amounts required by the Prior Ordinances to pay interest on the Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2013 Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2013 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2013 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 2013 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2013 Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2013 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2013 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2013 Bonds Sinking Fund;

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) for deposit in the Series 2013 Bonds Sinking Fund (and in the Series 2013 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first

principal payment or mandatory Redemption Date of the Series 2013 Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2013 Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2013 Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2013 Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2013 Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2013 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, each month, pay from the Revenue Fund 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 Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2013 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2013 Bonds, for deposit in the Series 2013 Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 Bonds Reserve Requirement; provided further, that if the amounts in the Series 2013 Bonds Reserve Account, as a result of a decrease in value of the Series 2013 Bonds Reserve Account below the Series 2013 Bonds Reserve Account Requirement or any withdrawal from the Series 2013 Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2013 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2013 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2013 Bonds Reserve Account is less than the Series 2013 Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2013 Bonds Reserve Account for deposit into the Series 2013 Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2013 Bonds Reserve Account to an amount equal to the Series 2013 Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2013 Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2013 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 2013 Bonds Reserve Account

whenever and as long as the amount deposited therein shall be equal to the Series 2013 Reserve Account Requirement.

Amounts in the Series 2013 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2013 Bonds when due, when amounts in the Series 2013 Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2013 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2013 Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2013 Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE

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

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

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

(A) Qualified Investments acquired for the Series 2013 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2013 Bonds Reserve Account to the Series 2013 Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2013 Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2013 Bonds Reserve Account an amount at least equal to the Series 2013 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2013 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2013 Bonds Reserve Account shall, at any time, be less than the applicable Series 2013 Bonds Reserve Requirement , the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2013 Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2013 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

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

Section 5.03. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2013 Bonds which would cause the Series 2013 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 2013 Bonds) so that the interest on the Series 2013 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by Bond Counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2013 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In

the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2013 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 2013 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 2013 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2013 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2013 Bonds or money in the Series 2013 Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2013 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2013 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2013 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2013 Bonds, all monies and securities in the Series 2013 Bonds Sinking Fund, including the Series 2013 Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2013 Bonds herein authorized, to make the payments into the Series 2013 Bonds Sinking Fund, all monies and securities in the Series 2013 Bonds Sinking Fund, the Series 2013 Bonds Reserve Account and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2013 Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Ordinance. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted November 15, 2011 as amended by Recommended Decision entered April 19, 2012, and Commission Order dated May 18, 2012 in Case No. 11-1772-S-MA of the Public Service Commission of West Virginia (the "PSC"), and the water rate ordinance of the Issuer dated November 15, 2011, as amended by Recommended Decision entered July 31, 2012, which became Final Order on August 20, 2012 in Case No. 11-1770-W-MA of the PSC, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2013 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance and in compliance with this Ordinance. In the event the schedule of rates and charges initially established for the System in connection with the Series 2013 Bonds shall prove to be insufficient to produce the required sums set forth in this Ordinance, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance.

Prior to the issuance of the Series 2013 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the City Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be 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 so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to provide for all Operating Expenses of the System and 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 2013 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds including the Prior Bonds.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under construction, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia, (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

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 90 days following a determination of the Independent Certified Public Accountant that less than the above-

required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition 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 the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2013 Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance 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 Series 2013 Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Gross Revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $500,000, the Issuer may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the Issuer by resolution duly adopted, find that the property is no longer necessary, useful or profitable in the operation of the System 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 which are less than $500,000 may be deposited into the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the Issuer. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of 5,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer, if any, or if the Series 2013 Bonds are not insured, the Holders, or their duly authorized representatives, of 51% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer, if any, or if the Series 2013 Bonds are not insured, 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 2013 Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Series 2013 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 2013 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2013 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 on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable.

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds or Additional Parity 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 2013 Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 115% 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 Prior Ordinances and this Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the Issuer.

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 Bonds. All covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

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

No Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Ordinance for the year being audited and the Issuer has, as required by Section 6.04, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the Issuer from issuing Additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2013 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer from claims for bodily injury and/or death and from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Issuer, (with provision for reasonable reserves, participate in a captive insurance company or participate in an insurance pool for municipalities and other political subdivisions.

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, participate in captive insurance companies and participate in an insurance pool for municipalities and other political subdivisions

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

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

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

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

The Issuer shall require all contractors engaged in the construction of the 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 also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department,

agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2013 Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Series 2013 Bonds issued pursuant to this Ordinance.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 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 2013 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain a Municipal Bond Insurance Policy for the Series 2013 Bonds. In the event such Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2013 Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2013 Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2013 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 2013 Bonds during the term thereof is, under the terms of the Series 2013 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 2013 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 2013 Bonds during the term thereof is, under the terms of the Series 2013 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 2013 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 2013 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2013 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 2013 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 2013 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 2013 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. .

Section 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2013 Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Agreement in such form as may be approved by the Supplemental Resolution, and the Mayor is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of such Agreement by the Mayor.

Section 6.20 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2013 Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2013 Bonds and as the Mayor may approve (the "Official Statement"). The execution of the Official Statement by the Mayor shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2013 Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2013 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

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

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

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

(C) Bring suit upon the Series 2013 Bonds, as applicable;

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

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2013 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2013 Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2013 Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2013 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2013 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication and Registration on the Series 2013 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2013 Bonds, the first exchange of Series 2013 Bonds and the exchange of Series 2013 Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2013 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2013 Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2013 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2013 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2013 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 mail to each Bondholder notice of any such appointment within 20 days after the effective date of such appointment. Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2013 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2013 Bonds shall be and remain DTC-Eligible.

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2013 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2013 Bonds made

hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2013 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2013 Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2013 Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 51% in aggregate principal amount of the Series 2013 Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2013 Bonds required for consent to any such modification or amendment.

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

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

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

C. The amount of fully registered Series 2013 Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2013 Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Bonds. All Series 2013 Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2013 Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2013 Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall

at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

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

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

REGISTRAR
[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attn: Executive Director

DEPOSITORY BANK
[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER
[Name(s) and address(s) to be set forth in Supplemental Resolution]

BOND INSURER
[Name(s) and address(es) to be set forth in the Supplemental Resolution]

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, other elected officials of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2013 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 2013 Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2013 Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Reserved

Section 10.11. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.12. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.13. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.14. 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 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 Series 2013 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 2nd day of April, 2013, at 7:00 p.m., in the Council Chambers of the City Hall, Wheeling and present protests, and that a certified copy of this Ordinance is on file with the City Clerk for review by interested parties during the office hours of the City Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

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

First Reading:	March 19, 2013
Second Reading:	April 2, 2013
Effective following Public Hearing held on:	April 16, 2013

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

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 on April 16, 2013, 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 as supplemented by Supplemental Resolution duly adopted on _____, 2013.

Dated: _____, 2013.

[SEAL]

_____
City Clerk

EXHIBIT A - SERIES 2013 BOND FORM

[DTC Legend]

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2013, and supplemented by a supplemental resolution adopted by said Council on _____, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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 Series 2013 Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer]___.]

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

_____

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by

the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not

exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

[Manual or facsimile signature]
Mayor

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: _____, 2013.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION AUTHORIZING AND APPROVING CERTAIN PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX-EXEMPT) OF THE CITY OF WHEELING; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT; AN OFFICIAL STATEMENT, A CERTIFICATE OF DETERMINATIONS AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of The City of Wheeling (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective April 16, 2013 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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 $49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Issuer desires to supplement the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt), in the aggregate principal

amount of not more than $49,500,000 (the "Series 2013 Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on the Series 2013 Bonds, funding a reserve account for the Series 2013 Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2013 Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement, a Preliminary Official Statement and an Official Statement be approved and that other matters pertaining to the Series 2013 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2013 Bonds be provided for by a supplemental resolution of this Governing Body and a certificate of determinations executed by the Mayor and the City Manager;

WHEREAS, the Series 2013 Bonds are proposed to be purchased by Piper Jaffray and Co. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor and City Manager the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms of the Bonds and all provisions of all documents relating to the Series 2013 Bonds (the "Bond Documents"), without the requirement of further official action by this Governing Body; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Preliminary Official Statement and Official Statement relating to the Series 2013 Bonds, hereinafter described, be approved, that the Issuer's Mayor and City Manager be authorized to execute the Certificate of Determinations and enter into the Bond Purchase Agreement, all within the parameters hereby approved by the Governing Body, and that other matters relating to the Series 2013 Bonds be herein provided for, all in accordance with said Ordinance.

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

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2013 Bonds. The Series 2013 Bonds shall be issued in the aggregate principal amount not to exceed $42,000,000, bear interest at a true interest rate not to exceed 5.0% payable semiannually, shall mature in not more than 30 years from the date of issue, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, and shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor and City Manager pursuant to their execution of the Certificate of Determinations and the Series 2013 Bonds shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2013 Bonds shall be as determined by the Mayor and City Manager at the

time of the execution of the Bond Purchase Agreement and as approved by the Mayor and City Manager in the Certificate of Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2013 Bonds shall be as provided in the Ordinance.

Section 2. 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 and City Manager thereof shall be and the same are hereby authorized, approved, and directed. The Mayor and City Manager shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Bond Purchase Agreement by the Mayor and City Manager 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 2013 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2013 Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor and City Manager thereof shall be and the same are hereby authorized, approved and directed. The Mayor and City Manager shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Continuing Disclosure Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section. WesBanco Bank, Inc. is hereby appointed as dissemination agent under the Continuing Disclosure Agreement.

Section 4. The Preliminary Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor and City Manager), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor and City Manager shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Official Statement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor and City Manager is hereby ratified and approved.

Section 5. 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 2013 Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor and City Manager shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Registrar Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 6. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2013 Bonds.

Section 7. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia for the purpose of serving in the capacity of Registrar.

Section 8. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia as the Depository Bank.

Section 9. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 10. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Corporate Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 117
Charleston, West Virginia 25302
Attention: Executive Director

ORIGINAL PURCHASER

Piper Jaffray & Co.
405 Capitol Street
Charleston, West Virginia 25301
Attention: Public Finance

Section 11. The City Manager, Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2013 Bonds issue to the end that the Series 2013 Bonds may be delivered as provided in the Bond Purchase Agreement.

Section 12. The financing of the project with proceeds of the Series 2013 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. This Supplemental Resolution shall be effective immediately.

Adopted this 7th day of May, 2013.

THE CITY OF WHEELING

By: _____
Its: Mayor

[SEAL]

By: _____
Its: City Manager

Attest:

_____
City Clerk

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF WHEELING on the 7th day of May, 2013.

Dated: _____, 2013.

[SEAL]

_____
City Clerk

964250.00061

5891661

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

CERTIFICATE OF DETERMINATIONS

The undersigned, Andrew McKenzie, Mayor and the undersigned, Robert Herron, City Manager of The City of Wheeling (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on May 7, 2013 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), hereby finds and determines this _____ day of May, 2013 as follows:

1. The Series 2013 Bonds shall be dated the date of closing thereon (estimated to be _____ _____, 2013) and shall bear interest on _____ and _____ of each year commencing _____, 2013.

2. The Series 2013 Bonds shall be issued in the aggregate principal amount of $____ _____, at a true interest cost of ___%. Such interest rates do not exceed _____%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2013 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2013 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2013 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2013 Bonds shall be sold to Piper Jaffray & Co., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2013 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2013 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS our signatures the day and year first written above.

THE CITY OF WHEELING

By: _____
Its: Mayor

By: _____
Its: City Manager

Schedule 1

SERIES 2013 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (_____1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.	
AR-1	_____1	$_____	_____%	_____%	_____	

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2013 Bonds maturing on or after _____, 20___, are subject to redemption on or after _____, 20___, at the option of the Governing Body, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
_____, 20___ and thereafter	100%

In the event of such optional redemption, the Governing Body may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Appendix F

RATE TARIFFS

SUPPLEMENT NO. 1 TO P.S.C. W. VA. NO. 18

CITY OF WHEELING, a municipal utility

OF

WHEELING, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Wheeling and its environs, Ohio County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued June 1. 2012

SUPPLEMENT NO. 1
Effective for service rendered on and after the date the project in Case No. 09-0752-S-CN is certified as substantially complete.

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012

Issued by THE CITY OF WHEELING, a municipal utility

By Robert R. Roberts

Its Council

Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission

SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for residential, commercial, industrial sewer service and sewer service with flow meter.

(I,C) RATES (Customers with metered water supply)

	Number of Gallons/Month	Rate
First	10,000 gallons used per month	$6.15 per 1,000 gallons
Next	90,000 gallons used per month	$5.10 per 1,000 gallons
Next	100,000 gallons used per month	$3.63 per 1,000 gallons
All Over	200,000 gallons used per month	$2.46 per 1,000 gallons

(I) FLAT RATE CHARGE (customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $27.68 per month

(I,C) MINIMUM CHARGE
No bill will be rendered for less than $9.77 per month.

TAP INSPECTION FEE
A tap inspection fee of $25.00 will be charged.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

(I) Indicates increase
(C) Indicates change in text

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES (Continued)

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling is reconnected, a reconnection fee of $25.00 shall be charged.

(C) SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may changed by applicable statutory provisions.

(C) 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.

(D,C) LEAK ADJUSTMENT

$0.40 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 meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(C) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

(C) Indicates change in text
(D) Indicates decrease

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

INDUSTRIAL SURCHARGE RATES

(D) Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300/mg/1 $0.160 per pound

(I) Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350/mg/1 $0.180 per pound

(N) Rate applicable to Ammonia (NH3) Concentration in excess of 45/mg/l $0.210 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater

$150.00 per month

(O) DELINQUENT ACCOUNTS PAYABLE SURCHARGE

(D) Indicates decrease
(I) Indicates increase
(N) Indicates new
(O) Indicates omission

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of a violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY

(C) Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facility conducting surface water has been connected to the District's sewer system and such a customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars
A = The area under roof and/or the area of any other water collecting surface connected to the sanitary sewer, in square feet
R = The measured monthly rainfall, in inches
.000623 = A conversion factor to change inches of rain x square feet of surface to thousand of gallons of water
(C) C = The District's approved rate per thousand gallons of metered water usage

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

(C) Indicates change in text

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

SURFACE OR GROUND WATER SURCHARGE (Continued)

APPLICABILITY (Continued)

(C) Said surcharge shall be calculated and imposed for each month the condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules of the Public Service Commission of West Virginia.

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
(I)	Volume Rate	$ 2.17 per 1,000 gallons

(O) DELINQUENT ACCOUNTS PAYABLE SURCHARGE

(C) Indicates change in text
(I) Indicates increase
(O) Indicates omission

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

APPROVED RATES

SCHEDULE I

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial, industrial and sale for resale water service.

RATES (customers with metered water supply)

First	1,000 gallons used per month	$11.60 per 1,000 gallons
Next	499,000 gallons used per month	$ 5.25 per 1,000 gallons
All Over	500,000 gallons used per month	$ 3.22 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than the following, according to the size of meter installed:

5/8-inch meter	$ 11.60 per month
3/4-inch meter	$ 17.40 per month

1 -inch meter	$ 29.00 per month
1-1/2 -inch meter	$ 58.00 per month
2 -inch meter	$ 92.80 per month
3 -inch meter	$174.00 per month
4 -inch meter	$290.00 per month
6 -inch meter	$580.00 per month
8 -inch meter	$928.00 per month

SALE FOR RESALE

All water for resale will be billed in accordance with the approved rate of $3.38 per 1,000 gallons used per month.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee will be charged to all customers applying 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	$315
1-inch and larger	$420

RECONNECTION - $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

$0.51 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her 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.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.

SCHEDULE II

APPLICABILITY

Applicable for public and private fire protection service.

RATE

The yearly rates reflected below may be billed on a monthly basis:

Fire Service Lines:	
2 inch or smaller	$ 60.00 per year
3 inch	$ 96.00 per year
4 inch	$156.00 per year
6 inch	$324.00 per year
8 inch	$564.00 per year
10 inch or greater	$900.00 per year
If unmetered	$ 90.00 per year
Hydrants:	
$ - connection	$156.00 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.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.

SCHEDULE II

APPLICABILITY

Applicable for public and private fire protection service.

RATE

The yearly rates reflected below may be billed on a monthly basis:

Fire Service Lines:	
2 inch or smaller	$ 60.00 per year
3 inch	$ 96.00 per year
4 inch	$156.00 per year
6 inch	$324.00 per year
8 inch	$564.00 per year
10 inch or greater	$900.00 per year
If unmetered	$ 90.00 per year
Hydrants:	
$ - connection	$156.00 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.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

CASH FLOW ANALYSIS

Available Cash		
Operating Revenue		$9,082,746
Forfeited Discounts		$ 127,950
Other Operating Revenue		$ 348,729
Other Income		$ 89,660
Total Available Cash		$9,649,085
Cash Requirements		
Operation and Maintenance Expense		$4,196,041
Taxes Other Than Income Taxes		$ 18,650
Total Cash Requirements		$4,214,691
Cash Available for Debt Service	(A)	$5,434,394

Debt Service Requirements		
Interest and Principal	(B)	$4,341,206
Debt Service Reserve		-
Total Debt Service Requirements Before Renewal and Replacement Fund		$4,341,206
Remaining Cash Surplus (Deficit)		$1,093,188
Cash Surplus Available for Capital Additions		
Renewal and Replacement Reserve (2.5%)		$ 241,227
Membrane Replacement		$ 115,640
Remaining Surplus after R&R Fund and Membrane Replacement		$ 736,321
		$1,093,188
Total Available for Capital Additions		$1,093,188
Debt Service Coverage Factor (A)/(B)		125.18%

IT IS FURTHER ORDERED that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements, plus a reasonable amount to cover its historical annual average of capital additions, into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete

IT IS FURTHER ORDERED that the cash flow analysis contained in Appendix B be, and hereby is, approved.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery; by electronic service upon all parties of record who have filed an e-service agreement with the Commission; and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
111770ae.docx

8. It is also reasonable to approve the cash flow analysis attached as Appendix B.

ORDER

IT IS, THEREFORE, ORDERED that that the application for a certificate of public convenience and necessity filed with the Commission on January 5, 2012, by the City of Wheeling pursuant to *Code* §24-2-11 to construct additions, improvements and replacement of the City's existing water treatment plant be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project comprised of a public municipal bond offering in an amount not to exceed approximately $41,850,000, depending upon the actual interest rate obtained, the actual date of offering and the amount of capitalized interest incurred, for a term not to exceed 30 years and at an interest rate not to exceed 6%, be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the project cost, financing, scope or plans change for any reason, the City of Wheeling obtain prior Commission approval before commencing construction.

IT IS FURTHER ORDERED that the City of Wheeling submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the City of Wheeling notify the Commission when the project engineer has performed the substantial completion inspection and submit the certificate of substantial completion to the Commission as soon as it becomes available.

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 rates and charges contained and set forth in the municipal rate ordinance enacted on or about November 15, 2011, be, and hereby are, rejected, set aside and disapproved.

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 the date that Wheeling issues the bonds for the project certificated herein.

IT IS FURTHER ORDERED that, within 30 days of this Recommended Decision becoming final, the City of Wheeling file an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

APPENDIX G

Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Wheeling, West Virginia (the "Issuer"), and WesBanco Bank, Inc. (the "Dissemination Agent"), in connection with the issuance of $_____ The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on April 16, 2013 (the "Original Ordinance"), as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013 (the "Supplemental Resolution" and collectively with the Ordinance, hereinafter 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 Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated _____, 2013, 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" shall mean 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" shall mean 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).

"Disclosure Representative" shall mean the current Mayor, City Manager, Utility Manager or Finance Director of the Issuer.

"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.

"EMMA" shall mean the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

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

"Repository" shall mean each National Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

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) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2013, provide to EMMA Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the 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 the 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). The Dissemination Agent shall send written notice to the Issuer thirty (30) days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by the Due 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 EMMA its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. Within 300 days of the Issuer's 2013 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA 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 in a timely manner, not in excess of 10 business days, following the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

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

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

9. Defeasances;

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

11. Rating changes;

12. Bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

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

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

(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, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), 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, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

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1 For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), 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 EMMA with a copy to the Issuer. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

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., 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 the 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 the 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 Ordinance for amendments to the Ordinance 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 in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchasers), 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 Agent. 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 the Agreement may be given as follows:

To the Issuer:	City of Wheeling, West Virginia City County Building 1500 Chapline Street Wheeling, WV 26003
To the Dissemination Agent:	WesBanco Bank, Inc. ATTN: Corporate Trust 1 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. The 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 the Agreement and to rely upon an opinion of counsel.

Date: _____, 2013

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Its: Mayor

WESBANCO BANK, INC.,
as Dissemination Agent

By: _____
Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The City of Wheeling (West Virginia)

Name of Issue: $_____ The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013

Date of Issuance: _____, 2013

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 _____.

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Its: Mayor

By: _____
Its: City Manager

NEW ISSUE-FULL BOOK ENTRY Rating: (See "Ratings" herein)

In the opinion of Steptoe & Johnson, PLLC, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2013 Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and purposes of calculating the alternative minimum tax. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, as presently written and applied, the Series 2013 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.

$38,255,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

Dated: Date of Delivery **Due: June 1, as shown below**

The Series 2013 Bonds shall be issued only as fully registered Series 2013 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 2013 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, payments of the principal of and interest on such Series 2013 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 2013 BONDS--Book-Entry Only System" herein).

The Series 2013 Bonds are being issued to provide funds, together with other funds available therefor; (i) to pay a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System (the "Project"); (ii) to fund a reserve account for the Series 2013 Bonds; and (iii) to pay certain costs of issuance and related costs.

The Series 2013 Bonds are payable from and secured by the Gross Revenues derived from the City's combined waterworks and sewerage system and any additions, betterments and improvements thereto (the "System") on parity with the outstanding Prior Bonds, and from funds on deposit in the sinking funds created therefor, including the reserve accounts established therein. The Series 2013 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 2013 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 2013 Bonds.

The Series 2013 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 2013 Bonds is payable semiannually on each June 1 and December 1, commencing December 1, 2013. Principal of the Series 2013 Bonds is payable on each June 1 in accordance with the schedule set forth below.

MATURITIES, AMOUNTS AND INTEREST RATES
Series 2013 Bonds
$8,705,000 Serial Bonds

Maturing (June 1)	Principal Amount	Interest Rate (%)	Yield (%)	CUSIP* Base #963270	Maturing (June 1)	Principal Amount	Interest Rate (%)	Yield (%)	CUSIP* Base #963270
2014	780,000	2.000	0.540	EM1	2020	400,000	2.000	1.920	EX7
2015	800,000	2.000	0.680	EN9	2020	500,000	3.000	1.920	ET6
2016	820,000	2.000	0.880	EP4	2021	750,000	2.000	2.190	EU3
2017	835,000	2.000	1.090	EQ2	2021	175,000	4.000	2.190	EY5
2018	850,000	3.000	1.330	ER0	2022	950,000	2.125	2.370	EV1
2019	875,000	3.000	1.630	ES8	2023	970,000	2.250	2.530	EW9

$3,090,000 4.000% Term Bonds due June 1, 2026** at 108.586% CUSIP: 963270EZ2*
$3,455,000 3.375% Term Bonds due June 1, 2029 at 97.877% CUSIP: 963270FA6*
$5,000,000 4.000% Term Bonds due June 1, 2033** at 102.910% CUSIP: 963270FC2*
$6,100,000 5.000% Term Bonds due June 1, 2038** at 110.521% CUSIP: 963270FD0*
$1,000,000 5.000% Term Bonds due June 1, 2043** at 109.646% CUSIP: 963270FE8*
$10,905,000 4.000% Term Bonds due June 1, 2043 at 97.775% CUSIP: 963270FB4*

The Series 2013 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 2013 Bonds will be available for delivery at DTC, New York, New York, on or about May 30, 2013.

Piper Jaffray & Co.

May 15, 2013

**Priced to first optional redemption date of June 1, 2023.

MAYOR
Andrew McKenzie

CITY MANAGER
Robert Herron

CITY COUNCIL
Gloria Delbrugge
Ken Imer
Robert Henry
David Miller
Don Atkinson
Eugene T. Fahey

CITY ADMINISTRATION
Janice L. Jones - City Clerk

BOND COUNSEL
Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE CITY OF WHEELING
Rose Humway-Warmuth, Esq.
Wheeling, West Virginia

UNDERWRITER
Piper Jaffray & Co.
Charleston, West Virginia

UNDERWRITER'S COUNSEL
Jackson Kelly PLLC
Charleston, West Virginia

*CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the 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 2013 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 Underwriters to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the 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 Underwriters. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City of Wheeling, West Virginia, as it relates to the System, since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein, and may not be reproduced or used, in whole or in part, for any other purposes.

The information contained in this Official Statement has been obtained from the City and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

The Series 2013 Bonds shall not be or constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, and from the funds on deposit in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account therein with respect to the Series 2013 Bonds and the unexpended proceeds of the Series 2013 Bonds, with respect to the Series 2013 Bonds all as herein provided. No Holder or Holders of the Series 2013 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay the Series 2013 Bonds or the interest thereon.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected," "assumed" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

You should make your own decision whether this offering meets your investment objectives and risk tolerance level. No federal or state securities commission has approved, disapproved, endorsed or recommend this offering. No independent person has confirmed the accuracy or truthfulness of this disclosure, nor whether it is complete.

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

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

The Series 2013 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

relating to

$38,255,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

May 15, 2013

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 City's combined waterworks and sewerage system and the City's $38,255,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"). The Series 2013 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 finally enacted by the Council of the City on April 16, 2013 (the "Ordinance"), as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013 (the "Supplemental Resolution" and collectively with the Ordinance, hereinafter the "Ordinance"). Certain capitalized terms used and not defined in this Introductory Statement are defined in the Ordinance.

The proceeds of the Series 2013 Bonds, together with other funds available therefor, will be used as follows: (i) to pay a portion of the costs of acquisition and construction of improvements and betterments (the "Project") to the waterworks portion of the combined waterworks and sewerage system of the City (the "System"); (ii) to fund a reserve account for the Series 2013 Bonds; and (iii) 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 2013 Bonds as to liens, pledge, source of and security for payment, being (i) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program) (the "Series 2005 A Bonds"), dated May 3, 2005, issued in the original aggregate principal amount of $14,500,000, of which approximately $10,573,049 is outstanding as of March 31, 2013; (ii) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (the "Series 2006 A Bonds"), dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000, of which approximately $10,835,000 is outstanding as of March 31, 2013; (iii) the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"), dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000, of which approximately $3,055,000 is outstanding as of March 31, 2013; and (iv) the Combined Waterworks and Sewerage System Revenue Bonds, Series 2010

B (West Virginia SRF Program) (the "Series 2010 B Bonds"), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000, of which approximately $7,768,650 is outstanding as of March 31, 2013 (collectively, the "Prior Bonds"). The City intends to defease the Series 2010 A Bonds prior to the issuance of the Series 2013 Bonds.

The Series 2013 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 Series 2013 Bonds Sinking Fund, including the Reserve Accounts therein. The Series 2013 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 2013 Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. Pursuant to the Ordinance, the City has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will always produce Gross Revenues which shall be sufficient (i) to pay all Operating Expenses of the System and (ii) to leave a balance each year so long as the Series 2006 A Bonds are outstanding of at least 125%, thereafter so long as the Series 2010 A Bonds are outstanding of at least 120%, and thereafter of at least 115% of the maximum annual amount required in any year to pay principal of and interest on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2013 Bonds, including the Prior Bonds. See "SECURITY FOR THE SERIES 2013 BONDS - Rate Covenant." The covenants relating to the Series 2010 A Bonds will be eliminated when the Series 2010 A Bonds are defeased.

The City may issue additional bonds on a parity with the Series 2013 Bonds for the purpose of (i) financing the cost of the design, acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding all or a portion of one or more series of Bonds, Prior Bonds or additional parity bonds hereafter issued; (iii) pay claims which may exist against the revenues or facilities of the System; or (iv) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Ordinance (any such additional parity bonds are hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2013 BONDS - Additional Parity Bonds."

Brief descriptions of the Project, the Series 2013 Bonds, the Ordinance, certain provisions of the Supplemental Resolution, 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 Supplemental Resolution, 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 2013 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.

FINANCING PLAN

The Project

The Series 2013 Bonds are being issued to provide moneys for the Project which consists of acquiring and constructing certain additions, betterments and improvements to the waterworks portion of the System, including rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation; replacing the existing blower building and equipment; replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation; replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance; constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls; replacing the existing clearwell with a new above-ground storage tank; and making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the water treatment plant.

The City opened bids on March 22, 2013. The low bid was $30,548,000. The City anticipates a two-year construction period.

Sources and Uses of Bond Proceeds

Sources of Funds			
Principal Amount of Series 2013 Bonds		$	38,255,000.00
Net Original Issue Premium			1,066,380.30
	TOTAL	$	39,321,380.30
Uses of Funds			
Deposit to Construction Fund		$	36,559,000.00
Deposit to Reserve Account (1)			2,223,418.76
Underwriter's Discount			344,295.00
Costs of Issuance (2)			194,666.54
	TOTAL	$	39,321,380.30

(1) An amount not to exceed the maximum annual debt service on the Series 2013 Bonds/reserve requirement.

(2) Includes legal and financing fees, bond counsel fees, underwriter's counsel fees, rating, accounting, printing, escrow verification, registrar's fee and other miscellaneous expenses relating to the issuance of the Series 2013 Bonds.

THE SERIES 2013 BONDS

General

The Series 2013 Bonds are dated the date of delivery. All Series 2013 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 2013 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2013 Bonds shall be in default, Series 2013 Bonds issued in exchange for Series 2013 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2013 Bonds surrendered. The Series 2013 Bonds will bear interest from their date, payable semiannually on each June 1 and December 1 in each year (each an "Interest Payment Date"), commencing December 1, 2013, 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 2013 Bonds will be issued as fully registered Series 2013 Bonds without coupons, in denominations of $5,000 or any integral multiples thereof for any year of maturity. Interest on the Series 2013 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 2013 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 $1,000,000 or more of the Series 2013 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 2013 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 2013 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 2013 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 2013 Bonds that have been called for redemption.

Optional Redemption

The Series 2013 Bonds maturing on or after June 1, 2024, are subject to optional redemption prior to their stated maturity in whole at any time or in part on any interest payment date on and after June 1, 2023, at the option of the City at the Redemption Price of 100%, plus accrued interest thereon to the date set for redemption.

Mandatory Sinking Fund Redemption

The Series 2013 Bonds maturing June 1, 2026, June 1, 2029, June 1, 2033, June 1, 2038, June 1, 2043 (CUSIP 963270FE8) and June 1, 2043 (CUSIP 963270FB4), 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 as may be determined by the Registrar and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing June 1, 2026

Year (June 1)	Principal Amount
2024	$ 990,000
2025	$1,030,000
2026*	$1,070,000

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2027	$1,115,000
2028	$1,150,000
2029*	$1,190,000

Bonds Maturing June 1, 2033

Year (June 1)	Principal Amount
2030	$1,230,000
2031	$1,280,000
2032	$1,330,000
2033*	$1,160,000

* Final Maturity

Bonds Maturing June 1, 2038

Year (June 1)	Principal Amount
2034	$1,210,000
2035	$1,215,000
2036	$1,220,000
2037	$1,225,000
2038*	$1,230,000

Bonds Maturing June 1, 2043 (CUSIP 963270FE8)

Year (June 1)	Principal Amount
2039	$ 190,000
2040	$ 195,000
2041	$ 200,000
2042	$ 205,000
2043*	$ 210,000

Bonds Maturing June 1, 2043 (CUSIP 963270FB4)

Year (June 1)	Principal Amount
2033	$ 225,000
2034	$ 230,000
2035	$ 295,000
2036	$ 360,000
2037	$ 430,000
2038	$ 505,000
2039	$1,625,000
2040	$1,695,000
2041	$1,770,000
2042	$1,845,000
2043*	$1,925,000

*Final Maturity

So long as the Series 2013 Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2013 Bonds shall be given as described in "THE SERIES 2013 BONDS – Book-Entry Series 2013 Bonds."

Notice of Redemption

Unless waived by any Registered Owner of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the City 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 Original Purchaser, and the Registered Owner of the Series 2013 Bond or Bonds, as applicable, 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. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2013 Bonds, and failure to mail such notice shall not affect the validity of any such proceedings for the redemption of any portion of the Series 2013 Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinance described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2013 Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue. Notice may also be given by acceptable electronic means.

Book-Entry Series 2013 Bonds

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 maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant,

either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 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

MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 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 the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the 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 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 Series 2013 A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender/Remarketing Agent's DTC Account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City 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. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that City believes to be reliable, but 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 2013 Bonds (1) payments of principal of or interest and premium, if any, on the Series 2013 Bonds, (2) confirmation of beneficial ownership interest in the Series 2013 Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2013 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 2013 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 2013 Bonds.

SECURITY FOR THE SERIES 2013 BONDS

The Series 2013 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 2013 Bonds except from said sources.

Sources of Payment

The payment of the debt service on all of the Series 2013 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 Holders of the Prior Bonds, and all moneys in the Series 2013 Bonds Sinking Fund for each Series of Series 2013 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 2013 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 Series 2013 Bonds Sinking Fund are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Prior Bonds and the Series 2013 Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

In the Ordinance, the City covenants and agrees that so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be

sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to provide for all Operating Expenses of the System and 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 2013 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds including the Prior Bonds. Under the Prior Ordinances, the City has covenanted to collect fees and charges such that Gross Revenues after the payment of all Operating Expenses available for debt service which are at least 125% so long as the Series 2006 A Bonds are outstanding, thereafter at least 120% so long as the Series 2010 A Bonds are outstanding, and thereafter at least 115% of the average annual debt service on all Series 2013 Bonds and the Prior Bonds.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under construction, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia, (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

In the Ordinance, the City 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 90 days following a determination of the Independent Certified Public Accountant that less than the above required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

The City did not meet the coverage tests for the Prior Bonds for fiscal year 2012. The City enacted rate ordinances that are anticipated to produce revenues to meet such tests. See "Appendix C – Financial Statements of the City" and "Appendix F – Rate Tariffs." The City enacted a 17% sewer rate increase which took effect on the January 2013 billing cycle. The water rates attached herein in Appendix F will become effective upon issuance of the Series 2013 Bonds.

Reserve Account

Pursuant to the Ordinance, there will be created with the Bond Commission in the Series 2013 Bonds Sinking Fund a Reserve Account (the "Series 2013 Bonds Reserve Account") into which will be deposited an amount equal to the reserve requirement. See "Appendix E – Form of Bond Ordinance and Supplemental Resolution." Moneys in the Series 2013 Bonds Reserve Account shall be used only to pay principal of, or interest on the Series 2013 Bonds as due when other moneys in the Series 2013 Bonds Sinking Funds are insufficient therefor; provided, that any such moneys in excess of the Series 2013 Bond Reserve Requirement shall be withdrawn annually from the Series 2013 Bonds Reserve Account and deposited in the Series 2013 Bonds Sinking Fund. The City is required to restore any withdrawals from the Series 2013 Bonds

Reserve Account which have the effect of reducing the value of the funds therein below the Series 2013 Bonds Reserve Account Requirement from the first Gross Revenues available after all other required payments to the Sinking Fund, including any deficiencies for prior payments, have been made in full; provided, that such restoration is not required when the sum in the Series 2013 Bonds Sinking Fund, including the Series 2013 Bonds Reserve Account therein, is at least equal to the aggregate amount of Series 2013 Bonds outstanding, plus the amount of interest due or thereafter to become due on said Series 2013 Bonds.

The reserve accounts for the Prior Bonds are fully funded. Simultaneously with the issuance of the Series 2013 Bonds, the City intends to cash fund from Bond proceeds the Reserve Account to the reserve requirement.

Renewal and Replacement Fund

The City is required after the payments into the Series 2013 Bonds Sinking Fund described above and the sinking funds created for the Prior Bonds and after the payment of Operating Expenses, on the first day of each month, commencing with the first month in which interest is payable from the Revenue Fund, to transfer to the Renewal and Replacement Fund a sum equal to five percent (5%) so long as the Series 2006 A Bonds are outstanding and two and one half percent (2½%) thereafter of the Gross Revenues each month, exclusive of any payments for the Series 2013 Bonds Reserve Account in the Series 2013 Bonds Sinking Fund and the reserve accounts and sinking funds of the Prior Bonds.

Withdrawals and disbursements from the Renewal and Replacement Fund shall be made (a) to pay the reasonable costs of replacements, emergency repairs, improvements or extensions to the System; or (b) to make up any deficiency in the Reserve Accounts.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the City (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 amount 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 2013 Bonds, for deposit in the Series 2013 Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2013 Bonds on the next ensuing semiannual interest payment date, and (iii) beginning 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2013 Bonds, for deposit in the Series 2013 Bonds Sinking Fund, and the 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 2013 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 2013 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) next, for restoration of any deficiency in the funding of the Reserve Accounts; and (4) then, for monthly transfer to the Renewal and Replacement Fund, a sum equal to not less than five percent so long as the Series 2006 A Bonds are outstanding and two and one-half percent thereafter of the Gross Revenues (less any amount transferred to the Reserve Accounts) received during the preceding month. Any amounts not required for deposits as set forth in (1) through (4) above shall be considered "system revenue" and such system revenue may be used for any lawful purpose of the System.

As described under "Sources of Payment" above, the Series 2013 Bonds 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 reasonable 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 2013 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 Bonds, Prior Bonds or Additional Parity Bonds; (iii) pay claims which may exist against the revenues or facilities of the System; or (iv) all such purposes.

So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the respective Prior Ordinances shall be applicable.

So long as the Series 2013 Bonds are Outstanding, no Additional Parity Bonds shall be issued at any time unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived from the System, during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 115% of 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 Prior Ordinances and the Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the City, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the City.

The term "Additional Parity Bonds," as used above, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of the Ordinance, payable from the Gross Revenues of the System on a parity with the Bonds. All 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 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 the Ordinance. All Bonds issued on a parity, 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 of one series over any other Bond of the same series. The City 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 above, 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. The City 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 the Ordinance, equally, as to lien and source of and security for payment from such Revenues, with the Bonds.

No additional parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in the Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in the Ordinance, shall have been made in full as required to the date of issuance of the Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances. See "Appendix E – Form of Bond Ordinance and Supplemental Resolution."

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceding the proposed issuance of Additional Parity Bonds states that the City was not in compliance with the rate covenant in the Ordinance for the year being audited and the City has, as required by the Ordinance, enacted a rate ordinance seeking a rate increase sufficient to comply with the Ordinance, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the City from issuing Additional Parity Bonds under the Ordinance.

This provision does not, in any way, modify or amend the requirements in the Prior Ordinances related to the issuance of Additional Parity Bonds when the audit for the prior fiscal year states that the City was not in compliance with the rate covenant in the Prior Ordinances or the Ordinance.

The City anticipates that it will from time to time issue additional parity bonds to finance the costs of improvements to the System.

THE CITY

The City of Wheeling 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 of Wheeling is the third largest city in the State and has a population of 28,355. See "Appendix A – The City of Wheeling and Ohio County" herein.

City Government

The City Government is organized under the "Manager-Mayor Plan", 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 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.

THE SYSTEM

The City of Wheeling 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 Department, and separate from the Water Department. The System operates as a combined water and sewer system for debt purposes pursuant to the Act. 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 such that Gross Revenues after the payment of all Operating Expenses available for debt service which are at least 125% so long as the Series 2006 A Bonds are outstanding, thereafter at least 120% so long as the Series 2010 A Bonds are outstanding, and thereafter at least 115% of the average annual debt service on all Series 2013 Bonds and the Prior Bonds. See "SECURITY FOR THE SERIES 2013 BONDS -- Rate Covenant," herein. The City intends to defease the Series 2010 A Bonds prior to the issuance of the Series 2013 Bonds.

The following table presents the historical debt service coverage ratio for the Prior Bonds for the fiscal years ended June 30, 2011 and June 30, 2012, estimated coverage for fiscal year ending June 30, 2013, and projected coverage for the Prior Bonds and the Series 2013 Bonds for the fiscal years ended June 30, 2014 and June 30, 2015. Projected debt service coverage for the fiscal years ended June 30, 2014 and June 30, 2015 in the table below does not include the Series 2010 A Bonds. See "Appendix B – The System."

	Historical		Actual	Projected		
	2010*	2011*	2012*	2013	2014	2015
GROSS REVENUES						
Operating Revenues - Sewer (1)	5,364,545	5,367,160	5,200,767	5,187,765	5,174,796	5,161,859
Operating Revenues - Water (1)	5,968,043	6,284,132	6,316,614	6,300,822	6,285,070	6,269,358
Plus: Other Income and Contributions (1)	13,705	10,936	8,201	8,180	8,160	8,140
Plus: Estimated Revenues from Approved Rate Increases - Sewer (2)				1,060,185	1,057,534	1,054,890
Plus: Estimated Revenues from Approved Rate Increases - Water (3)				3,357,831	3,349,436	3,341,063
Gross Revenues to pay Operating Expenses	11,346,293	11,662,228	11,525,582	15,914,784	15,874,997	15,835,309
OPERATING EXPENSES (4)						
Operating expenses - Sewer	4,768,848	4,976,116	5,063,426	5,209,469	5,359,075	5,489,836
Operating expenses - Water	4,830,578	4,989,091	5,313,616	5,443,268	5,576,084	5,712,140
Less: Depreciation and Adjustments	(2,050,797)	(2,167,755)	(2,199,077)	(2,252,734)	(2,307,701)	(2,364,009)
Plus: Estimated Increase for Project O&M and Membrane Sinking Fund (5)						358,760
Operating Expenses for Debt Service Coverage	7,548,629	7,797,452	8,177,965	8,400,002	8,627,457	9,196,727
NET REVENUES	3,797,664	3,864,776	3,347,617	7,514,781	7,247,540	6,638,582
MAXIMUM ANNUAL DEBT SERVICE	2,483,341	3,005,480	3,005,480	4,401,367	4,401,367	4,401,367
DEBT SERVICE COVERAGE	153%	129%	111%	171%	165%	151%

(1) Assumes a decline of .25% in 2013, 2014 and 2015, to reflect decline in sales.
(2) Assumes a 2.67% increase and a 17.5% project increase effective in 2013, declining by .25% in 2014 and 2015 to reflect decline in sales.
(3) Assumes a 53.1% increase effective in 2013, declining by .25% in 2014 and 2015 to reflect decline in sales.
(4) Assumes increase of 2.44% annually in 2013, 2014 and 2015 to reflect inflation.
(5) Assumes additional operating costs for the new plant of $243,120 and membrane sinking fund costs of $115,640 for 2015.

*Source: Annual Audits

DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which Prior Bonds and the Series 2013 Bonds will be outstanding beginning Fiscal Year 2014 (July 1, 2013 – June 30, 2014) the amounts payable from Gross Revenues.

Year Ended June 30	Prior Bonds Debt Service	Series 2013 Principal	Series 2013 Interest	Series 2013 Total	Total Debt Service
2014	2,178,092.49	780,000	1,438,854.50	2,218,854.50	4,396,946.99
2015	2,177,292.47	800,000	1,419,268.76	2,219,268.76	4,396,561.23
2016	2,175,741.52	820,000	1,403,268.76	2,223,268.76	4,399,010.28
2017	2,178,778.62	835,000	1,386,868.76	2,221,868.76	4,400,647.38
2018	2,176,198.79	850,000	1,370,168.76	2,220,168.76	4,396,367.55
2019	2,180,447.19	875,000	1,344,668.76	2,219,668.76	4,400,115.95
2020	2,178,698.52	900,000	1,318,418.76	2,218,418.76	4,397,117.28
2021	2,176,198.56	925,000	1,295,418.76	2,220,418.76	4,396,617.32
2022	2,177,947.87	950,000	1,273,418.76	2,223,418.76	4,401,366.63
2023	2,176,587.34	970,000	1,253,231.26	2,223,231.26	4,399,818.60
2024	2,179,585.19	990,000	1,231,406.26	2,221,406.26	4,400,991.45
2025	2,176,734.95	1,030,000	1,191,806.26	2,221,806.26	4,398,541.21
2026	2,178,247.86	1,070,000	1,150,606.26	2,220,606.26	4,398,854.12
2027	1,738,195.84	1,115,000	1,107,806.26	2,222,806.26	3,961,002.10
2028	1,298,745.49	1,150,000	1,070,175.00	2,220,175.00	3,518,920.49
2029	1,298,743.94	1,190,000	1,031,362.50	2,221,362.50	3,520,106.44
2030	1,297,506.90	1,230,000	991,200.00	2,221,200.00	3,518,706.90
2031	1,295,008.41	1,280,000	942,000.00	2,222,000.00	3,517,008.41
2032	1,165,256.44	1,330,000	890,800.00	2,220,800.00	3,386,056.44
2033	771,975.00	1,385,000	837,600.00	2,222,600.00	2,994,575.00
2034	775,237.50	1,440,000	782,200.00	2,222,200.00	2,997,437.50
2035	771,737.50	1,510,000	712,500.00	2,222,500.00	2,994,237.50
2036	771,737.50	1,580,000	639,950.00	2,219,950.00	2,991,687.50
2037	-	1,655,000	564,550.00	2,219,550.00	2,219,550.00
2038	-	1,735,000	486,100.00	2,221,100.00	2,221,100.00
2039	-	1,815,000	404,400.00	2,219,400.00	2,219,400.00
2040	-	1,890,000	329,900.00	2,219,900.00	2,219,900.00
2041	-	1,970,000	252,350.00	2,222,350.00	2,222,350.00
2042	-	2,050,000	171,550.00	2,221,550.00	2,221,550.00
2043	-	2,135,000	87,500.00	2,222,500.00	2,222,500.00
TOTALS	39,494,695.89*	38,255,000	28,379,348.38	66,634,348.38	106,129,044.27

*Does not include the Series 2010 A Bonds.

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Series 2013 Bonds are secured solely by the Gross Revenues of the System. There can be no guarantee that current rates of the System will always produce revenue sufficient to pay the debt service on the Prior Bonds, the Series 2013 Bonds and any Additional Parity Bonds. The City has covenanted in the Ordinance to raise the rates of the System if the Gross Revenues of the System are not sufficient to provide the required coverage of the maximum annual debt

service of the Series 2013 Bonds and all bonds issued on a parity with the Series 2013 Bonds and the Prior Bonds. After enactment of a rate increase, however, if twenty-five percent or more of the City's customers or one of the City's wholesale customers file a petition protesting the rate increase, the Public Service Commission of West Virginia (the "Commission") will have jurisdiction to review and modify the rates of the City. If a rate increase is appealed, there can be no assurance that the Commission will approve the increase of rates and charges to a level sufficient to generate revenues sufficient to pay the debt service on the Prior Bonds and the Series 2013 Bonds and meet the coverage requirements. The Commission is not expressly statutorily required to set rates sufficient to satisfy the bond covenants of any combined waterworks and sewerage utility.

Gross Revenues sufficient to pay the debt service on the Series 2013 Bonds, the Prior Bonds and any Additional Parity Bonds also depend on the retention of current customers by the City. An unexpected loss of customers by the City could have an adverse effect on the ability of the City to make the required payments on the Series 2013 Bonds. Additionally, a significant reduction in the amount of water used by customers of the City may also have an adverse impact on the City's ability to make the required payments on the Series 2013 Bonds. The City does not have the authority to require citizens to accept potable water service by the System. Accordingly, any further extensions of the waterworks portion of the System by the City are dependent upon the City being able to obtain agreements with those potential customers to purchase water from the City. If the City is unable to obtain agreements from potential water customers after an extension is constructed, it may have an adverse impact on the ability of the City to make the required payments on the Series 2013 Bonds. The City has 5 resale customers that purchase water from the City. See "APPENDIX B – THE SYSTEM" herein. If a significant wholesale customer were to obtain water from some other source, it may have an adverse impact on the ability of the City to make the required payments on the Series 2013 Bonds.

Although water usage has been historically higher in the City, a combination of multiple businesses moving outside of the service area of the System and a decrease in the City's population have caused water usage to decrease in recent years.

Failure to Meet Coverage Requirement

The City did not meet the coverage tests for the Prior Bonds for fiscal year 2012. Following such determination, the City enacted rate ordinances that are anticipated to produce revenues to meet such tests. See "Appendix C – Financial Statements of the City" and "Appendix F – Rate Tariffs." The City enacted a 17% sewer rate increase which took effect on the January 2013 billing cycle. The water rates attached herein in Appendix F will become effective upon issuance of the Series 2013 Bonds.

Demographic and Economic Changes in the Service Area

Wheeling Downs, one of the City's five largest customers of the System is facing competition from new gaming establishments in Ohio and Pennsylvania. Wheeling Downs has

indicated that it may reduce or eliminate certain gaming activities. Such reduction may have an impact on the revenues paid to the City by Wheeling Downs. The City can make no representations with respect to the long term impact of gaming competition on Wheeling Downs and its rate/revenue impact.

There is possible growth in the Highlands shopping center area that may have an impact on the water consumption in the area.

The City is located in the Marcellus Shale play area which may have an impact on the water consumption in the area. See "Appendix B – The System."

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2013 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Series 2013 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Series 2013 Bonds. Prospective purchasers of the Series 2013 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2013 Bonds if any legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes.

The Public Service Commission of West Virginia

In West Virginia, municipal combined waterworks and sewerage utilities such as the City are subject to regulatory oversight by the Public Service Commission of West Virginia (the "Commission") in certain situations. Specifically, pursuant to Chapter 24, Article 2, Section 11 of the Code of West Virginia, 1931, as amended, utilities must obtain a certificate of public convenience and necessity prior to proceeding to construction for projects which are outside of "the normal course of business." Additionally, rate increases approved by the Council of the City are subject to review for regulatory "notice" requirements and, under certain circumstances, the actual proposed rates. Municipal combined waterworks and sewerage utilities in West Virginia do not have the ability to adjust rates without the possibility of regulatory review. The parameters surrounding this review are discussed below. Such regulatory review may delay or halt the implementation of rate increases which could cause the utility to fail to meet rate covenants or produce revenue sufficient to pay debt service.

The Commission has two levels of review. Most cases are initially assigned to an administrative law judge ("ALJ") for decision. The Commission employs a "staff" comprised of engineers, lawyers and financial analysts (the "Staff") to review cases and make recommendations. The City is also permitted to make recommendations, as are other parties who

are granted "intervenor" status. The ALJ may conduct a hearing, at which evidence is presented and witnesses for all parties may be cross-examined, after which a recommended decision is issued. Any party to the underlying proceeding, including a party granted intervenor status, may take exception to the recommended decision of the ALJ, in which case the matter is referred to the full Commission for decision.

Commission Regulatory Oversight of Rate Increases

Pursuant to Chapter 8, Article 11, Section 4, Chapter 8, Article 19, Section 11 and Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended, the Council of the City has the ability to establish rates for the combined waterworks and sewerage utility through the enactment of an ordinance, following a public hearing on such ordinance. In the enactment of such an ordinance, the City must comply with regulations of the Commission related to providing notice of such proposed rate increase. The Commission reviews the compliance of the City with such regulations and, if the Commission determines that the City has failed to satisfy the requirements of the regulations, the Commission may declare the rate ordinance invalid.

In such instance, the City would have no choice but to reenact the ordinance.

Commission Review of Proposed Rate Increases

Once enacted by the City, the proposed rates are subject to review by the Commission under the following scenarios:

1. More than 25% of the customers of the City sign a petition asking that the Commission review the rates proposed by the City; or

2. A customer of the City, which resides within the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory"; or

3. A customer of the City, which resides outside of the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory."

If any of the above occurs, the Commission then takes "jurisdiction" over the rates, initiating an investigation into the need for the proposed rates. Pursuant to Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended (the "PSC Act"), the rates enacted by the City are suspended for 120 days from the date the rates would otherwise have gone into effect (i.e., 45 days from enactment of the rate ordinance) and the new rates, if any, established by the Commission will go into effect at that end of the suspension period.

The Commission views the term "discrimination" to include more situations than those where a different rate is applied to resident and non-resident customers. The Supreme Court of Appeals of West Virginia previously affirmed the Commission's interpretation of the term "discrimination" when the court held that verified allegations, "which included the failure of the

[municipality] to perform a class cost of service study and the discriminatory imposition of certain costs to resale customers, were sufficient to meet the requirements" found in the PSC Act. *City of Wheeling v. Pub. Serv. Comm'n of W. Va.*, 199 W. Va. 252, 257, 483 S.E.2d 835, 840 (1997).

The City has 5 water resale customers. Any one resale customer may allege "discrimination," causing the Commission to take jurisdiction over any proposed rate increase. Likewise, any one customer located within the City limits may allege "discrimination," also causing the Commission to take jurisdiction over any proposed rate ordinance.

Potential Delays for the Enactment of Rate Increases

Generally, the process of enacting a rate ordinance requires a minimum of two weeks (two readings by Council, separated by sufficient time to allow for the publication of a public hearing prior to the second reading, with the first publication for the public hearing being not less than 5 days prior to the date of the publication). Pursuant to the PSC Act and regulations of the Commission, the rates cannot go into effect any sooner than 45 days from the date of enactment, provided that an appeal of the proposed rates does not occur. In the event that the Commission takes jurisdiction of the rate increase, the Commission will establish a decision due date for the ALJ, that is generally 30 days prior to the end of the 120-day suspension period. If any of the parties, however, appeal the ALJ's recommended decision to the full Commission, the Commission will render its decision no later than the end of the 120-day suspension period. Additionally, a decision of the Commission may be appealed to the Supreme Court of Appeals of West Virginia, which has no statutory time frame within which to render a decision.

Consequently, the time period from the first reading of a rate ordinance to the increased rates being charged to the customers is a minimum of 60 days, and if the Commission takes jurisdiction, can exceed 180 days (Commission approved rates are billable during an appeal to the Supreme Court of Appeals of West Virginia). From the date the new rates begin to be charged, the City should realize revenues in approximately 45 to 60 days. Resale customers are required to obtain authorization from the Commission for any necessary increase in resale rates. Such increases are often granted by the Commission after the rates for the City go into effect, which means no assurance exists that resale customers will have sufficient revenues to begin paying the increased resale rates. The Commission can, and has on occasion, pre-approved resale rate increases in advance of the effective date of the new rates. As a result, resale customers may have the ability to begin charging the new resale rates of the City as soon as the rates go into effect.

Test Year

If the Commission takes jurisdiction over a municipality's rate ordinance as described above, the regulations of the Commission require a municipality to file "financial justification" for the proposed rate increase. This financial justification must be based on financial data from the most recent actual audited or finally closed twelve-month period, also known as the "test year." Events which occur outside the test year are not generally permitted in the rate

adjustment. A determination at the end of any twelve-month period that a rate increase is necessary may not result in increased rates and collections for nine months or more from the end of that period.

The City has the option to proceed with a rate increase at any time during the course of the year, however, the financials examined by the Commission will be the financials for the most recent full fiscal year, not the 12-month period immediately preceding the date of the request.

Reliance on "Known and Measurable" Adjustments

When considering adjustments to the rates of a utility for costs occurring during the "test year," the Commission's regulations requires that the need for, and amount of, such adjustments be based on information that is "known and measurable." As a result, a change in revenues or expenses must, in most cases, have occurred in the test year being analyzed. If an increase in a cost, or a decline in revenue, is anticipated for the coming year, the Commission generally will not take such change into account for rate making purposes unless the change occurs during the test year.

As a result of the requirement that the support for adjustments be "known and measurable," the Commission will generally not allow multi-year rate increases to address anticipated inflation or drops in customer usage. Therefore, the City must initiate the rate ordinance process, and potential Commission review, whenever increased costs or decreased revenues necessitate a rate increase.

Emergency Rate Increase

The PSC Act permits utilities to request "emergency rates" if the utility is in "financial distress." Financial distress has been defined by the Commission to mean the utility is unable to pay operation and maintenance expenses and the principal and interest on the utility's debt obligations. Such rates, however, are subject to refund, in the event the Commission determines that the emergency rates, or any portion thereof, are not warranted. Generally, emergency rates CANNOT be obtained to meet coverage requirements in bond documents.

Treatment of Renewal and Replacement Funds

Most municipal combined waterworks and sewerage utilities in the State are required, pursuant to the terms of their outstanding bonds, to deposit 2.5% of gross revenues in a "Renewal and Replacement Fund" or "Depreciation Account" each month. The purpose of this account is to provide monies for capital repairs and improvements, to construct extensions and to make up deficiencies in the reserve funds. In recent years, the Commission has taken the position that while the deposits should be made into the Account each month, such deposits are to be included in the calculation of the City's funds available for capital additions for the Fiscal Year. The Commission generally calculates funds available for capital additions by averaging capital additions for the last five years; provided, however, the Commission will consider a different calculation if the utility can demonstrate the need for a higher capital requirement.

Consequently, the City is not permitted to accumulate funds to be used for unforeseen capital repairs and replacements, for needed extensions or to replenish draws from the reserve funds as the account is to be utilized each year as part of the ongoing capital expenditures for the system. The City's inability to maintain funds for emergencies increases its risk of utilizing revenues to pay for emergency repairs leaving insufficient funds to pay debt service on the Bonds.

Annual Municipal Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The City is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the City's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The City has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the City and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE" herein. Additionally, the City has no power to require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

RATINGS

Standard & Poor's Corporation ("S&P") has assigned a rating of "A" to the Series 2013 Bonds. The City did not apply for any other ratings. Any desired explanation of the significance of such rating should be obtained from S&P. Certain information and materials, including information and materials not included in this Official Statement, were furnished by the City to S&P. Generally, S&P bases its rating on the information and materials so furnished and on its investigations, studies and assumptions. There is no assurance that this rating will continue for any period of time or that the rating will not be reviewed, downgraded or withdrawn entirely by the assigning rating agency, if in the judgment of such rating agency, circumstances so warrant. The Underwriter has undertaken no responsibility either to bring to the attention of the Owners of the Series 2013 Bonds any proposed revision or withdrawal of any rating of the Series 2013 Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or

withdrawal of the rating may have an adverse effect upon the market price or value of the Series 2013 Bonds.

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, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the City's financial position or on the validity of the Series 2013 Bonds, the Ordinance, or any agreement to which the City is a party and which is a part of the issuance of the Series 2013 Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2013 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

Tax Exemption

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming continued compliance of the City with certain covenants designed to meet the requirements of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2013 Bonds including any original issue discount properly allocable to an owner thereof is excludable from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2013 Bonds is not a specific item of tax preference under Section 57 of the Code for purposes of the federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel is of the opinion that interest on the Series 2013 Bonds is exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. It should be noted, however, that interest on the Series 2013 Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2013 Bonds. The City has covenanted to comply with certain covenants and restrictions designed to ensure that interest on the Series 2013 Bonds will not be includable in gross income of the beneficial owners thereof (the "Beneficial Owners") for federal income tax purposes. Failure to comply with these covenants and restrictions could result in interest on the Series 2013 Bonds

being includable in income for federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2013 Bonds. The opinion of Bond Counsel assumes compliance with these covenants and restrictions. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2013 Bonds may adversely affect the tax status of the interest on the Series 2013 Bonds.

Certain requirements and procedures contained or referred to in the Series 2013 Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2013 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2013 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson, PLLC.

Although Bond Counsel is of the opinion that interest on the Series 2013 Bonds will be excludable from gross income for federal and West Virginia income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any tax consequences other than what is set forth in its opinion and each Beneficial Owner or potential Beneficial Owner is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Series 2013 Bonds on the tax liabilities of the individual or entity.

Original Issue Discount/Original Issue Premium

The original issue discount in the selling price of Series 2013 Serial Bonds maturing on June 1, 2021 (CUSIP 963270EU3), June 1, 2022, and June 1, 2023, and Series 2013 Term Bonds maturing on June 1, 2029, and June 1, 2043 (CUSIP 963270FB4) (collectively, the "Discount Bonds"), to the extent properly allocable to each owner of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond.

Purchasers of any Discount Bond at any original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

The Series 2013 Serial Bonds maturing on June 1, 2014, through June 1, 2020, and June 1, 2021 (CUSIP 963270EY5) and the Series 2013 Term Bonds maturing on June 1, 2026, June 1, 2033, June 1, 2038, and June 1, 2043 (CUSIP 963270FE8) (collectively, the "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. Owners 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.

The opinions described above are subject to the condition that the City complies on a continuing basis with all requirements of the Code, and regulations thereunder that must be satisfied subsequent to issuance of the Series 2013 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 2013 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 2013 Bonds.

The accrual or receipt of the interest on the Series 2013 Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2013 Bonds.

UNDERWRITING

Piper Jaffray & Co., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2013 Bonds from the City at an aggregate purchase price of $38,977,085.30 (par of $38,255,000, less an Underwriter's discount of $344,295 and plus net original issue premium of $1,066,380.30). The Underwriter will be obligated to purchase all of the Series 2013 Bonds if any are purchased. The Series 2013 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.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Series 2013 Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co. Piper Jaffray & Co. has also entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2013 Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2013 Bonds that CS&Co. sells.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C are the audited financial statements (and reports with respect thereto) of the City as of June 30, 2012, prepared by Bodkin, Wilson & Kozicki PLLC, Wheeling, West Virginia, certified public accountants. The financial statements have been included herein in reliance upon the reports of the preparers thereof as experts in auditing and accounting. The City has obtained the consent of Bodkin, Wilson & Kozicki PLLC to include the audited financial statements in the Official Statement.

CONTINUING DISCLOSURE

The City has agreed to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2013 Bonds to provide certain financial and operating information (the "Annual Information") not later than 300 days following the end of fiscal year 2013 and each fiscal future year, and to provide the Annual Information to the Electronic Municipal Markets Access System ("EMMA"), 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 EMMA and to provide notice of the occurrence of the enumerated events to EMMA.

The City timely filed its Annual Information with Disclosure USA for FY 2008 and with EMMA for FY 2009, FY 2010 and FY 2012. The FY 2011 Annual Information was not filed until July 30, 2012 due to administrative oversight.

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 EMMA. WesBanco Bank, Inc. has and will continue to serve as the Dissemination Agent for the City. any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2013 Bonds. Registered Owners may contact the City Manager of the City at City County Building,

Wheeling, West Virginia 26003, (304) 234-3617 (rherron@wheelingwv.gov) for more information.

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 2013 Bonds.

Copies of the Ordinance, the Supplemental Resolution, the Undertaking, and other applicable documents may be obtained from the City at the following address:

The City of Wheeling
City County Building
Wheeling, West Virginia 26003
(304) 234-3617
Attention: City Manager

or, during the period of offering the Series 2013 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.

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THE CITY OF WHEELING, WEST VIRGINIA

By: /s/ Andrew McKenzie
Mayor

By: /s/ Robert Herron
City Manager

Dated: May 15, 2013

Appendix A

Economic and Demographic Data
Ohio County, West Virginia

County: The County is governed by, and generally acts through, The Ohio County Commission. The Commissioners of the County Commission are elected on a countywide basis.

County Commissioners:	Tim McCormick, President Orphy Klempa Randy Wharton
County Administrator:	Greg Stewart

City: The City of Wheeling is the County Seat of Ohio County. The City is located in the Northern Panhandle of West Virginia and is 128 miles from the City of Charleston (State Capitol), West Virginia, 55 miles from Pittsburgh, Pennsylvania, 120 miles from Columbus, Ohio, and 130 miles from Cleveland, Ohio.

City Council:	Gloria Delbrugge Ken Imer Robert Henry David Miller Don Atkinson Eugene T. Fahey
City Mayor:	Andrew McKenzie

Wheeling MSA: The City of Wheeling is the largest city in the Wheeling-Belmont County (Ohio) Metropolitan Statistical Area that includes Ohio and Marshall Counties, WV, and Belmont County, OH.

Population

Year	City of Wheeling	Wheeling MSA	Ohio County	West Virginia	United States
2011	28,355	147,197	44,246	1,855,364	311,591,917
2010	28,506	147,900	44,478	1,854,368	309,330,219
2009	28,805	147,910	44,355	1,847,775	306,771,529
2008	28,864	148,073	44,469	1,840,310	304,093,966
2007	29,025	148,727	44,714	1,834,052	301,231,207

Source: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Census Bureau

Per Capita Personal Income

County	2007	2011	County Rank in State in 2011
United States	$39,506	$41,560	---
West Virginia	$29,497	$23,403	---
Wheeling MSA	$29,824	$34,406	---
Ohio County	$34,890	$37,969	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Average Annual Unemployment Rates (%) – Not Seasonally Adjusted

Year	Wheeling MSA	Ohio County	West Virginia	U.S.
2012	7.5	6.8	7.3	8.1
2011	8.6	8.0	7.8	8.9
2010	9.8	9.3	8.4	9.6
2009	8.7	7.8	7.6	9.3
2008	5.2	4.1	4.2	5.8
2007	4.9	3.8	4.2	4.6

Source: U.S. Department of Labor, Bureau of Labor Statistics

Largest Employers in Ohio County (March 2012)

Employer
1. Wheeling Hospital, Inc.
2. Ohio County Board of Education
3. Cabela's Wholesale , Inc.
4. Ohio Valley Medical Center, Inc.
5. Wheeling Park Commission
6. Wheeling Island Gaming, Inc.
7. Wesbanco Bank, Inc.
8. City of Wheeling
9. West Liberty State College
10. Wheeling Jesuit University, Inc.

Source: WORKFORCE West Virginia

Average Employment and Average Weekly and Annual Wages

	Average Employment		Average Weekly Wage		Average Annual Wage	
	2007	2011	2007	2011	2007	2011
Ohio County	29,031	29,310	$590.60	$641.96	$30,711	$33,382
West Virginia	708,313	701,871	$653.87	$751.77	$34,001	$39,092

Source: WORKFORCE West Virginia

Average Annual Employment for Ohio County by Industry

Industry	2011
Construction	854
Manufacturing	1,437
Trade, Transportation & Utilities	5,752
Information	422
Financial Activities	1,368
Professional & Business Services	3,477
Education & Health Services	6,680
Leisure & Hospitality	3,906
Other	1,404
Government	4,010
TOTAL	29,310

Source: WORKFORCE West Virginia

Total Wages ($)

Year	Ohio County	West Virginia
2011	978,414,709	27,437,330,374
2010	959,563,963	26,100,976,332
2009	959,412,861	25,528,702,813
2008	962,214,772	25,534,204,980
2007	891,579,527	24,083,126,318

Source: WORKFORCE West Virginia

Wages Per Industry for Ohio County (2011) ($)

Industry	Total Wages	Average Weekly Wage
Construction	35,736,341	804.73
Manufacturing	51,867,023	694.12
Trade, Transportation & Utilities	163,727,852	547.40
Information	29,826,241	1,359.19
Financial Activities	56,845,698	799.12
Professional & Business Services	132,220,495	731.29
Education & Health Services	262,253,324	754.98
Leisure and Hospitality	64,049,504	315.35
Other Services	41,502,569	488.71
Government	140,385,662	673.25
TOTAL	978,414,709	641.96

Source: WORKFORCE West Virginia

Selected City of Wheeling Demographic Information*

History: Colonel Ebenezer Zane founded Wheeling in 1769. Wheeling was established as a town in 1795 and incorporated in 1836 through a Charter granted by the Virginia Assembly. The first convention of the delegates from the loyal counties of northwestern Virginia met in Wheeling on May 13, 1861, and inaugurated the movement which finally resulted in the admission of West Virginia into the Union as a state on June 20, 1863. Wheeling, West Virginia, was the capital of the newly formed state from 1863 to 1870 when it was moved to Charleston. In 1875, the seat of the government was brought back to Wheeling and remained until 1885, again being transferred to Charleston where it has since remained.

Education: Public and Private Schools:

Ohio County Schools
Wheeling Catholic Central
Linsly School

Higher Education Institutions :

West Virginia Business College
West Virginia Northern Community College
West Liberty University
Wheeling Jesuit University
Bethany College

Transportation: Ohio Valley Regional Transportation Authority
East Ohio Regional Transportation Authority

Healthcare: Doctor's Urgent Care
East Seals West Virginia
MedExpress
Ohio Valley Medical Center
Peterson Rehabilitation Hospital and Geriatric Center
Wheeling Hospital
Wheeling Clinic

Community: Ohio County Public Library
WesBancoArena.com
CapitolTheatreWheeling.com
WheelingCVB.com
WheelingSymphony.org
Oglebay Institute
Oglebay-Resort.com
Children's Museum of the Ohio Valley
Centre Market
Wheeling Nailers (East Coast Hockey League)

* Source: City of Wheeling

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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 thru 2012 (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 2012" prepared by KLH Engineers, Inc. of Pittsburgh, Pennsylvania. 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 2012 Report. For additional and more complete information, reference should be made to the City itself or to the Audits, the 2012 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 2005 A, Series 2010 A and Series 2010 B 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. Potassium permanganate can also be added to control taste, odor and to help control zebra mussels. 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**	0	gal.
Howard Hills (Oakmont)	200,000	gal.
Springdale	810,000	gal.
Patterson Reservoir	593,000	gal.
Oglebay	1,000,000	gal.
Leewood**	0	gal.
Washington Farms	50,000	gal.
Total Storage Facilities	14,430,000	gal.

**Not in service

C. Distribution System

The distribution system includes over 189 miles of pipelines and 10 booster stations, capable of delivering up to 12 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 five (5) 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 (Oakmont)
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 50% of the City's average daily usage, in event of an emergency condition with the City's river supply.

Management (As of February 18, 2013)

Superintendent – Mr. David M. Nickerson

All the Divisions operate under the direct supervision of Superintendent, Mr. David M. Nickerson. As Superintendent, Mr. Nickerson 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. Nickerson began his employment with the City as a utility worker in the Distribution Division in 1985. He moved to Utility Lead Worker in 1988. In 2003 he transferred to the Water Treatment Plant as a mechanic and was promoted to Maintenance Foreman in 2009. In 2012 Mr. Nickerson was appointed Acting Plant Manager of the Water Treatment Plant, in the absence of Mr. Frank Blaskovich due to medical issues. On February 18, 2013 he was appointed Water Superintendent after the retirement of Mr. William Huggins.

Acting Plant Manager – Lori Siburt

Ms. Siburt was hired by the Wheeling Water Treatment Plant in May 2002 as a Lab Technician and Water Operator. She came to the city with a background in water and wastewater and 15 years of experience as a lab technician. She is a Class IV Water Operator certified with the state of West Virginia. She is certified with the WV Microbiology Lab for bacteriological testing and is currently completing her B.S. in Chemistry at Wheeling Jesuit University. She was promoted to Senior Lab Technician in 2012 and to Acting Plant Manager in 2013. She works closely with ORSANCO regarding Ohio River quality issues and is also a member of the American Water Works Association.

Employees and Payroll

As of June 30, 2012, the City had 58 employees engaged in Waterworks System tasks. The Fiscal Year 2012 payroll was budgeted at $2,624,985.

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, 2012. The Waterworks System pumped an average of 7.59 MGD in 2012, with daily averages during the peak month of June 2012 at 7.89 MGD.

Customer Class	Gallons Sold/Billed (000)	Number of Customers
Residential	566,570	11,824
Commercial	529,437	1,392
Industrial	11,922	20
Resale	1,723,442	13,341
Unmetered	0	0
Unaccounted Loss	643,207	N/A

Water loss in the system accounted for nearly 25% 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	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
	13,240	13,250	13,614	13,697	13,795

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, 2012, are:

	Annual Consumption (000 gallon)	Annual Revenue
1. Bethlehem	87,186	$ 166,154
2. Triadelphia	51,589	103,825
3. Valley Grove	22,438	44,710
4. West Alexander (Pennsylvania)	20,249	40,428
5. Ohio County PSD	432,691*	1,014,121**
TOTAL	614,153	1,369,248

* Represents 76% of the Water System's total consumption for fiscal year 2012.
**Represents 21% of the Water System's total water operating revenues for fiscal year 2012.

The ten largest users (not including resale to neighboring communities) and their billings for the fiscal year 2012 were:

		Annual Consumption (1,000 Gallons)	Annual Revenue
1.	Oglebay Park (multiple)	60,387	$179,939.09
2.	Wheeling Hospital	57,123	116,242.74
3.	Ohio Valley Hospital	47,274	100,576.54
4.	Ziegenfelder Ice Cream	35,856	79,634.69
5.	Wheeling Downs (multiple)	28,685	68,402.22
6.	Wheeling Linen (35%)	14,295	35,224.45
7.	Board of Education	12,346	49,152.85
8.	Swisher International	8,371	28,429.61
9.	North Park Associates	4,875	16,533.29
10.	Centre Foundry	2,058	8,007.48
TOTAL		271,270	$682,142.96

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 4/2/10, following Public Service Commission approval, and represent approximately 7% increase from previous rates.

Rates (Monthly)

First 1,000 gallons used per month	$	7.46 per 1,000 gallons
Next 499,000 gallons used per month		3.422 per 1,000 gallons
All over 500,000 gallons used per month		1.763 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	$	7.46	per month
3/4-inch meter		11.18	per month
1-inch meter		18.64	per month
1½ -inch meter		37.28	per month
2-inch meter		59.64	per month
3-inch meter		111.83	per month
4-inch meter		186.38	per month
6-inch meter		372.75	per month
8-inch meter		596.40	per month

Service Connection Charge: $50/Water and $50/Sewer deposit; $25 reconnect fee

Size of Tap	Charge
5/8-inch and 3/4-inch	$315.00
1-inch and larger	$420.00

Fire Service Lines

2-inch or smaller	$	60.00	per year
3-inch		96.00	per year
4-inch		156.00	per year
6-inch		324.00	per year
8-inch		564.00	per year
10-inch		900.00	per year

If unmetered, an additional $90.00 per year.

Hydrants

$156.00 per hydrant per year.

Average Monthly Rates

Based upon current rates, the average user of the Waterworks System pays the average monthly amounts set forth in the table which follows:

	Wheeling	Ohio Co. PSD	Valley Grove	Triadelphia	W. Alexander
Gals/Mo. Resid. 4,500	$ 19.44	$97,511.17	$3,725.64	$8,651.90	$3,369.98
Commer. 50,000	175.14	Gal. 31,223,419	Gal. 1,896	Gal. 4,403	Gal. 1,715
Indust. 500,000	1,715.04				

Upcoming Projects: Water

Included in this bond issue are funds for engineering design of a new water treatment plant. Construction of a new plant is estimated at $30.5 million and proposed for 2013 and 2014. 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.

*OCPSD Highlands transmission main is now in service.

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, Benwood 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 7.6 MGD, serving a sewered population of approximately 57,000. Hydraulically, the plant can handle a flow of 35 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, ultraviolet disinfecting, 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 centrifuges.

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 17 MGD or up to 35 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 and landfilled.

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 sludges 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 ultraviolet disinfection and/or 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 four significant industrial users. Effluent quality is analyzed by laboratory technicians who are certified by the West Virginia Department of Natural Resources. All treatment plant operations and collection division personnel are also state certified.

Management – Daniel P. Villani - Superintendent

As Superintendent, Mr. Villani is responsible for the continuing management and operation of the Wastewater Treatment and Collection System, supervising over forty (40) employees within three (3) divisions: collection, operation, and maintenance. Mr. Villani's duties range from plant management, equipment maintenance and effluent testing to budget preparation.

The City of Wheeling's Water Pollution Control Department has received numerous distinctions, including the Operations and Maintenance Award of Excellence from the West Virginia Department of Environmental Protection and a first place safety award from the West Virginia Water Environment Association.

Mr. Villani began his employment with the City of Wheeling in 1976. He became Head Operator in 1977, Operations Supervisor in 1979, and achieved his current position as Superintendent in 2013.

Mr. Villani holds a Class IV Wastewater Operator's certification, Class 1-C Collection System Certification, and is a certified Wastewater Treatment Laboratory Technician. He has attended classes at both West Liberty University and West Virginia Northern Community College, graduating from WVNCC in 1987 with an A.S. and an A.A.S. in Business Administration. He has also continued his education through various seminars and training classes.

Employees and Payroll

As of June 30, 2012, the City had 39 employees engaged in Sewerage System tasks. The fiscal year 2012 payroll is budgeted at $2,129,808.

Operations

The Wastewater Collection and Treatment System treated an average of 7.6 MGD during fiscal year 2012, with daily averages during the peak month of Jan. at 19.4 MGD. The effluent biological demand (BOD) averaged12 milligrams per liter with an overall efficiency of 94.7 percent for the year. Suspended solids in the effluent averaged 10 milligrams per liter with an overall removal efficiency of 94.9 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 6/18/10 and has an effective date of 7/18/10 and expires 6/17/15.

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 2012:

	Average Number of Sewer Customers				
Fiscal Year	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
	12,628	12,645	12,723	12,826	12,956

Customer Class	Gallons Billed (000)	Number of Customers
Residential	537,199	11,274
Commercial	393,672	1,333
Industrial	9,675	16
Outside Communities	356,988	5

The City provides wastewater collection and treatment service under long-term contracts to four 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, 2012 are:

	Avg MGD	Annual Revenues
Benwood	.13	$ 87,848
Bethlehem (5 connections)	.21	140,136
Clearview	.04	30,694
Triadelphia	.14	93,962
Ohio County Public Serv. Dist. (8 connections)	.46	310,492
	*	**

* Represents 27.5% of the System's total discharge for fiscal year 2012.
**Represents 13.6% of the System's total operating revenues for fiscal year 2012.

The ten largest users (not considering collection and treatment provided to neighboring communities) and their billings for the fiscal year 2012 were:

		Annual Discharge (000)	Annual Revenue
1.	Ohio Valley Hospital	46,748	$ 98,552.55
2.	Wheeling Downs (Multiple)	28,697	64,557.14
3.	Ziegenfelder Ice Cream	28,520	63,830.94
4.	North Park Landfill	24,724	54,902.84
5.	Wheeling Hospital	24,378	52,410.53
6.	Liquid Assets Disposal	17,404	38,421.89
7.	Oglebay Park (Multiple)	16,704	39,557.21
8.	Wheeling Housing Authority	16,351	50,328.82
9.	Water Treatment Plant	12,633	31,146.11
10.	Wheeling Linen (35% discount)	9,297	22,023.66
	TOTAL	225,456	$515,731.69

Rates

The rates charged to users of the Sewerage System inside the City are detailed in the following table. These rates became effective in September 2010, following Public Service Commission approval, and represent a 1% increase from previous rates.

Monthly Usage Gallons	Charge per 1,000 Gallons
First 10,000 used per month	$6.15
Next 90,000 used per month	5.10
Next 100,000 used per month	3.63
Over 200,000 used per month	2.46

The Minimum Metered Rate is $9.77 per month; an Unmetered Flat Rate of $27.68 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 will be approximately $27.68 for 4,500 gallons of water used in 2014.

Billing and Collection Experience

WATER

YEAR	BILLED	COLLECTED	%
2009	$5,171,430	$4,291,137	82.98%
2010	5,338,646	4,240,592	79.98%
2011	5,829,889	4,286,862	73.53%
2012	5,928,824	4,236,431	71.45%

SEWER

YEAR	BILLED	COLLECTED	%
2009	$3,729,747	$4,660,221	124.9%
2010	4,688,986	5,586,644	119.1%
2011	4,438,211	5,059,445	113.9%
2012	4,234,473	4,867,682	114.9%

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. Upon termination of service a lien process is started. Unpaid bills over $25 and below $5,000 are sent to Magistrate Court. Bills $5,000 and above go to Circuit Court. This program has been in place for approximately two years and has shown to produce positive results in the collection process.

Future Projects: Sewer

The City of Wheeling's Water Pollution Control Division is currently finishing up Phase II of VII phases planned under WPCD's Long Term Control Plan. Elimination of Combined Sewer Overflows remains a priority of the Water Pollution Control Division. Each phase costs between fifteen (15) to twenty (20) million dollars and includes upgrades to the Waste Water Treatment Plant, pump stations, collections system, storm and sanitary separations and the elimination of the Combined Sewer Overflows.

NOTE:
THE COMBINED STATEMENT OF NET ASSETS AND THE COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2012 CAN BE FOUND IN THE AUDITED FINANCIAL STATEMENTS. See "Appendix C – Financial Statements of the City."

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, 2012, 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,				
	2008	2009	2010	2011	2012
Employees Covered	12	12	11	11	11
Contribution Rate	6%	6%	6%	6%	6%
Contributions	$27,658	$31,692	$28,851	$28,539	$28,586

Method of Accounting

For the fiscal year 2012, the System operated day-to-day on a cash basis of accounting. For reporting purposes, in the Comprehensive Annual Financial Report of the City, the accounting records were 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
Wheeling, West Virginia

Financial Statements
Together with Auditor's Report
As of June 30, 2012

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, 2012

GOVERNMENTAL FUNDS

MAJOR FUNDS

General Fund

Special Revenue Funds

Coal Severance
Home Fund

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Tax Increment Fund (TIF)
Community Development
Public Safety
Homelessness Prevention & Rapid Rehousing

Capital Project Funds

Capital Project Fund

Debt Service Funds

Debt Service Fund

PROPRIETARY FUND TYPE

Enterprise Funds

WPCD- Major Fund
Water- Major Fund
Parking- Nonmajor Fund

Internal Service Fund

Workers Compensation

COMPONENT UNIT

Greater Wheeling Sports and Entertainment Authority

FIDUCIARY FUND TYPES

Trust Fund

Employees' Retirement and Benefit
Firemen's Pension or Relief
Policemen's Pension or Relief
WPCD Pension Plan

CITY OF WHEELING
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CITY OF WHEELING
MUNICIPAL OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ELECTIVE

	TERM
MAYOR:	
Andy McKenzie	07/01/08 to 06/30/12
COUNCIL MEMBERS:	
Gloria Delbrugge	07/01/08 to 06/30/12
Vernon Seals	07/01/08 to 06/30/12
Robert Henry	07/01/08 to 06/30/12
James Tiu	07/01/08 to 06/30/12
Don Atkinson	07/01/08 to 06/30/12
Eugene Fahey	07/01/08 to 06/30/12

APPOINTIVE

CITY MANAGER
Robert D. Herron

FINANCE DIRECTOR
Michael Klug

CITY SOLICITOR
Rosemary Humway-Warmuth

CITY CLERK
Janice Jones

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

John S. Bodkin, Jr., CPA
Dan E Wilson, CPA, MBA
Dennis A. Kozicki, CPA
Nancy J. Gwynn, CPA

Doreen M. DeMeter, CPA
Amy R. Schmitt, CPA
Justin M. Pastorius, CPA, MSA

The Maxwell Centre
32 Twentieth Street, Suite 300
Wheeling, West Virginia 26003

304 232-2280
Fax 304 232-2322
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Weirton Office
204 Three Springs Drive, Suite C
Weirton, West Virginia 26062

304 748-5550
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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, 2012, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows 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 March 19, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 22 and 69 through 72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and schedule of expenditures of state awards, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Wheeling, West Virginia,
March 19, 2013.

Bolton Wilson & Konicki PLLC

CITY OF WHEELING, WEST VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2012

This section of the City of Wheeling's (the City's) annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2012. 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 were 101% of budget, while expenses were 98% of budget, resulting in a budget surplus of $1,012,540. Encumbered and budgeted surplus amounts were $293,077 resulting in an unencumbered balance of $719,463 subject to appropriation by City Council.

- Demolition of the 1100 Block using TIF funding and for East Wheeling Recreational Complex using private donations was started.

- Plans for the new water treatment plant were finalized, with it going out to bid in March 2013.

- Water and WPCD began working with the Ohio County Magistrate's Office placing liens on customers with unpaid final balances. This is proving to be a very effective means of collecting outstanding balances. Also, utility deposits on new accounts have reduced outstanding balances.

- Water Department has assessed an administrative fee for collecting accounts that are on the shut-off list.

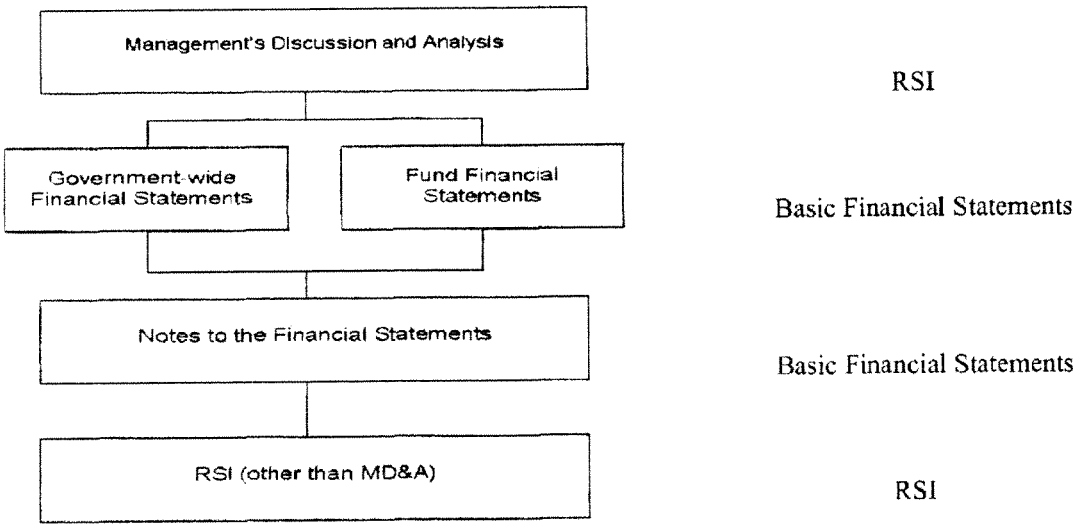
- The City joined the program with the WV Tax Commissioner to collect past due police tickets from taxpayer's refund checks. To date, approximately $11,000 has been recovered.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Wheeling annual report consists of two sections - (1) the Introductory Section and (2) the Financial Section, which includes the Management Discussion and Analysis, 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 fund financial statements, notes to the financial statements, 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, including community development, public safety, street and transportation, health and sanitation, culture and recreation, and social services. The business-type activities of the City include sewer, solid waste and recycling, water works, and parking. The City has an internal service fund to account for workers' compensation. The City includes one separate legal entity in its report – the Greater Wheeling Sports and Entertainment Authority (WesBanco Arena). Although legally separate, this "component unit" is important because the City is financially accountable for it and partly provides operational funding. Separately issued financial statements are available upon request from the Authority.

The government-wide financial statements can be found on pages 23-25 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 enterprise funds and one internal service fund. The 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 internal service fund is used to account for the workers' compensation activity of the City.

The proprietary funds financial statements can be found on pages 30-33 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 34-35 and 75-76 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 36-68 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 69-70 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 $76,653,944 at the close of the fiscal year ending June 30, 2012 (Table 1 – Statement of Net Assets) compared to $75,919,209 at the end of the previous fiscal year, representing an increase of $734,735 in net assets. The increase in net assets was mostly due to increases in restricted and unrestricted net assets.

The largest portion of Wheeling's net assets, (80.4 %) 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 investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay 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, 2012 and 2011

Table 1

	Governmental Activities		Business-type Activities		Totals		Percentage Change
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	
Current and other assets	$ 13,825,199	$ 14,719,488	$ 4,281,431	$ 3,676,761	$ 18,106,630	$ 18,396,249	-1.57%
Restricted assets	3,681,661	1,240,345	4,071,663	3,726,450	7,753,324	4,966,795	56.10%
Capital assets	32,646,296	31,724,350	67,347,356	64,871,845	99,993,652	96,596,195	3.52%
Total assets	50,153,156	47,684,183	75,700,450	72,275,056	125,853,606	119,959,239	4.91%
Current and other liabilities	5,550,079	6,433,731	2,815,576	2,898,400	8,365,655	9,332,131	-10.36%
Long-term liabilities	11,229,098	8,417,115	29,604,909	26,290,783	40,834,007	34,707,898	17.65%
Total liabilities	16,779,177	14,850,846	32,420,485	29,189,183	49,199,662	44,040,029	11.72%
Net assets:							
Invested in capital assets (net of related debt)	25,638,161	28,805,938	35,998,808	36,207,434	61,636,969	65,013,372	-5.19%
Restricted net assets	4,632,414	3,004,866	4,071,663	3,726,450	8,704,077	6,731,316	29.31%
Unrestricted net assets	3,103,404	1,022,533	3,209,494	3,151,989	6,312,898	4,174,522	51.22%
Total net assets	$ 33,373,979	$ 32,833,337	$ 43,279,965	$ 43,085,872	$ 76,653,944	$ 75,919,209	0.97%

Another portion of the City's net assets, (11.4 %), 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 (8.2 %) 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 $0.5 million, compared to an increase of $1.8 million in fiscal year 2011 (Table 2 – Statement of Governmental Activities). Overall fiscal year 2012 revenues were 3.41% higher than the previous year. The increase was largely due to the City's ability to get various capital grants for various projects but was offset by a decrease in video lottery revenue. Expenses were 5.4% higher than the previous fiscal year, but this is mostly due to increases in culture and recreation and general government..

City of Wheeling, West Virginia
Statement of Activities – Governmental
June 30, 2012 and 2011

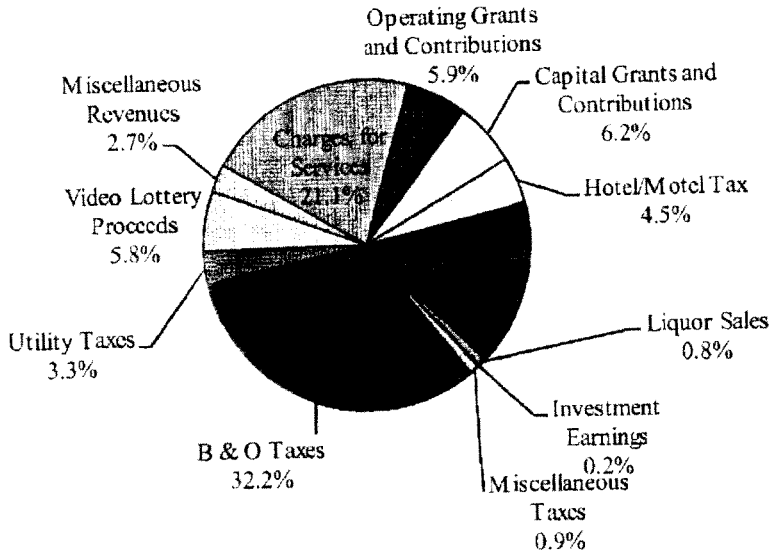
Table 2

	Governmental Activities		Percentage Change
	FY2012	FY2011	
Revenues:			
Program Revenues			
Charges for services	$ 7,139,861	$ 6,978,230	2.32%
Operating grants and contributions	2,003,339	2,645,742	-24.28%
Capital grants and contributions	2,103,205	1,862,900	12.90%
General Revenues			
Property taxes	5,507,969	5,282,232	4.27%
Business and occupation taxes	10,863,107	10,216,902	6.32%
Utility taxes	1,101,576	1,223,777	-9.99%
Hotel/motel tax	1,535,499	1,221,420	25.71%
Liquor sales	282,553	285,717	-1.11%
Miscellaneous taxes	303,021	298,304	1.58%
Video lottery and table gaming	1,966,426	1,895,491	3.74%
Miscellaneous revenues	921,018	634,631	45.13%
Unrestricted investment earnings	54,786	68,166	-19.63%
Gain (loss) on sale of assets	-	54,648	-
Total revenues	33,782,360	32,668,160	3.41%
Expenses:			
General government	4,311,650	3,914,305	10.15%
Public safety	16,865,076	16,102,346	4.74%
Streets and transportation	6,403,756	6,282,710	1.93%
Health and sanitation	1,767,176	1,847,962	-4.37%
Culture and recreation	3,283,336	2,716,750	20.86%
Social services	293,916	410,370	-28.38%
Debt service	499,580	436,715	14.39%
Total expenses	33,424,490	31,711,158	5.40%
Increase (decrease) in net assets before transfers	357,870	957,002	-137.39%
Transfers	182,772	123,868	47.55%
Increase (decrease) in net assets	540,642	1,080,870	-49.98%
Net assets - beginning (as originally stated)	32,833,337	31,373,800	4.65%
Prior period adjustment	-	378,667	
Net assets - beginning (restated)	32,833,337	31,752,467	3.40%
Net assets - ending	$ 33,373,979	$ 32,833,337	1.65%

Total revenues were $33.8 million. Three main areas represent 69.6 percent of total revenues. Approximately 16.3 percent of the City's revenues came from property taxes, 32.2 percent came from B&O taxes, and 21.1 percent came from charges for services (Chart 1 – Revenue by Source – Governmental Activities).

Revenue by Source – Governmental Activities **Chart 1**

City of Wheeling
Sources of Revenue for Fiscal Year 2012
Governmental Activities

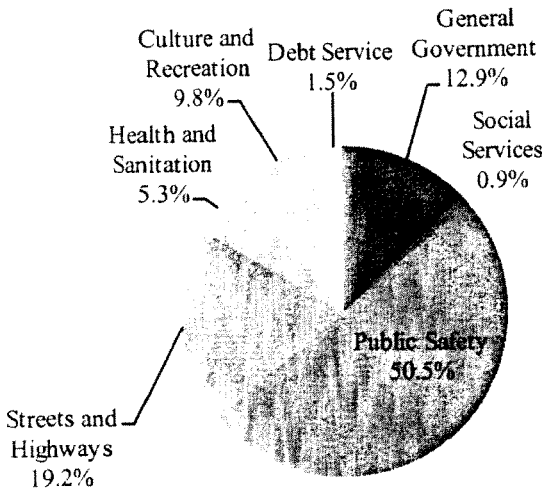


Even though total revenues from governmental activities for FY2012 exceeded FY2011 revenues the sources of these revenues remained relatively the same on a percentage basis with the prior year.

The total cost of functions and programs was $33.4 million. A significant expense in the statement of activities, compared to the fund statements, is depreciation. Current year depreciation for governmental activities was $2,039,058 (Chart 2 – Expenses by Function).

Expenses by Function – Governmental Activities **Chart 2**

City of Wheeling
Functional Expenses for Fiscal Year 2012
Governmental Activities



The City's expenses from governmental activities increased by $1,713,332 in FY2012 over the prior year but, the expenses by function remained relatively the same percentage basis with the prior year.

Business-type activities.

City of Wheeling, West Virginia
Statement of Activities - Business
June 30, 2012 and 2011

Table 3

	Business Activities		Percentage Change
	FY2012	FY2011	
Revenues:			
Program Revenues			
Charges for services	$ 6,316,614	$ 6,284,132	0.52%
Water	5,200,767	5,367,160	-3.10%
Sewer	855,657	757,979	12.89%
Parking	48,597	11,850	310.10%
Capital grants and contributions	-	-	
General Revenues			
Miscellaneous revenues	9,982	13,387	-25.44%
Unrestricted investment earnings	-	-	0.00%
Gain (loss) on sale of assets			
Total revenues	12,431,617	12,434,508	-0.02%
Expenses:			
Water	6,025,608	5,719,909	5.34%
Sewer	5,414,820	5,348,537	1.24%
Parking	699,941	747,100	-6.31%
Total expenses	12,140,369	11,815,546	2.75%
Increase (decrease) in net assets before transfers	291,248	618,962	-52.95%
Transfers	(182,772)	(123,868)	47.55%
Increase (decrease) in net assets	108,476	495,094	-78.09%
Net assets - beginning (as originally stated)	43,085,873	42,715,549	0.87%
Prior period adjustments	85,616.00	(124,770.00)	
Net assets - beginning restated	43,171,489	42,590,779	
Net assets - ending	$ 43,279,965	$ 43,085,873	0.45%

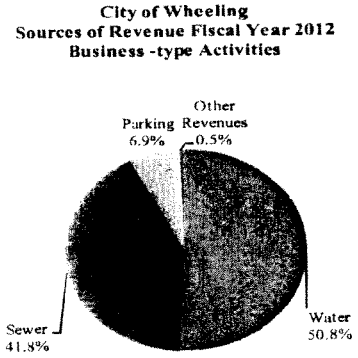
Business-type activities increased the City's net assets by $108,476 compared to an increase of $495,094

in the prior fiscal year.

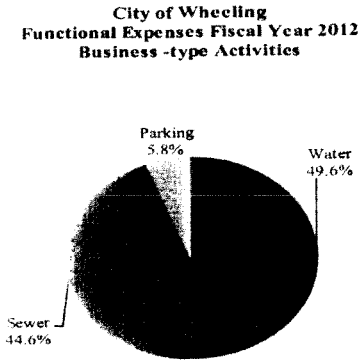
Key elements of the change are as follows:

- Water department activities increased net assets by $291,006.
- Sewer department activities decreased net assets by $214,053.
- Parking Fund activities increased net assets by $155,716.
- Charges for Services stayed relatively the same as the prior year.

Revenue by Source – Business-type Activities **Chart 3**



Expenses by Function – Business-type Activities **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 Home Funds. The non-major funds are combined in Non-major Governmental Funds and include the Debt Service, Community Development, Capital Projects Fund, Tax Increment Financing, Rapid Rehousing and Homelessness Prevention Fund, and Public Safety Fund.

As of June 30, 2012, the City of Wheeling had its governmental funds reporting a total fund balance of $12.2 million.

The elements of this balance are as follows:

- The General Fund reported an increase of $232,278.
- The Coal Severance Fund reported a decrease of $6,686.
- Non-major Governmental Funds showed an increase of $2,042,272 mostly due to the sale of TIF Bonds.

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 (versus the amounts estimated in February 2011 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:

- $200,000 increase for various street paving projects.
- $158,385 for an one time salary adjustment
- $43,000 increase for public safety.

City of Wheeling, West Virginia
Summarized General Fund Highlights
For the year ended June 30, 2012

Table 4

	Original Budget	Amended Budget	Actual Budget (Cash) Basis	Variance Over (Under) Final Budget	Actual Modified Accrual Basis
Revenues					
Taxes	$ 17,717,110	$ 17,903,360	$ 18,337,837	$ 434,477	$ 18,467,429
Licenses and permits	873,000	873,000	964,187	91,187	952,515
Intergovernmental	1,012,000	1,354,632	1,269,597	(85,035)	1,300,940
Charges for services	5,793,235	5,880,235	5,419,537	(460,698)	5,524,992
Fines and forfeits	413,000	413,000	538,889	125,889	538,889
Video Lottery and Table Games	1,540,000	1,940,000	1,979,623	39,623	1,966,426
Interest	30,481	30,481	10,069	(20,412)	52,372
Other	473,000	675,980	997,673	321,693	395,238
Total	27,851,826	29,070,688	29,517,412	446,724	29,198,801
Assigned Fund Balance	700,000	859,679	-	(859,679)	-
Appropriated Fund Balance	-	335,563	-	(335,563)	-
Total revenue and fund balance	28,551,826	30,265,930	29,517,412	(748,518)	29,198,801
Expenditures					
General Government	3,465,571	3,585,674	3,369,692	(215,982)	3,079,817
Public Safety	15,585,420	16,601,425	16,410,480	(190,945)	16,241,585
Streets and transportation	5,826,204	6,326,949	6,297,886	(29,063)	6,248,599
Health and sanitation	1,607,853	1,631,970	1,554,129	(77,841)	1,588,380
Culture and recreation	1,988,086	2,040,339	1,984,353	(55,986)	2,047,167
Social services	78,692	79,573	74,232	(5,341)	8,604
Debt Service					
Principal retirement	-	-	-	-	235,552
Interest	-	-	-	-	79,549
Total	28,551,826	30,265,930	29,690,772	(575,158)	29,529,253
Revenue over (under) expenditures	-	-	(173,360)	(173,360)	(330,452)
Other financing sources (uses)					
Proceeds under capital leases	-	-	-	-	250,208
Proceeds from sale of capital ass	-	-	-	-	-
Transfers in	1,000,000	1,000,000	1,240,000	240,000	375,672
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-	(63,150)
Total other financing sources and (uses)	-	-	240,000	240,000	562,730
Net change in fund balance	-	-	66,640	66,640	232,278
Fund Balance, June 30, 2011					6,166,849
Fund Balance, June 30, 2012					6,399,127

The General Fund is the general operating checking account of the City of Wheeling. As of June 30, 2012 the checking account balance was $1,012,540, which is $719,863 greater than the budgeted carryover of $200,000 and encumbrances of $93,017. This budgeted carryover plus the Municipal Financial Stabilization Fund are 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 increased Fines & Forfeits and a decrease in Federal grants, FY2012 exceeded the prior year by $1,267,528.

City of Wheeling, West Virginia
Statement of General Fund – Actual Budget (Cash) Basis - Revenue by Source
June 30, 2012 and 2011
Table 5

	FY 2012		FY 2011		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
Taxes	$ 18,337,837	62.13%	$ 17,418,868	61.66%	$ 918,969	5.28%
Licenses and Permits	964,187	3.27%	1,033,726	3.66%	(69,539)	-6.73%
Intergovernmental	1,269,597	4.30%	1,490,319	5.28%	(220,722)	-14.81%
Charges for Services	5,419,537	18.36%	5,271,586	18.66%	147,951	2.81%
Fines and Forfeits	538,889	1.83%	398,730	1.41%	140,159	35.15%
Video Lottery	1,979,623	6.71%	1,879,518	6.65%	100,105	5.33%
Interest	10,069	0.03%	10,181	0.04%	(112)	-1.10%
Other	997,673	3.38%	746,956	2.64%	250,717	33.57%
Total Revenues	$ 29,517,412	100.00%	$ 28,249,884	100.00%	$ 1,267,528	4.49%

City of Wheeling, West Virginia
Statement of General Fund – Actual Budget (Cash) Basis – Expenditures by Function
June 30, 2012 and 2011
Table 6

	FY 2012		FY 2011		Increase (Decrease)	Percentage Change
	Amount	Percent	Amount	Percent	Amount	
General Government	$ 3,369,692	11.44%	$ 3,497,592	12.21%	$ (127,900)	-3.66%
Public Safety	16,410,480	55.72%	15,660,374	54.69%	750,106	4.79%
Streets and Transportation	6,297,886	21.38%	6,216,709	21.71%	81,177	1.31%
Health and Sanitation	1,554,129	5.28%	1,596,286	5.57%	(42,157)	-2.64%
Culture and Recreation	1,984,353	6.74%	1,831,919	6.40%	152,434	8.32%
Social Services	74,232	0.25%	72,633	0.25%	1,599	2.20%
Total Expenditures	29,690,772	100.81%	28,875,513	100.84%	815,259	2.82%
Net Transfers	(240,000)	-0.81%	(240,000)	-0.84%	-	0.00%
Total Expenditures and Other Financing Uses	$ 29,450,772	100.00%	$ 28,635,513	100.00%	$ 815,259	2.85%

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, 2012, amounts to $99,993,652 (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) were 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, 2012 was approximately 4.27%. Construction in progress increased due to the construction of the WPCD Treatment Plant . Overall, net capital assets increased by $4,097,446 over the previous fiscal year.

City of Wheeling, West Virginia
Statement of Capital Assets
(net of accumulated depreciation)
June 30, 2012 and 2011

Table 7

	Governmental Activities		Business-type Activities		Totals		Percentage
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	Change
Land	$ 3,791,428	$ 3,600,228	$ 1,829,512	$ 1,689,199	$ 5,620,940	$ 5,289,427	6.27%
Land Improvements	1,264,521	1,240,893			1,264,521	1,240,893	
Parking Structures & Equipment			940,189	941,110	940,189	941,110	-0.10%
Utility plant			58,129,194	59,375,391	58,129,194	59,375,391	-2.10%
Building and improvement	5,702,597	5,125,493			5,702,597	5,125,493	11.26%
Vehicles and equipment	6,030,386	5,590,523			6,030,386	5,590,523	7.87%
Infrastructure	15,597,700	15,238,272			15,597,700	15,238,272	2.36%
Construction in progress	259,664	928,942	6,448,461	2,166,155	6,708,125	3,095,097	116.73%
Total	$ 32,646,296	$ 31,724,351	$ 67,347,356	$ 64,171,855	$ 99,993,652	$ 95,896,206	4.27%

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.

Long-term debt. As of June 30, 2012, the City of Wheeling had total bonds outstanding of $37,917,549 compared to $33,468,290 in the prior fiscal year. Of this amount, $2,025,000 related to governmental activities, TIF Bonds of $6,569,000 and $31,348,549 related to business activities. In addition to bonded debt, the City had a Section 108 HUD loan outstanding as of June 30, 2012 with a balance of $1,375,000 and other obligations of $1,864,798.

City of Wheeling, West Virginia
Statement of Bond Indebtedness
June 30, 2012 and 2011

Table 8

	Balance 06/30/2011	Additions	Maturities	Balance 06/30/2012	Percentage Change
General Obligation Bonds					
Series 2003	$ 2,105,000	$ -	$ 80,000	$ 2,025,000	-3.80%
	2,105,000	-	80,000	2,025,000	-3.80%
Revenue Bonds					
TIF revenue bonds 2005A	3,515,000		90,000	3,425,000	-2.56%
TIF revenue Bonds 2011	-	3,144,000	-	3,144,000	
Sewer Revenue Series 2005	11,722,390	-	651,849	11,070,541	-5.56%
Water Revenue Series 2006	11,085,000	-	250,000	10,835,000	-2.26%
Water and Sewer Series 2010A	3,770,000	-	715,000	3,055,000	-18.97%
Sewer Revenue Series 2010B	1,270,900	5,117,108	-	6,388,008	
	31,363,290	8,261,108	1,706,849	37,917,549	20.90%
Other					
HUD Section 108 loan	1,500,000		125,000	1,375,000	-8.33%
Capital Leases payable	1,813,414	250,208	224,488	1,839,134	1.42%
Center Market HVAC loan	36,728	-	11,064	25,664	-30.12%
	3,350,142	250,208	360,552	3,239,798	-3.29%
	$ 36,818,432	$ 8,511,316	$ 2,147,401	$ 43,182,347	17.28%

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 approximately $25,216,000. This is significantly more than the City's current total outstanding general obligation bond debt of $2,025,000.

The City maintained an "AA" rating from Standard & Poor's and an "Aa3" rating from Moody's for its general obligation and revenue bonds debt for all of the fiscal year ending June 30, 2012. Additional information on the City's long-term debt can be found in Note 8 on pages 58-60 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 Wheeling'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, for the ninth consecutive year, 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, in fiscal year 2011-2012, 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. No additional parking debt has been incurred. The City has also been particularly attune to reviewing its organization. That review has included departmental reorganizations and the elimination of unnecessary positions. In Fiscal Year 2009-10 the City successfully eliminated 13 full-time positions that had been vacant without reduction in City services. In fact, a smaller re-organization in the Fire Department enabled the City to eliminate 3 full time positions through attrition and add a fourth ambulance crew.

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 2012-13 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 (Ohio County) at the end of December, 2012, as released by the WV Bureau of Employment Programs, is 6.7%. The rate is below the states' rate of 7.4% and the national rate of 7.6%. 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 250 new jobs; the construction of the Federal Courthouse expansion and many more small business expansions. Wheeling Hospital completed its $60 million, 122,000 square foot Tower 5, and Ohio Valley Medical Center has completed its $7 million Adolescent Mental Health Facility. In the last 4 years over 70 new businesses have opened in the City of Wheeling. In addition, in August, 2004 a Cabela'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. A $14 million renovation was completed at the Wheeling Island Gaming Center in 2012. The passage of table gaming at the Wheeling Island facility has created 300 new jobs. The first phase of the Center Wheeling Redevelopment 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 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 completed in December, 2006. The first tenant has now occupied the first floor of this building. In addition, the West Virginia Northern Community College received funding for their $8,000,000 College Square Project which was completed in August, 2006. The college has purchased two major buildings in downtown Wheeling adjacent to their campus and have begun construction on a new classroom/technical facility as well as a student center, both of which are currently under construction with completion scheduled for April and June, 2013. The student center will include a Barnes and Noble bookstore and Starbucks Coffee Shop. In July of 2008 the City gained approval of its third Tax Increment Financing Project which included acquisition and redevelopment of buildings in the 1100 block of Downtown Wheeling as well as the Capitol Theater. Acquisition of the 1100 block by the City, which includes five buildings in the heart of the downtown, occurred in 2008. During 2012, the City successfully demolished these buildings creating a 50,000 square foot development site in the heart of Downtown Wheeling. The Capitol Theater has also been acquired by the Wheeling Convention and Visitor's Bureau and is now managed by the City's Greater Wheeling Sports and Entertainment Authority. The Theater's reopening in September, 2009 has been a huge success with several sold out shows already performed with several more in the foreseeable future. To further emphasize the success of this project, during a period from November, 2012 to January, 2013, the Theater hosted six straight sold-out shows.

An ongoing challenge to this and future budgets are the unfunded liabilities in the Policemen's and Firemen's Pension and Relief Funds. Currently he Municipal employee's Retirement and Benefit Fund is over funded. As of January 31, 2013 the Policemen's Pension was 38% funded and the Firemen's Pension was 29% funded.

The City is in the heart of the Marcellus Shale area. This activity has created significant business opportunities and commerce throughout the region. This activity has contributed to record B&O Tax collection and record Motel/Hotel Tax collection for the City during fiscal year 2011-12.

VI. Request for Information.

This financial report is designed to provide a general overview of the City of Wheeling'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.

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City of Wheeling
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Greater Wheeling Sports and Entertainment Authority
ASSETS				
Cash and cash equivalents	$ 4,403,681	$ 1,934,672	$ 6,338,353	$ 756,763
Investments	-	-	-	368,000
Receivables (net of allowance)				
Accounts receivable	1,491,687	1,608,507	3,100,194	87,154
Taxes receivables	3,085,231	-	3,085,231	-
Loans receivable	3,407,394	-	3,407,394	-
Lease receivable	473,717	-	473,717	
Intergovernmental	212,996	-	212,996	-
Other fees and proceeds	317,363	-	317,363	-
Internal balances	9,297	(9,297)	-	-
Inventories	-	79,125	79,125	18,687
Deposit and prepaids	-	27,746	27,746	
Deferred charges (net of accumulated amortization)	423,833	640,678	1,064,511	-
Other assets	-	-	-	109,644
Restricted assets:				-
Restricted cash and cash equivalents				-
Restricted governmental	3,660,951	-	3,660,951	-
Sinking fund	-	2,107,952	2,107,952	-
Depreciation fund	-	843,757	843,757	-
Construction fund	-	395,259	395,259	-
Maintenance fund	-	384,258	384,258	-
Renewal and replacement fund	-	152,234	152,234	-
Utility deposits	-	188,203	188,203	
Restricted taxes receivable	20,710	-	20,710	-
Restricted accrued interest receivable	-	-	-	-
Capital Assets (Net of Accumulated depreciation):				-
Land and land improvements	5,055,949	1,829,512	6,885,461	-
Infrastructure	15,597,700	-	15,597,700	-
Parking structures and equipment	-	940,189	940,189	-
Utility plant, in service	-	58,129,194	58,129,194	-
Buildings and improvements	5,702,597	-	5,702,597	857,684
Vehicles and equipment	6,030,386	-	6,030,386	182,564
Construction in progress	259,664	6,448,461	6,708,125	-
Total assets	$ 50,153,156	$ 75,700,450	$ 125,853,606	$ 2,380,502

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Net Assets
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Greater Wheeling Sports and Entertainment Authority
LIABILITIES				
Accounts payable	$ 1,002,082	$ 431,797	$ 1,433,879	$ 90,324
Accrued payroll	277,588	70,815	348,403	44,108
Due to fiduciary funds	-	-	-	-
Current maturity of capital leases payable	268,035	-	268,035	-
Current maturity of bonds payable (net of unamortized debt discount)	178,127	1,802,982	1,981,109	-
Current maturity of notes payable	136,064	-	136,064	-
Accrued interest payable	58,238	68,315	126,553	-
Accrued vacation and other accrued liabilities	804,199	242,239	1,046,438	-
Deferred revenue	2,825,746	-	2,825,746	-
Reserve for painting and sealing	-	77,048	77,048	-
Customer/advanced deposits	-	122,380	122,380	651,913
Non-current maturity of capital leases payable	1,571,098	-	1,571,098	-
Non-current maturity of notes payable	1,264,601	-	1,264,601	-
Non-current maturity of bonds payable (net of unamortized debt discount)	8,393,399	29,604,909	37,998,308	-
Total liabilities	16,779,177	32,420,485	49,199,662	786,345
NET ASSETS				
Invested in capital assets (net of related debt)	25,638,161	35,998,808	61,636,969	1,040,248
Restricted for:				
Capital projects	-	1,239,016	1,239,016	-
Debt service	979,653	2,107,952	3,087,605	-
Public Safety	271,916	-	271,916	-
Community development	3,380,845	-	3,380,845	-
Maintenance and replacement	-	536,492	536,492	-
Utility deposits	-	188,203	188,203	-
Unrestricted	3,103,404	3,209,494	6,312,898	553,908
Total net assets	$ 33,373,979	$ 43,279,965	$ 76,653,944	$ 1,594,156

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Activities
June 30, 2012

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: Greater Wheeling Sports and Entertainment Authority
Primary government:								
Governmental activities:								
General government	$ 4,311,650	$ 1,396,004	$ 792,849	$ 41,558	$ (2,081,239)	$ -	$ (2,081,239)	$ -
Public safety	16,865,076	3,846,780	799,573	1,056,323	(11,162,400)	-	(11,162,400)	-
Streets and transportation	6,403,756	-	-	627,622	(5,776,134)	-	(5,776,134)	-
Health and sanitation	1,767,176	1,777,167	-	98,856	108,847	-	108,847	-
Culture and recreation	3,283,336	119,910	113,579	83,126	(2,966,721)	-	(2,966,721)	-
Social services	293,916	-	297,338	195,720	199,142	-	199,142	-
Debt Service:								
Interest Expense	499,580	-	-	-	(499,580)	-	(499,580)	-
Total governmental activities	33,424,490	7,139,861	2,003,339	2,103,205	(22,178,085)	-	(22,178,085)	-
Business-type activities:								
Water	6,025,608	6,316,614	-	48,597	-	339,603	339,603	-
Sewer	5,414,820	5,200,767	-	-	-	(214,053)	(214,053)	-
Parking	699,941	855,657	-	-	-	155,716	155,716	-
Total business-type activities	12,140,369	12,373,038	-	48,597	-	281,266	281,266	-
Total primary government	45,564,859	19,512,899	2,003,339	2,151,802	(22,178,085)	281,266	(21,896,819)	-
Component Units:								
Greater Wheeling Sports and Entertainment Authority	2,367,733	1,886,224	296,000	6,000	-	-	-	(179,509)
	$ 2,367,733	$ 1,886,224	$ 296,000	$ 6,000	$ -	$ -	$ -	$ (179,509)
General Revenues:								
Property taxes					$ 4,733,731	$ -	$ 4,733,731	$ -
TIF property tax					774,238	-	774,238	-
Business and occupation taxes					10,863,107	-	10,863,107	-
Utility taxes					1,101,576	-	1,101,576	-
Hotel/motel tax					1,535,499	-	1,535,499	-
Liquor/wine sales tax					282,553	-	282,553	-
Miscellaneous taxes					303,021	-	303,021	-
Video lottery proceeds					1,966,426	-	1,966,426	-
Miscellaneous revenues					921,018	-	921,018	4,696
Interest					54,786	9,982	64,768	78,569
Gain (loss) on sale of assets					-	-	-	-
Transfers					182,772	(182,772)	-	-
Total general revenues and transfers					22,718,727	(172,790)	22,545,937	83,265
Changes in net assets					540,642	108,476	649,118	(96,244)
Net assets- beginning					32,833,337	43,171,489	76,004,826	1,690,400
Net assets- ending					$ 33,373,979	$ 43,279,965	$ 76,653,944	$ 1,594,156

The notes to the financial statements are an integral part of this statement.

City of Wheeling
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Coal Severance Fund	Home Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 2,081,994	$ 44,224	$ 300	$ 1,887,480	$ 4,013,998
Receivables (net allowance for uncollectables):					
Taxes	3,085,231	-	-	-	3,085,231
Charges for services	1,491,733	-	-	-	1,491,733
Loans receivable	-	-	2,555,213	852,181	3,407,394
Lease receivable	473,717	-	-	-	473,717
Intergovernmental	157,400	-	8,936	46,660	212,996
Other fees and proceeds	309,199	-	-	-	309,199
Due from other funds	189,289	-	-	-	189,289
Restricted cash and cash equivalents	11,019	-	-	3,649,932	3,660,951
Restricted taxes receivable (net of allowance)	-	-	-	20,710	20,710
Total assets	7,799,582	44,224	2,564,449	6,456,963	16,865,218
LIABILITIES:					
Accounts payable	766,632	6,967	3,959	161,822	939,380
Notes payable	-	-	-	125,000	125,000
Accrued payroll	277,588	-	-	-	277,588
Accrued vacation	117,762	-	-	-	117,762
Accrued interest	-	-	-	30,067	30,067
Due to other funds	-	-	4,978	175,014	179,992
Deferred revenues:					
Unearned revenue	61,296	-	2,555,512	208,938	2,825,746
Taxes	177,177	-	-	16,138	193,315
Total liabilities	1,400,455	6,967	2,564,449	716,979	4,688,850
FUND EQUITY:					
Fund Balance					
Nonspendable	473,717	-	-	-	473,717
Restricted	-	-	-	3,533,276	3,533,276
Committed	-	-	-	1,308,435	1,308,435
Assigned	11,019	37,257	-	898,273	946,549
Unassigned	5,914,391	-	-	-	5,914,391
Total fund balances	6,399,127	37,257	-	5,739,984	12,176,368
Total liabilities and fund equity	$ 7,799,582	$ 44,224	$ 2,564,449	$ 6,456,963	$ 16,865,218

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Total fund balance-Total governmental funds	$	12,176,368
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $82,644,671, net of accumulated depreciation of $49,998,375 are not financial resources and, therefore, are not reported in funds.		32,646,296
The internal service fund is used by management to charge the costs of workers compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental funds in the Statement of Net Assets.		379,273
Other long term assets (receivables) are not available to pay current-period expenditures and, therefore, are deferred in the funds. These include deferred TIF and property taxes, as well as B & O taxes of $153,595 and $39,675 respectively.		193,270
Long term liabilities are not due and payable in the current period and are not reported in the funds. These include bonds payable of $8,571,526 (net of unamortized debt discount of $22,474), non-current portion of notes payable of $1,275,665, capital leases payable of $1,839,133, non-current portion accrued interest of $28,171, non-current portion of accrued vacation of $686,437, and property tax pass-throughs of $44,129.		(12,445,061)
Bond issuance costs are expended in the funds, while being capitalized and amortized over the life of the bonds on the government-wide Statement of Net Assets. Deferred charges are $566,656 net of accumulated amortization of $142,823.		423,833
Net assets of governmental activities	$	33,373,979

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Coal Severance Fund	Home Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 4,532,727	$ -	$ -	$ 197,111	$ 4,729,838
General property	-	-	-	772,656	772,656
TIF property	10,862,978	-	-	-	10,862,978
Business and occupation	1,101,576	-	-	-	1,101,576
Utilities	1,535,499	-	-	-	1,535,499
Hotel/motel	282,553	-	-	-	282,553
Wine/liquor	152,096	150,925	-	-	303,021
Miscellaneous	952,515	-	-	13,687	966,202
Licenses and permits	538,889	-	-	93,154	632,043
Fines and forfeits					
Intergovernmental	705,194	-	253,708	2,357,829	3,316,731
Federal	95,746	-	-	147,115	242,861
State	500,000	-	-	46,952	546,952
Local	5,524,992	-	-	16,624	5,541,616
Charges for services	1,966,426	-	-	-	1,966,426
Video lottery and table gaming	52,372	-	-	2,460	54,832
Interest	395,238	-	-	525,780	921,018
Miscellaneous revenue					
Total revenues	29,198,801	150,925	253,708	4,173,368	33,776,802
EXPENDITURES					
Current:	3,079,817	6,176	253,708	1,081,413	4,421,114
General government	16,241,585	33,337	-	917,459	17,192,381
Public Safety	6,248,599	1,965	-	740,790	6,991,354
Streets and transportation	1,588,380	25,000	-	347,845	1,961,225
Health and sanitation	2,047,167	91,133	-	925,359	3,063,659
Culture and recreation	8,604	-	-	283,897	292,501
Social Services					
Debt Service:	235,552	-	-	295,000	530,552
Principal retirement	79,549	-	-	413,203	492,752
Interest	-	-	-	140,380	140,380
Costs of issuance					
Total Expenditures	29,529,253	157,611	253,708	5,145,346	35,085,918
Excess (deficiency) of revenues over expenditures	(330,452)	(6,686)	-	(971,978)	(1,309,116)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	250,208	-	-	-	250,208
Proceeds from bonds	-	-	-	3,144,000	3,144,000
Transfers in	368,174	-	-	810,459	1,178,633
Transfers out	(55,652)	-	-	(940,209)	(995,861)
Total other financing sources and uses	562,730	-	-	3,014,250	3,576,980
Net change in fund balances	232,278	(6,686)	-	2,042,272	2,267,864
Fund balances - beginning	6,166,849	43,943	-	3,697,712	9,908,504
Fund balances - ending	$ 6,399,127	$ 37,257	$ -	$ 5,739,984	$ 12,176,368

The accompanying notes are an integral part of these statements.

CITY OF WHEELING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Net changes in fund balances-total governmental funds	$	2,267,864
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $2,960,954 exceeded depreciation expense of $2,039,056 in the current period		921,898
The internal service fund is used by management to charge workers compensation costs. The net loss of the internal service fund is reported with governmental funds.		(82,428)
The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which capital lease proceeds of $250,208 and bond proceeds of $3,144,000 exceeded bond, capital lease and note principal payments of $170,000, $224,488, and $136,064, respectively.		(2,863,656)
Governmental funds report the effects of premiums, discounts, and costs of issuance when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. Cost of issuance on bonds issued during the year of $140,380 exceeded the current year expense for existing discount and costs of issuance of $1,929 and $28,919, respectively.		109,532
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. This is the amount by which net decreases in accrued vacation and pass-through payables of $186,250 and $477, respectively, exceeded the increase in accrued interest (included in accounts payable) of $4,899.		181,828
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This is the amount of the net inreases in general property, TIF property tax and B&O taxes of $3,893, $1,582, and $129 respectively.		5,604
Changes in net assets of governmental activities	$	540,642

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking Fund	Total	Workers Compensation Fund
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 204,208	$ 1,563,193	$ 167,271	$ 1,934,672	389,683
Accounts receivables (net of allowance for uncollectables)	761,859	716,288	130,360	1,608,507	8,164
Due from other funds	-	221,139	140,000	361,139	-
Inventory of supplies, at cost	-	79,125	-	79,125	-
Prepaid expenses	-	-	27,746	27,746	-
Restricted assets:					-
Sinking fund	941,133	1,166,819	-	2,107,952	-
Depreciation fund	303,851	539,906	-	843,757	-
Construction fund	38,166	357,093	-	395,259	-
Maintenance fund	-	384,258	-	384,258	-
Renewal and replacement fund	-	-	152,234	152,234	-
Utility deposits	93,401	94,802	-	188,203	-
Total current assets	2,342,618	5,122,623	617,611	8,082,852	397,847
Non-current assets:					
Capital assets:					-
Land	-	-	1,829,512	1,829,512	-
Structures, improvements, parking lots, and equipment	-	-	6,063,831	6,063,831	-
Less: Allowance for depreciation	-	-	(5,123,642)	(5,123,642)	-
Utility Plant:					-
In service	69,275,549	53,167,750	-	122,443,299	-
Less: Allowance for depreciation	(38,160,690)	(26,153,415)	-	(64,314,105)	-
Construction work in process	6,393,207	55,254	-	6,448,461	-
Deferred charges (net of accumulated amortization)	137,618	503,060	-	640,678	-
Total non-current assets	37,645,684	27,572,649	2,769,701	67,988,034	-
Total assets	39,988,302	32,695,272	3,387,312	76,070,886	397,847

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking Fund	Total	Workers Compensation Fund
LIABILITIES:					
Current liabilities:					
Accounts payable	160,334	215,893	55,570	431,797	18,573
Due to other funds	222,263	-	148,174	370,437	-
Accrued payroll	29,386	38,451	2,977	70,814	-
Accrued vacation and payroll withholdings	110,383	131,856	-	242,239	-
Accrued interest payable	21,723	46,592	-	68,315	-
Current maturity of revenue bonds payable (net of unamortized debt discount)	1,128,452	674,530	-	1,802,982	-
Total current liabilities	1,672,541	1,107,322	206,721	2,986,584	18,573
Non-current liabilities:					
Long-term revenue bonds payable (net of unamortized debt discount)	17,515,448	12,089,461	-	29,604,909	-
Reserve for painting and sealant	-	-	77,048	77,048	-
Deposits	44,095	78,285	-	122,380	-
Total non-current liabilities	17,559,543	12,167,746	77,048	29,804,337	-
Total liabilities	19,232,084	13,275,068	283,769	32,790,921	18,573
NET ASSETS:					
Invested in capital assets, (net of related debt)	18,796,968	14,432,139	2,769,701	35,998,808	-
Restricted for:					
Capital projects	342,017	896,999	-	1,239,016	-
Debt service	941,133	1,166,819	-	2,107,952	-
Maintenance and replacement	-	384,258	152,234	536,492	-
Utility deposits	93,401	94,802	-	188,203	-
Unrestricted	582,699	2,445,187	181,608	3,209,494	379,274
Total net assets	$ 20,756,218	$ 19,420,204	$ 3,103,543	$ 43,279,965	$ 379,274

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking	Total	Workers Compensation Fund
OPERATING REVENUES:					
Charges for services	$ 4,214,825	$ 4,236,431	$ -	$ 8,451,256	325,103
Sales to other systems	663,132	1,369,250	-	2,032,382	-
Fire protection services	-	246,048	-	246,048	-
Billing and collection services	-	329,837	-	329,837	-
Lease revenue	-	-	551,084	551,084	-
Transient revenue	-	-	233,434	233,434	-
Special event revenue	-	-	53,132	53,132	-
Miscellaneous	322,810	135,048	18,007	475,865	6,250
Total operating revenues	5,200,767	6,316,614	855,657	12,373,038	331,353
OPERATING EXPENSES:					
Pumping system	56,176	1,063,940	-	1,120,116	-
Collection system	754,259	-	-	754,259	-
Treatment and disposal	1,586,689	-	-	1,586,689	-
Painting and sealant	-	-	147,924	147,924	-
Maintenance	-	-	78,581	78,581	-
Other operating expenses	498,470	-	-	498,470	413,780
Purification system	-	613,067	-	613,067	-
Distribution system	-	1,205,774	-	1,205,774	-
Commercial	-	453,609	-	453,609	-
General and administrative	1,082,770	848,804	341,801	2,273,375	-
Depreciation	1,085,062	1,114,015	131,635	2,330,712	-
Total operating expenses	5,063,426	5,299,209	699,941	11,062,576	413780
Operating income (loss)	137,341	1,017,405	155,716	1,310,462	(82,427)
NON-OPERATING REVENUES:					
Interest earned - Sinking Fund	-	864	-	864	-
Interest earned - Other investments	1,215	6,122	1,783	9,120	-
Total other income	1,215	6,986	1,783	9,984	-
NON-OPERATING EXPENSES:					
Interest on long term debt	(351,394)	(711,992)	-	(1,063,387)	-
Other	-	(14,407)	-	(14,407)	-
Total other deductions	(351,394)	(726,399)	-	(1,077,794)	-
Income (loss) before contributions and transfers	(212,838)	297,991	157,499	242,652	(82,427)
Capital contributions	-	48,597	-	48,597	-
Transfers in	14,046	19,313	152,042	185,401	-
Transfers out	-	-	(368,174)	(368,174)	-
Change in net assets	(198,792)	365,901	(58,633)	108,476	(82,427)
Total net assets - beginning, as restated	20,955,010	19,054,303	3,162,176	43,171,489	461,701
Total net assets - ending	$ 20,756,218	$ 19,420,204	$ 3,103,543	$ 43,279,965	379,274

The accompanying notes are an integral part of these financial statements.

CITY OF WHEELING
ALL PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Fund				Internal Service Fund
	WPCD Fund	Water Fund	Parking Fund	Totals	Workers Compensation Fund
Cash Flows from Operating Activities:					
Cash received from customers and departments	$ 5,016,068	$ 6,330,948	$ 646,454	$ 11,993,470	$ 325,309
Cash received from miscellaneous	322,810	135,048	-	457,858	
Cash paid to suppliers and employees	(4,559,236)	(4,189,780)	(438,910)	(9,187,926)	(429,081)
Net cash provided by operating activities	779,642	2,276,216	207,544	3,263,402	(103,772)
Cash Flows from Noncapital Financing Activities					
Payments from (to) other funds	12,905	17,987	(216,132)	(185,240)	-
Net cash provided by noncapital financing activities	12,905	17,987	(216,132)	(185,240)	-
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(4,717,929)	(499,176)	(154,896)	(5,372,001)	-
Interest paid on long-term debt and other	(276,537)	(604,635)	-	(881,172)	-
Retirement of long-term debt	4,172,109	(671,850)	-	3,500,259	-
Net cash used for capital and related financing activities	(822,357)	(1,775,661)	(154,896)	(2,752,915)	-
Cash Flows from Investing Activities:					
Interest income from restricted fund investments and other	1,215	6,988	1,783	9,986	264
Net cash provided by investing activities	1,215	6,988	1,783	9,986	264
Net increase (decrease) in cash and restricted cash	(28,596)	525,528	(161,700)	335,232	(103,508)
Cash and restricted cash, July 1, 2011	1,609,354	3,580,541	481,204	5,671,099	493,191
Cash and restricted cash, June 30, 2012	$ 1,580,759	$ 4,106,071	$ 319,504	$ 6,006,334	$ 389,683
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:					
Net operating income (loss)	$ 137,339	$ 1,017,405	$ 155,716	$ 1,310,460	$ (82,428)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	1,085,062	1,114,015	131,635	2,330,712	-
Changes in Assets and Liabilities -					
(Increase) decrease in receivables	99,811	32,599	(217,299)	(84,889)	(5,780)
(Increase) decrease in inventory	-	(10,213)	-	(10,213)	-
(Increase) decrease in other assets	-	-	(4,573)	(4,573)	-
Increase (decrease) in accounts payable	(579,945)	(5,592)	126,722	(458,815)	(15,564)
Increase (decrease) in accrued and other liabilities	37,375	128,002	15,343	180,720	-
Net cash provided by operating activities	$ 779,642	$ 2,276,216	$ 207,544	$ 3,263,402	$ (103,772)
Noncash Investing, Capital, and Financing Activities:					
Contributions of capital assets from others	$ -	$ 48,597	$ -	$ 48,597	$ -

The accompanying notes are an integral part of these statements.

City of Wheeling
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Total Pension Trust Funds
ASSETS	
Cash and cash equivalents	$ 1,585
Receivables:	
Accrued interest and dividends	171,604
Cash surrender life insurance policies	304,753
Investments:	
Money markets	1,411,377
U.S. Government obligations	8,245,766
U.S. Government agency obligations	4,280,873
Corporate obligations	11,928,272
Mutual Funds	2,242,121
Common stock	33,654,748
Total investments	61,763,157
Total assets	62,241,100
LIABILITIES	
Accounts payable	77,032
Accrued pension benefit	125,555
Total liabilities	202,587
NET ASSETS	
Net assets held in trust	$ 62,038,513

The accompanying notes are an integral part of these financial statements.

City of Wheeling
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Total Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	$ 3,998,565
Plan members	1,237,966
Insurance premium tax allocation	1,705,098
Total contributions	6,941,629
Investment earnings:	
Investment income (loss)	2,720,637
Less: Investment expense	(229,085)
Net investment income	2,491,552
Other additions:	
Miscellaneous	7,346
Total other additions	7,346
Total additions	9,440,527
DEDUCTIONS	
Benefits payments	6,558,573
Other operating expenses	16,258
Total deductions	6,574,831
Change in net assets	2,865,697
Net assets held in trust for pension benefits:	
Net assets - beginning	59,172,816
Net assets - ending	$ 62,038,513

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The accounting policies of the City of Wheeling conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies:

A. Reporting entity

The City of Wheeling, West Virginia is a Class II municipality with a population of approximately 28,355 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 most recent election being May 2012.

The services provided by the City and accounted for within these financial statements include general government, public safety, streets and transportation, health and sanitation, cultural and recreational programs, social services and other governmental services.

The accompanying financial statements present the government and its component unit as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent upon the City.

Discretely Presented Component Unit

The Greater Wheeling Sports and Entertainment Authority (the Authority) is responsible for the supervision, operation, and control of Wesbanco Arena and the Capitol Threatre. Board members are appointed by the Mayor pending City Council ratification. The City issued bonds in previous years to provide capital improvements for the Authority. The Authority is presented as a proprietary fund type. The Authority receives a portion of the hotel/motel tax collected by the City. This is reflected in the operating grants and contributions line in the Statement of Activities.

The Annual Audit and Financial Report for the Authority can be obtained upon request. Questions concerning the Report should be addressed to the Authority's Executive Director, 2-14th Street, Wheeling, West Virginia, 26003.

1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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. City Council and/or the City Manager are responsible for appointing members of these boards and commissions. The City's accountability for these boards or commissions does not extend beyond making appointments.

B. Government-wide and governmental fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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 business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are combined into a single column.

C. Measurement Focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic 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 and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

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.

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 or if payment is due within 60 days of year end.

Property taxes, business and occupation taxes, utility excise taxes, hotel/motel taxes, wine/liquor sales taxes, some sources of miscellaneous tax and revenue, video lottery proceeds, 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.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

(a) Governmental Funds

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:

General Fund – The general fund is the primary operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund. The City reports the General Fund as a major fund as required.

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 finance specified activities.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

The City reports the following major special revenue funds:

Coal Severance Fund – This special revenue fund accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

Home Fund – This special revenue fund accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of providing loans to underprivileged citizens for the purpose of purchasing homes.

Capital Projects Fund – The capital project fund accounts for financial resources to be used for the acquisition or construction of major capital assets which are not financed by the proprietary funds.

Debt Service Funds – The debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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.

The City reports the following major enterprise funds:

WPCD Fund – This fund accounts for the revenues and expenses generated by sewage services provided to the residents of the City as well as other entities.

Water Fund – This fund accounts for the revenues and expenses generated by water services provided to the residents of the City as well as other entities.

Parking Fund – This fund accounts for the revenues and expenses generated by the operation of parking buildings and parking lots owned by the City.

Internal Service Funds – Internal services funds are used to account for operations that provide, on a user charge basis, services to other governmental departments.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

The City reports the following internal service fund:

Workers Compensation Fund – This fund provides workers compensation coverage to all government departments on a reimbursement basis.

Fiduciary Funds:

Pension Trust Funds – The pension trust funds account for the activities of the Employees and Public Safety Employees (Fire and Police) Retirement System as well as the Water Pollution Control Department Pension Plan, which accumulate resources for pension benefit payments to qualified employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the accrual basis of accounting. See Note 6.

The City follows GASB guidance (as applicable to proprietary funds) and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the WPCD, Water, Parking Funds and the Greater Wheeling Sports and Entertainment Authority (Component Unit) are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(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. Capital assets (including infrastructure) are depreciated using the straight-line method over their estimated useful lives less any salvage value. The City utilizes GASB guidance for Phase II governments related to assigning estimated useful lives which range from 3 to 50 years. Infrastructure recorded by the City includes roads/streets, alleys, bridges, trails, and trail bridges.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, basis of accounting, and financial statement presentation (cont.)

(b) Capital Assets and Long-Term Liabilities (continued)

In the Statement of Net Assets, long term liabilities consist of general obligation and revenue bonds, notes payable, capital leases, and most of the balance of the compensated absences. All amounts are split out between current and non-current liabilities. Non-current liabilities represent those amounts due beyond one year. Bonds payable are reflected net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized on a straight line basis over the term of the debt.

(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 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. All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred.

(d) Investments

The securities included in investments are stated at fair value as determined primarily by quoted market price. The investment policy for the City including the Pension funds follows the guidelines established under §8-22-22a of the West Virginia Code. State statutes authorize the City to invest in the Municipal Bond Commission, obligations of the United States or any agency thereof, obligations of the state, and high grade debt of private corporations. In addition to the above, the Pension funds can also in invest in common stock and mutual funds. All other deposits and investments of the City follow the guidelines established under the West Virginia Code Article 12-1 for state depositories. The City does not have a policy for concentration of credit, interest, and credit risk in addition to the state's governing statutes.

(e) Utility Plant and Depreciation

Within the Water Fund, improvements to Utility Plant and Equipment are capitalized and upon being placed into service are depreciated using the composite method over the estimated useful life as established in guidelines for water utilities published by the Public Service Commission of West Virginia. Within the WPCD Fund, improvements to Utility Plant and Equipment are capitalized and upon being placed into service are depreciated using the straight line method over the estimated useful life as established in guidelines for 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 Revenues, Expenditures, and Changes in Fund Balance reflects charges for depreciation of these assets.

1. Summary of Significant Accounting Policies (Continued)

(f) Parking Fund – Fixed Assets and Depreciation

(a) Land – The cost of the land on which the Center Wheeling Parking Garage and the 10th Street Parking Garage are situated is included as "Land." The land on which the 900 and 901 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 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.

(g) 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. Inventory for the Water Fund is stated at cost.

(h) Restricted Assets

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.

Restricted cash and cash equivalents, tax increment property taxes and accrued interest receivable in the Other Nonmajor Governmental Funds column are classified as restricted assets on the balance sheet because they are maintained in separate trust accounts and their use is limited to debt service on the TIF revenue and general obligation bonds. Tax increment revenues are pledged as collateral to the bondholders of the TIF revenue bonds. Excess TIF amounts placed into a specific trust account are restricted to use for economic development within the City's TIF district.

(i) Fund Balance

In 2011, the City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned and unassigned.

(j) Cash and Cash Equivalents

For purposes of the statement of cash flows, the City of Wheeling considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents in governmental funds includes cash on hand, deposits with financial institutions or fiscal agents, and money market deposits with trust departments.

(k) Estimates

The presentation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

2. Transfers

The TIF Fund transfers tax increment revenues to the Debt Service Fund (included in nonmajor governmental funds) to make necessary debt service payments related to the TIF revenue bonds.

The Parking Fund transfers excess revenues each month to the General Fund. Also, during the current year, the Parking Fund recorded a transfer to the General Fund for their portion of the energy efficiency project.

	Governmental Activities		Business-type Activities	
Governmental Activities:		Nonmajor	Proprietary	Transferred
Major Governmental Funds	General	Funds	Fund	Out
General Fund	$ -	$ 10,250	$ 45,402	$ 55,652
Nonmajor Funds	-	800,209	140,000	940,209
Business-type Activities:				
Parking	368,174	-	-	368,174
Transferred in	$ 368,174	$ 810,459	$ 185,402	$ 1,364,035

3. 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, 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.

3. Property Taxes (Continued)

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 cents (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, 2012 were assessed as follows:

Assessed Class Of Property	Valuation for Tax Purposes	Current Expense	Excess Rate	Bond Rate
Class I	$ -	$ 11.89	$ 3.55	$ 0.65
Class II	430,346,826	23.78	7.10	1.30
Class IV	571,502,975	47.56	14.20	2.60

4. 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. The City's General Fund and Coal Severance budget process utilizes the cash basis. The cash basis recognizes revenues and expenditures when received and paid and does not record receivables and payables. The General Fund and Coal Severance 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.

As a result, the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund reflects adjustments from the budget (cash) basis to the modified accrual basis. The adjustments reflect accrual adjustments related to the recognition of revenues and expenditures for receivables and payables that are recognized on the modified accrual basis. In addition, other adjustments represent reclassifying transfers to other funds for specific purposes from expenditures on the budget basis to transfers out on the modified accrual basis as well as recording revenues and expenditures for transactions where cash amounts received are net of a fee or for a financing transaction where the cash does not pass-through the City's cash accounts.

During the year the City made three revisions to the General Fund Budget and two revisions to the Coal Severance Budget.

5. Fund Balance Classifications

The fund balances of the City's governmental fund financial statements are divided into five classifications based on the constraints imposed upon the use of the resources within the funds. The classifications are a follows:

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to remain intact. The City has $473,717 in nonspendable fund balance at year end.

- Restricted – Restricted fund balance is reported when constraints placed on the use of resources are either externally imposed by creditors (suchs as debt covenants), grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City has $3,533,276 in restricted fund balance at year end.

- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. The City has $1,308,435 in committed fund balance at year end.

- Assigned – The assigned fund balance includes amounts that are intended to be used by the City for specific purposes but do not meet criteria to be classified as restricted or committed. The City has $946,549 in assigned fund balance at year end.

- Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not constrained by other classifications. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance. The City has $5,914,391 of unassigned fund balance at year end.

Stabilization fund – Included in Unassigned, the City maintains a stabilization fund within the General Fund. The fund is used for short-term cash flow purposes. The amount in the stabilization fund at June 30, 2012 was $1,024,442.

The City Council is the City's highest level of decision-making authority. Council has the authority to take formal action to establish, modify or change a fund balance commitment. Typically, expenditures are to be spent from restricted fund balance first, followed in order by committed, then assigned and lastly unassigned fund balance. The City has the authority through City Council to deviate from this policy if necessary.

6. Retirement Systems

The City participates in three single-employer, defined benefit, public employee retirement plans and a defined contribution, money purchase pension plan related to WPCD. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans.

DEFINED BENEFIT PLANS

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.

The City of Wheeling Employee's Retirement and Benefit Fund

Plan Summary

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	28
Fully vested active members	204
Retirees and beneficiaries currently receiving benefits	81
Terminated plan members entitled to but not yet receiving benefits	7
Total	320

Eligible employees contribute 6% of their monthly salary. The total eligible payroll for fiscal year ended June 30, 2012 was $7,497,641. The total employee's contribution was $618,249. The plan's fund balance as of June 30, 2012 is $31,622,838. The City's contribution for the year ended June 30, 2012 was $ -0-.

6. Retirement Systems (Continued)

The City of Wheeling Employee's Retirement and Benefit Fund (Continued)

ARC and Significant Actuarial Assumptions

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. According to the most recent actuarial report as of July 1, 2011, the average annual salary for benefits was $35,405. There were 81 pensioners as of June 30, 2011 receiving an average of $13,117 in pension benefits. Administrative costs are financed with investment earnings.

The actuarial assumptions and other information used to determine the ARC are as follows:

Valuation date:	7/1/11
Actuarial cost method:	Entry age normal cost
Amortization method:	Level percent of salary
Actuarial asset valuation method:	Smoothed market value
Actuarial assumptions	
Investment rate of return:	8.00%
Project salary increases:	4.50%
Retirement rates:	Earlier of age 63 and 10 years of service

Funding Progress

Actuarial Evaluation Date	7/1/11
Actuarial Value of Assets	$ 31,004,012
Actuarial Accrued Liability (AAL)	$ 29,935,016
(Overfunded) Underfunded (UAAL)	$ (2,068,996)
Funded Ratio	104%
Covered Payroll	$ 7,497,641
UAAL as a % of Covered Payroll	(28)%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates whether the actuarial value of plan assets (increase of 1.6%) is, over time, increasing or decreasing relative to the actuarial accrued liability (increase of 8.7%).

Trend Information

Fiscal Year	Annual Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2012	$ 0	100%	$ 0
2011	0	100%	0
2010	0	100%	0

6. Retirement Systems (Continued)

Firemen's Pension and Relief Fund

Plan Summary

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 hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible firemen hired on or after January 1, 2010 contribute 9.5%. The total eligible payroll for fiscal year ended June 30, 2012 was $4,013,315. The total employee contribution was $314,714. The plan's fund balance as of June 30, 2012 is $13,168,532.

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 and 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 $2,438,734. Actual contributions were $2,829,498 for the year ended June 30, 2012.

ARC and Significant Actuarial Assumptions

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. According to the most recent actuarial report, as of July 1, 2011, the average annual salary for benefits was $41,632. There were 123 pensioners as of June 30, 2011 receiving an average of $21,616 in pension benefits with expected cost-of-living increases up to 3%.

The actuarial assumptions and other information used to determine the ARC are as follows:

Valuation date:	7/1/11
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:	6.00%
Project salary increases:	4.00%
Retirement rates:	Earlier of age 65 or 20 years of service

6. Retirement Systems (Continued)

Firemen's Pension and Relief Fund (Continued)

Funding Progress

Actuarial Evaluation Date		7/1/11
Actuarial Value of Assets	$	12,154,353
Actuarial Accrued Liability (AAL)	$	59,132,072
(Overfunded) Underfunded (UAAL)	$	46,977,719
Funded Ratio		20%
Covered Payroll	$	4,013,315
UAAL as a % of Covered Payroll		1170%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates whether the actuarial value of plan assets (increase of 22%) is, over time, increasing or decreasing relative to the actuarial accrued liability (decrease of 3.7%).

Trend Information

Fiscal Year	Annual Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2012	$ 2,438,734	116%	$ 0
2011	2,404,524	116%	0
2010	2,280,817	120%	0

Policemen's Pension and Relief Fund

Plan Summary

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 participant's average annual salary for 20 years of service, up to 75% for 30 years service.

Eligible policemen hired prior to January 1, 2010 contribute 7% of their monthly salary. Eligible policemen hired after January 1, 2010 contribute 9.5%. The total eligible payroll for fiscal year ended June 30, 2012 was $3,781,421. The total employee contribution was $276,566. The plan's fund balance as of June 30, 2012 is $14,310,524.

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 and 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.

6. Retirement Systems (Continued)

Policemen's Pension and Relief Fund (continued)

The minimum required contribution of the City and State was $2,402,213. Actual contributions were $2,845,728 for the year ended June 30, 2012.

ARC and Significant Actuarial Assumptions

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. According to the most recent actuarial report, as of July 1, 2011, the average annual salary for benefits was $41,957. There were 111 pensioners as of June 30, 2011 receiving an average of $21,553 in pension benefits with expected cost-of-living increases up to 3%.

The actuarial assumptions and other information used to determine the ARC are as follows:

Valuation date:	7/1/11
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:	6.00%
Project salary increases:	4.00%
Retirement rates:	Earlier of age 65 or 20 years of service

Funding Progress

Actuarial Evaluation Date	7/1/11
Actuarial Value of Assets	$ 13,105,407
Actuarial Accrued Liability (AAL)	$ 49,522,643
(Overfunded) Underfunded (UAAL)	$ 36,417,236
Funded Ratio	26%
Covered Payroll	$ 3,781,421
UAAL as a % of Covered Payroll	963%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates whether the actuarial value of plan assets (increase of 24%) is, over time, increasing or decreasing relative to the actuarial accrued liability (increase of 3.9%).

Trend Information

Fiscal Year	Minimum Required Contribution	Percentage of Minimum Contributed	Net Pension Obligation
2012	$ 2,402,213	118%	$ 0
2011	2,375,867	114%	0
2010	2,184,018	120%	0

6. Retirement Systems (Continued)

DEFINED CONTRIBUTION PLAN

Water Pollution Control Division Pension Plan

On September 15, 1976, a money purchase pension plan was established for employees of the Water Pollution Control Division. The plan is administered by the Water Pollution Control Division and is governed by the laws of West Virginia applicable to pension plans. To be eligible, an employee must have attained the age of 18. Contributions are based on 6% of an eligible employee's annual salary with a 6% match provided by the employer. Normal retirement benefits commence when the participant has attained the age of 65. Participants are eligible for early retirement benefits, provided that they have attained the age of 55 and completed 15 years of service. For the year ended June 30, 2012, employee and employer contributions were $28,437 and $28,437, respectively.

Effective July 1, 1982, all newly hired employees are required to participate in the retirement plans sponsored by the City and may no longer participate in the Water Pollution Control Division Plan.

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.

The cost and fair market value of the investments of each fund at June 30, 2012, are as follows:

	Cost	Market Value
Employees' Retirement and Benefit Fund	$ 29,285,632	$ 31,592,843
Firemen's Pension and Relief Fund	12,321,848	13,194,895
Policemen's Pension and Relief Fund	13,422,536	14,345,685
Water Pollution Control Division Pension Plan	2,663,906	2,629,733

6. Retirement Systems (Continued)

At year end, the City's defined benefit pension funds had the following investments:

	Fair Value	Credit Risk Rating
Employee Retirement and Benefit Fund		
Federated US Treasury Cash Reserves 632+	$ 783,944	AAAm
U.S. Government Obligations	2,192,983	Aaa
U.S. Government Agency Obligations	3,301,167	Aaa
U.S. Government Agency Obligations	1,345,240	Not Available
Corporate Obligations -		
Bear Stearns Commerial Mortgage	126,800	Aaa
Comm MTG Asset Trust	58,409	Aaa
GE Capital Credit Card Master Note Trust	100,000	Aaa
GE Dealer Floorplan Master Note Trust	100,086	Aaa
JP Morgan Chase Comm Mtg	259,046	Aaa
LB-UBS Comm MTG Trust SER	27,095	Aaa
Merrill Lynch Mortgage Investors CMO	158,884	Aaa
SLM Student Loan Trust 2006	21,443	Aaa
Stanford University	28,661	Aaa
Toyota Auto Receivables Owner Trust 2010-B	17,129	Aaa
UBS COML MTG TR 2012	15,336	Aaa
Wachovia Bank Comm Mtg Trust	121,111	Aaa
Burlington Northern Santa Fe	87,639	Aa2
Google Inc.	97,457	Aa2
Wal-Mart Stores	152,325	Aa2
Coca-Cola Co	140,352	Aa3
IBM	150,286	Aa3
Pepsico Inc.	136,920	Aa3
Procter & Gamble	47,905	Aa3
US Bancorp	109,796	Aa3
BHP Biltion Finance	34,828	A1
Cisco Systems	74,276	A1
ConocoPhillips	103,660	A1
GE Capital	182,777	A1
George Washington University	139,917	A1
GlaxoSmithKline Capital	54,098	A1
National Rural Utils	56,279	A1
Occidental Petroleum	83,522	A1
American Express	64,676	A2
AT&T	169,749	A2
BP Capital Markets PLC	135,078	A2
Caterpillar INC.	171,261	A2
CSX Transportation	187,265	A2
JP Morgan Chase	102,840	A2
Pacific Corp.	111,101	A2
Phillip Morris Int'l	136,469	A2
Walt Disney	126,288	A2
Wells Fargo	89,915	A2
Consolidated Edison	37,547	A3
Goldman Sachs	44,994	A3
Hewlett-Packard	70,796	A3
Home Depot	62,328	A3
Pacific Gas & Elec.	80,362	A3
PNC Funding	109,119	A3
Verizon Communications	170,443	A3
Amgen INC.	65,240	Baa1
Comcast	85,360	Baa1
Lockheed Martin	43,377	Baa1
Citigroup	40,993	Baa2
Freeport-Memoran Copper & Gold	37,387	Baa3
Citigroup	94,306	Baa3
Other	1,479,682	Not Available
Total Rated Obligations	14,025,947	
Total Equities	17,566,896	
Total Employee Retirement and Benefit Fund	$ 31,592,844	

6. **Retirement Systems (Continued)**

At year end, the City's defined benefit pension funds had the following investments:

		Fair Value	Credit Risk Rating
Firemen's Pension and Relief			
Federated US Treasury Cash Reserves 632	$	207,432	AAAm
U.S. Government Obligations		994,865	Aaa
U.S. Government Agency Obligations		1,087,026	Aaa
U.S. Government Agency Obligations		629,738	Not available
Corporate Obligations			
Bear Stearns Commercial Mortgage		83,605	Aaa
Comm Mtg Asset Trust		19,116	Aaa
JP Morgan Chase		143,194	Aaa
LB-UBS Comm Mtg Trust		10,421	Aaa
SLM Student Loan Trust		12,688	Aaa
Toyota Auto Receivables Owner Trust		6,944	Aaa
UBS COML MTG TR 2012		10,224	Aaa
Wachovia Bank Comm Mtg Trust		27,582	Aaa
Stanford University		12,126	Aaa
Microsoft		46,631	Aaa
Burlington Northern Santa Fe		57,231	Aa2
Google Inc.		39,869	Aa2
Wal-Mart Stores		80,394	Aa2
Procter & Gamble		18,347	Aa3
US Bancorp		45,329	Aa3
Intl Business Machines		61,317	Aa3
Coca-Cola Co		55,712	Aa3
Pepsico Inc.		65,309	Aa3
BHP Billiton Finance		12,292	A1
Cisco Systems		38,376	A1
ConocoPhillips		30,488	A1
GE Capital		74,720	A1
George Washington University		56,193	A1
GlaxoSmithKline Capital		22,040	A1
National Rural Utils		21,105	A1
Occidental Petroleum		9,057	A1
CSX Transportation		89,042	A2
AT&T		79,700	A2
American Express		27,122	A2
BP Capital Markets PLC		54,244	A2
Caterpillar, Inc.		62,031	A2
Walt Disney		50,379	A2
JP Morgan Chase		39,079	A2
Pacific Corp.		45,100	A2
Phillip Morris Int'l		25,361	A2
Wells Fargo		42,038	A2
Consolidated Edison		14,242	A3
Goldman Sachs		17,997	A3
Hewlett-Packard		25,925	A3
Home Depot		26,547	A3
PNC Funding		40,792	A3
Pacific Gas & Elec.		29,986	A3
Verizon Communications		65,978	A3
Amgen, Inc.		22,782	Baa1
Comcast		28,854	Baa1
Lockheed Martin		16,266	Baa1
Citigroup		51,554	Baa3
Freeport-Mcmoran Copper & Gold		34,436	Baa3
Other		684,579	Not Availabe
Total Rated Obligations		5,553,408	
Total Equities		7,641,486	
Total Firemen's Pension and Relief	$	13,194,893	

6. Retirement Systems (Continued)

At year end, the City's defined benefit pension funds had the following investments:

	Fair Value	Credit Risk Rating
Policemen's Pension and Relief		
Federated US Treasury Cash Reserves 632	$ 273,929	AAAm
U. S. Government Obligations	1,093,025	Aaa
U. S. Government Agency Obligations	1,103,393	Aaa
U. S. Government Agency Obligations	779,202	Not Available
Corporate Obiligations -		
SLM Student Loan Trust	12,688	Aaa
Toyota Auto Receivables Owner Trust	7,407	Aaa
UBS COML MTG TR 2012	10,224	Aaa
Wachovia Bank Comm Mtg Trust	30,329	Aaa
Bear Stearns Commercial Mortgage	60,823	Aaa
Comm Mtg Asset Trust	19,116	Aaa
JP Morgan Chase	108,294	Aaa
LB-UBS Comm Mtg Trust	11,463	Aaa
Microsoft	26,813	Aaa
Stanford University	13,228	Aaa
Burlington Northern Santa Fe	50,079	Aa2
Google Inc.	40,976	Aa2
Wal-Mart Stores	87,446	Aa2
Coca-Cola Co	62,141	Aa3
Intl Business Machines	67,328	Aa3
Pepsico Inc.	69,749	Aa3
Procter & Gamble	30,578	Aa3
US Bancorp	49,358	Aa3
BHP Biltion Finance	34,828	A1
Cisco Systems	39,614	A1
ConocoPhillips	28,049	A1
GE Capital	81,617	A1
George Washington University	59,352	A1
GlaxoSmithKline Capital	25,045	A1
National Rural Utils	24,120	A1
Occidental Petroleum	9,057	A1
CSX Transportation	53,562	A2
AT&T	87,798	A2
American Express	29,208	A2
BP Capital Markets PLC	53,181	A2
Caterpillar, Inc.	71,471	A2
Walt Disney	53,591	A2
EI DU Pont De Nemours	29,825	A2
JP Morgan Chase	43,193	A2
Pacific Corp.	46,200	A2
Phillip Morris Int'l	27,777	A2
Wells Fargo	44,374	A2
Consolidated Edison	15,537	A3
Goldman Sachs	19,997	A3
Hewlett-Packard	28,916	A3
Home Depot	28,856	A3
PNC Funding	44,871	A3
Pacific Gas & Elec.	31,185	A3
Verizon Communications	67,352	A3
Amgen, Inc.	25,889	Baa1
Comcast	30,056	Baa1
Lockheed Martin	18,435	Baa1
Comcast	29,850	Baa2
Citigroup	55,655	Baa3
Freeport-Mcmoran Copper & Gold	37,387	Baa3
Other	857,423	Not Available
Total Rated Obligations	6,140,860	
Total Equities	8,204,825	
Total Policemen's Pension and Relief	$ 14,345,685	

6. Retirement Systems (Continued)

At year end, the City's defined contribution plan had the following investments:

Water Pollution Control Division	Fair Value	Credit Risk Rating
United Bank Inc. Liquid Asset Fund	$ 146,072	Not Available
Total Mutual Funds	2,388,193	Not Rated
Total Equities	241,541	Not Rated
Total Water Pollution Control Division	$ 2,629,733	

Investment Policy – The City's Pension Plans follow West Virginia State Code 8-22-22a as their Investment Policy.

Concentration of Credit Risk – No individual investments in any one issuer represent more than 5% of the total investments for all four pension funds. Additionally, within each pension fund, no individual investment in any one issue represents more than 5% of the total investment for that fund, except for investments that are issued or explicitly guaranteed by the U.S. government.

Credit Risk – The City's investment policy does not specify that investments must be rated at a specified level. As of June 30, 2011, the City's investments were rated using Moody's Investor Services, when available.

Interest Rate Risk – The City's Pensions Plans follow West Virginia State Code 8-22-22a. The City does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

6. Retirement Systems (Continued)

At year end, the City's Pension fund investments had the following maturity ranges:

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Employee Retirement and Benefit Fund:					
Money Markets	$ 783,944	$ 1,017,598	$ -	$ -	$ -
U.S. Government Agency	4,646,407	-	1,513,837	54,047	3,078,523
U.S. Government Obligations	2,192,983	-	1,960,116	-	232,868
Corporate Obligations	6,402,613	-	2,742,149	2,273,696	1,386,764
Common Stock	17,566,896	17,566,896	-	-	-
Total Investments	$ 31,592,843	$ 18,584,494	$ 6,216,102	$ 2,327,743	$ 4,698,155

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Firemen's Pension and Relief					
Money Markets	$ 207,432	$ 207,432	$ -	$ -	$ -
U.S. Government Agency	1,716,764	-	362,257	35,901	1,318,606
U.S. Government Obligations	994,865	-	903,431	-	91,434
Corporate Obligations	2,634,346	-	1,159,085	883,786	591,475
Common Stock	7,641,486	7,641,486	-	-	-
Total Investments	$ 13,194,893	$ 7,848,918	$ 2,424,773	$ 919,687	$ 2,001,515

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Policemen's Pension and Relief					
Money Markets	$ 273,929	$ 273,929	$ -	$ -	$ -
U.S. Government Agency	1,882,595	-	391491	35,901	1,455,202
U.S. Government Obligations	1,093,025	-	989,883	-	103,142
Corporate Obligations	2,891,311	-	1,278,972	1,017,054	595,286
Common Stock	8,204,825	8,204,825	-	-	-
Total Investments	$ 14,345,685	$ 8,478,754	$ 2,660,346	$ 1,052,955	$ 2,153,630

	Fair Value	Less than 1 Year	1 - 5	6 - 10	More Than 10 Years
Water Pollution Control Div.					
Money Markets	$ 146,072	$ 146,072	$ -	$ -	$ -
Mutual Funds	2,242,121	2,242,121	-	-	-
Common Stock	241,541	241,541	-	-	-
Total Investments	$ 2,629,734	$ 2,626,734	$ -	$ -	$ -

7. Capital Assets

A summary of changes in fixed assets for the fiscal year ended June 30, 2012 is as follows:

Governmental Activities:	Beginning Balance 07/01/2011	Additions	Deductions	Balance 06/30/2012	Accumulated Depreciation Prior Years	Depreciation Expense Current Year	Net 06/30/2012
Non-Depreciable capital assets:							
Land	$ 3,600,228	$ 191,200	$ -	$ 3,791,428	$ -	$ -	$ 3,791,428
Construction in progress	928,942	259,664	928,942	259,664	-	-	259,664
Depreciable capital assets:							
Land Improvements	1,480,499	91,565	-	1,572,064	239,606	67,937	1,264,521
Buildings and improvements	10,032,588	920,050	-	10,952,638	4,907,095	342,946	5,702,597
Vehicles and Equipment	13,582,403	1,500,442	-	15,082,845	7,991,879	1,060,580	6,030,386
Infrastructure	50,059,010	927,023	-	50,986,033	34,820,738	567,595	15,597,700
Total Governmental	$ 79,683,670	$ 3,889,944	$ 928,942	$ 82,644,672	$ 47,959,318	$ 2,039,058	$ 32,646,296

Business-Type Activities:	As restated Beginning Balance 07/01/2011	Additions	Deductions	Balance 06/30/2012	Accumulated Depreciation Prior Years	Depreciation Expense Current Year	Net 06/30/2012
Non-Depreciable capital assets:							
Land	$ 1,689,199	$ 140,313	$ -	$ 1,829,512	$ -	$ -	$ 1,829,512
Construction in progress	2,017,880	4,627,145	196,564	6,448,461	-	-	6,448,461
Depreciable capital assets:							
Parking Structures and Equipment	5,934,458	130,715	1,342	6,063,831	4,993,349	130,293	940,189
Utility Plant, in service	121,724,871	721,329	2,336	122,443,864	62,115,590	2,199,080	58,129,194
Total Business-Type	$ 131,366,408	$ 5,619,502	$ 200,242	$ 136,785,668	$ 67,108,939	$ 2,329,373	$ 67,347,356

Depreciation Expense charged to departments on the government wide statement of activities is as follows:

General government	$ 104,048
Public safety	822,925
Streets and transportation	492,959
Health and sanitation	93,606
Culture and recreation	525,520
Total	$ 2,039,058

8. Long-Term Debt

(a) Water and WPCD Revenue Bonds –

Series 2005A Revenue Bonds – On May 5, 2005, WPCD began drawing on the $14,500,000 Series 2005A Revenue Bonds. The purpose of these bonds is to finance the construction of a WPCD department improvements project. Interest and principal payments began on March 1, 2007, at which time the interest rate was 2%. There is also a 1% administrative fee in effect for these bonds. The outstanding balance at June 30, 2012 was $11,070,541. During fiscal year ended June 30, 2012, $651,849 and $229,579 was paid in principal and interest and fees respectively.

Series 2006A Revenue Bonds – On September 26, 2006, the Water department issued $12,000,000 Series 2006A Revenue Bonds. The purpose of these bonds is to finance the Water department's infrastructure improvements. The 2006A Revenue Bonds were issued at a 4.70% interest rate, payable semiannually, with principal payments beginning June 1, 2008. During fiscal year ended June 30, 2012, $522,381 and $250,000 was paid in interest and principal, respectively. The outstanding bond balance at June 30, 2012 was $10,835,000. The bond issue resulted in a deferred gain (debt premium) of $306,639 for the Water fund. This deferred gain is being amortized over the remaining life of the bonds.

Series 2010A Revenue Bonds – The City issued $4,455,000 of Combined Waterworks and Sewerage System Refunding Revenue Bonds on May 5, 2010 for the purpose of refunding outstanding Revenue Bonds dated January 1, 1997 which were issued for the purpose of funding additions, betterments and improvements to the City's Combined Waterworks and Sewerage System. The 2010A bonds were issued at interest rates from 2.50% to 3.50%, 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. This bond issue resulted in a deferred loss (debt discount) of $351,079 and $207,105 for the Water and WPCD fund respectively. This deferred loss is being amortized over the remaining life of the bonds. The total of these bonds outstanding at June 30, 2012 was $3,055,000, ($1,802,450 for Water and $1,252,500 for WPCD).

Series 2010B Revenue Bonds – On December 14, 2010, the WPCD began drawing down on the $8,356,000 Series 2010B Revenue Bonds. The purpose of these bonds is to finance the construction of a WPCD department improvement project. Interest and principal payments are to begin on March 1, 2013, at which time the interest rate is 2%. There is also a 1% administrative fee in effect for these bonds. The outstanding balance at June 30, 2012 was $6,388,008.

(b) General Obligation Bonds – 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, 2012, was $2,025,000. During the fiscal year ended June 30, 2012, $80,000 of the 2003 general obligation bonds matured and were repaid.

8. **Long-Term Debt (Continued)**

(c) **Series 2005A TIF Bonds** – In September 2005, the City issued $4,115,000 Series 2005A Bonds for the Stone Building Renovation Project. These bonds are special limited obligations of the City, payable solely from revenues generated through Tax Increment revenue generated from the TIF district. The bonds were issued at interest rates ranging from 3.75% to 5.50%, payable semiannually, with principal retirement annually through May 1, 2033. The total of bonds outstanding at June 30, 2012 was $3,425,000. During the fiscal year ended June 30, 2012, $90,000 of the TIF revenue bonds matured were repaid.

(d) **Subordinate Series 2011 TIF Bonds** – In December 2011, the City issued $3,144,000 Subordinate Series 2011 Bonds for the downtown redevelopment project on Main and Market Streets. These bonds are special limited obligations of the City, payable solely from revenues generated through Tax Increment revenue generated from the TIF district. The lien on Tax Increment revenue is subordinate to the lien on the Series 2005A TIF Bonds described above. The bonds were issued with a 4.20% interest rate, payable semiannually, with the maturity date being June 1, 2033. The total of bonds outstanding at June 30, 2012 was $3,144,000. No portion of these bonds has matured during the year.

The Water and WPCD Revenue, the General Obligation, 2005A TIF revenue bonds and 2011 TIF revenue bonds mature as follows:

Fiscal Year Maturity	WPCD Revenue Series 2005	Water Revenue Series 2006	Water and WPCD Revenue Series 2010A	WPCD Revenue Series 2010B	General Obligation	2005A TIF Revenue Bonds	2011 TIF Revenue Bonds
2013	$ 664,984	$ 260,000	$ 730,000	$ 178,915	$ 85,000	$ 95,000	$ -
2014	678,384	270,000	750,000	263,229	90,000	100,000	-
2015	692,054	280,000	775,000	270,548	95,000	105,000	-
2016	705,998	290,000	800,000	278,015	100,000	110,000	-
2017	720,225	305,000	-	285,631	105,000	115,000	-
2018-2022	3,824,756	1,750,000	-	1,547,899	600,000	665,000	-
2023-2027	3,784,140	2,185,000	-	1,762,714	770,000	855,000	-
2028-2032	-	2,755,000	-	1,801,057	180,000	1,120,000	-
2033-2037	-	2,740,000	-	-	-	260,000	3,144,000
	$ 11,070,541	$ 10,835,000	$ 3,055,000	$ 6,388,008	$ 2,025,000	$ 3,425,000	$ 3,144,000

8. Long-Term Debt (Continued)

The Water and WPCD Revenue, the General Obligation and TIF revenue bonds have interest due as follows:

Fiscal Year Maturity	WPCD Revenue Series 2005	Water Revenue Series 2006	Water And WPCD Revenue Series 2010A	WPCD Revenue Series 2010B	General Obligation	2005A TIF Revenue Bonds	2011 TIF Revenue Bonds
2013	$ 216,444	$ 513,006	$ 95,763	$ 83,114	$ 90,030	$ 182,000	$ 132,048
2014	203,044	502,606	75,687	160,829	86,800	177,488	132,048
2015	189,374	491,806	53,188	153,510	83,290	172,737	132,048
2016	175,430	480,256	28,000	146,043	79,490	167,750	132,048
2017	161,203	468,294	-	138,426	75,440	162,030	132,048
2018-2022	582,385	2,112,063	-	572,389	304,982	714,470	660,240
2023-2027	182,287	1,677,637	-	357,573	154,963	522,570	660,240
2028-2032	-	1,110,988	-	120,227	8,550	263,175	660,240
2033-2037	-	350,686	-	-	-	14,300	126,913
	$ 1,710,167	$ 7,707,344	$ 252,638	$ 1,732,107	$ 883,545	$ 2,376,520	$ 2,767,873

The following is a summary of changes in long-term debt for the year ended June 30, 2012.

	Payable at June 30, 2011	Additions	Deductions	Payable at June 30, 2012
Governmental Activities				
General obligation bonds payable	$ 2,105,000	$ -	$ 80,000	$ 2,025,000
2005A TIF revenue bonds payable	3,515,000	-	90,000	3,425,000
2011 TIF revenue bonds payable	-	3,144,000	-	3,144,000
Capital leases payable	1,813,414	250,208	224,488	1,839,134
Notes payable	1,536,728	-	136,064	1,400,664
Total governmental	$ 8,970,142	$ 3,394,208	$ 530,552	$ 11,833,798
Business-Type Activities				
Bonds payable	$ 27,848,290	$ 5,117,108	$ 1,616,849	$ 31,348,549
Total business activities	$ 27,848,290	$ 5,117,108	$ 1,616,849	$ 31,348,549

9. Deposits and Investments

Custodial Credit Risk

Deposits – The City has $4,138,838 in deposits with financial institutions collateralized by securities held by the pledging financial institutions or their agents in the City's name. The City also has $3,807,151 in deposits with financial institutions that are collateralized by securities held by the pledging financial institutions trust department or agent but not in the City's name.

9. Deposits and Investments (Continued)

Concentration of credit, interest rate, and credit risks –

Governmental and Proprietary Funds – On the Statement of Net Assets and Balance Sheet the governmental and proprietary funds money market and Municipal Bond Commission Pool investments are included in cash and cash equivalents and various restricted cash and cash equivalent accounts. All of the governmental and proprietary funds investments are insured or registered securities held by the City or its agent in the City's name. The credit risk ratings can be seen below and the maturity ranges of the investments are less than one year.

Fiduciary Funds – Concentration of credit, interest rate, and credit risks related to the Fiduciary Funds' investments can be found in Note 6.

At year end, the governmental and proprietary funds had the following investments:

		Credit Risk Rating	
	Fair Value	Standard & Poor's and Fitch	Moody's Investment Services
Governmental Funds			
Federated Prime Obligations Fund	$ 3,434,422	AAAm	Aaa-mf
Municipal Bond Commission Pool	145,450	Not Rated	
Total Governmental Investments	$ 3,579,872		
Proprietary Funds			
Federated Prime Obligations Fund	$ 395,262	AAAm	Aaa-mf
Municipal Bond Commission Pool	1,987,865	Not Rated	
Total Proprietary Fund Investments	$ 2,383,127		

10. 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 will receive partial payments for their accrued sick days.

11. Accrued Interest Payable

Governmental Activities

Accrued interest payable in the Governmental Activities column on the Statement of Net Assets represents accrued interest on the HUD Note Payable, the 2003 General Obligation Bonds, the 2005A TIF Bonds and 2011 TIF Bonds for varying periods through June 30, 2012.

Major Proprietary Funds

WPCD Fund - Accrued interest payable represents interest expense on outstanding bonds for the period June 1 to June 30, 2012.

Water Fund - Accrued interest payable represents interest expense on outstanding bonds for the period June 1 to June 30, 2012.

12. Unamortized Debt Discount and Premium

The original bond discount and expense from the issuance of the 2010A Water and WPCD revenue bonds is being amortized on the outstanding principal balance method. The unamortized debt discount at June 30, 2012 is $118,771 and $67,199 for Water and WPCD respectively on the Proprietary and Government-Wide Statement of Net Assets.

The 2006A Water revenue bonds were issued at a premium, this amount is being amortized on the outstanding principal balance method. The unamortized debt premium at June 30, 2012 is $245,312 for Water on the Proprietary and Government-Wide Statement of Net Assets. The discount and premium amounts are netted against current and long-term revenue bonds payable.

The original bond discount from the issuance of the TIF revenue bonds is being amortized using the effective interest method. The unamortized debt discount at June 30, 2012 is $22,474. This amount is netted against current and non-current maturity of bonds payable on the Government-Wide Statement of Net Assets in the amounts of $1,873 and $20,601 respectively.

13. Contingencies and Litigation

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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.

14. Loan Programs

The City, as part of its Community Development Block Grant Program, has initiated various revolving and rehabilitation loan funds.

The City, as part of its Home Program, provides first-time home buyer loans to citizens of the City as well as citizens of surrounding participating entities.

15. Minimum Lease Obligation

At June 30, 2012, the City has eight outstanding lease agreements which were made for the purchase of four 2010 Crown Victorias, four 2010 Ford Explorers (two leases, two vehicles each), three 2011 Crown Victorias, a 2010 Dodge Charger, six 2012 Dodge Chargers, a fire truck and energy efficiency upgrades. The cost and accumulated depreciation for assets under capital lease at June 30, 2012 totals $2,831,521 and $382,031, respectively. The total lease payments less interest costs are as follows:

June 30, 2013	$	341,415
June 30, 2014		284,142
June 30, 2015		286,142
June 30, 2016		116,000
June 30, 2017		136,000
June 30, 2018 – 2022		698,077
June 30, 2023 – 2026		457,802
Less: Interest Costs		(480,444)
Present value of future Minimum lease payments	$	1,839,134

16. 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 leased the Artisan Center Building to WNHAC for a period of ten years. 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.

17. Self-Insurance Letter of Credit

The City of Wheeling is self-insured for workers' compensation. The City has a $750,000 letter of credit with a local financial institution for security against workers' compensation claims which expires on July 12, 2012. At June 30, 2012, the outstanding balance on this letter of credit is zero. In addition, no draws were made on the letter during fiscal year 2012.

18. Notes Payable

HUD Loan - HUD loaned the City of Wheeling $2,250,000 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, OVIBDC paid the remaining balance of $2,150,000 to the City. During fiscal year 2006, the City used most of this money to pay for the buildup of the infrastructure at a commercial development site (Lowes). Principal and interest payments from the City are due to HUD based upon the following:

	Principal	Interest
2013	$ 125,000	$ 69,016
2014	125,000	62,716
2015	125,000	56,391
2016	150,000	49,405
2017	150,000	41,754
2018-2021	700,000	80,511
Total	$ 1,375,000	$ 359,794

Centre Market Loan - During 2008, the City of Wheeling obtained a loan with a local financial institution for $75,000. The loan was used to renovate the HVAC System of the Centre Market. At June 30, 2012, the balance of the loan is $25,664 and matures in 2015.

19. Conduit Debt

The City is the conduit issuer of bonds held on behalf of the Wheeling Park Commission, a public agency of the City. Outstanding Series include the 2003, 2004A and 2004B. These bond proceeds were used to refund previous bonds (2003) as well as to renovate and expand (2003, 2004A and 2004B) Wilson Lodge at Oglebay Park. The aggregate outstanding balance of these bonds at June 30, 2012 is $8,296,427. The City has no obligation for this debt.

20. Receivables and Uncollectible Accounts

Governmental Funds:

Taxes receivable include business and occupation taxes, property taxes, and utility excise taxes. Charges for services receivables include amounts due from customers for sanitation services, fire service fee, and ambulance services. 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:

20. Receivables and Uncollectible Accounts (Continued)

Receivable Type	General Fund	Home Fund	Other Governmental Funds
Taxes	$ 3,225,626	$ -	$ 28,190
Charges for services	2,208,777	-	-
Fees and other receivables	782,916	-	-
Loans	-	2,555,212	995,581
Intergovernmental	157,401	8,936	46,660
Less: Allowances for uncollectible	(857,437)	-	(150,881)
Net receivable	$ 5,517,284	$ 2,564,148	$ 919,550
Uncollectible netted with revenue	$ 17	$ -	$ 47,418

Proprietary Funds:

Receivables include amounts due from customers primarily for water and sewer services. 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:

	WPCD Fund	Water Fund	Parking Fund	Total
Accounts receivable	$ 1,288,898	$ 1,126,022	$ 130,360	$ 2,545,280
Less: allowances for Uncollective accounts	(527,039)	(409,734)	-	(936,773)
Net account receivable	$ 761,859	$ 716,288	$ 130,360	$ 1,608,507

21. Benefits Funded by the State of West Virginia

For fiscal year 2012, the State of West Virginia contributed payments on behalf of City employees as follows:

Plan	Amount
City of Wheeling Policemen's Pension and Relief Fund	$813,430
City of Wheeling Firemen's Pension and Relief Fund	$891,668

State contributions are funded by allocations of the state's insurance premium tax. The City is not legally responsible for these contributions.

22. Due From/To Other Funds

Generally, outstanding balances between funds, reported as "due from/to other funds", are related to purposes described in Note 2 as well as for 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	Business-Type Activities		
	General	Water	WPCD	Total Due To
Major Governmental Funds				
Home Fund	$ 4,978	$ -	$ -	$ 4,978
Nonmajor Funds	35,014	-	140,000	175,014
Business-type Activities:				
WPCD	1,123	221,139	-	222,262
Parking	148,174	-	-	148,174
Total Due From	$ 189,289	$ 221,139	$ 140,000	$ 550,428

23. Related Organizations

City Council and/or the City Manager are responsible for appointing members of other boards or commissions. The City's accountability for these boards or commissions does not extend beyond making appointments. City Council appoints board members to the following boards or commissions: Planning Commission, Board of Health, Ohio Valley Regional Transportation Authority, Recreation Commission, Municipal Service Commission, Greater Wheeling Sports and Entertainment Authority, Hall of Fame Board, Wheeling Park Commission, Human Rights Commission, Historic Landmarks Commission, and Centre Market Commission.

24. Lease Receivable

In 1998, the City entered into a lease-purchase agreement with Ohio Valley Regional Transportation Authority (OVRTA) for the sale of the land on which the Wheeling Intermodal Transportation Center was constructed. The lease term is for a period of twenty-five years with an annual installment of $68,105. The payments began in March 1998.

24. Lease Receivable (Continued)

The present value of net minimum lease payments which make up the receivable at June 30, 2012 are as follows:

June 30, 2013	$	68,105
June 30, 2014		68,105
June 30, 2015		68,105
June 30, 2016		68,105
June 30, 2017		68,105
June 30, 2018 – 2022		340,525
June 30, 2023		68,105
Less: Interest Costs		(275,438)
Present value of future Minimum lease payments	$	473,717

25. Other Post-Employment Benefits

The government does not provide post-retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act and no direct costs are incurred by the City.

26. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Governmental Funds	**Deferred Revenue Types**	
Descriptions	**Unavailable**	**Unearned**
Grant draws prior to meeting all eligibility requirements	$ -	$ 2,764,450
Taxes	193,316	-
Prepaid Licenses	-	61,296
Totals	$ 193,316	$ 2,825,746

27. Cash Flow Information

Cash and cash equivalents consist of the following at June 30, 2012:

Proprietary Funds		
Cash and cash equivalents	$	1,934,672
Restricted assets:		
Sinking fund		2,107,952
Depreciation fund		843,757
Construction fund		395,259
Maintenance fund		384,258
Renewal and replacement fund		152,234
Utility deposits		188,203
Total cash per cash flow statement	$	6,006,335

28. Risks and Uncertainties

The City's Pension Trust Funds invest in various investment securities and mutual funds. Investment securities and mutual funds are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net assets.

The actuarial present values of pension benefit obligations in Note 6 are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

CITY OF WHEELING
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

I. SCHEDULE OF FUNDING PROGRESS

Employee's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/11	$31,004,012	$29,935,016	$(2,068,996)	104%	$7,497,641	(28)%
07/01/10	30,514,903	27,551,548	(2,963,355)	111%	7,106,359	(42)%
07/01/09	29,800,552	26,183,189	(3,617,363)	114%	6,862,370	(53)%

Firemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/11	$12,154,353	$59,132,072	$46,977,719	20%	$4,013,315	1170%
07/01/10	9,962,473	61,406,653	51,444,180	16%	3,792,377	1357%
07/01/09	8,735,846	39,376,677	30,640,831	22%	3,667,595	835%

Policemen's Pension and Relief Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Unfunded (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/11	$13,105,407	$49,522,643	$36,417,236	26%	$3,781,421	963%
07/01/10	10,547,210	47,629,367	37,082,157	22%	3,425,174	1038%
07/01/09	8,981,589	32,918,716	23,937,127	27%	3,133,072	764%

CITY OF WHEELING
DEFINED BENEFIT PENSION TRUSTS -
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS AND OTHER CONTRIBUTING ENTITIES

	Employee's Pension and Relief Fund	
Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	$ 0	100%
2011	0	100%
2010	0	100%

	Firemen's Pension and Relief Fund	
Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	$ 2,438,734	116%
2011	2,404,524	116%
2010	2,280,817	120%

	Policemen's Pension and Relief Fund	
Fiscal Year	Annual Required Contribution	Percentage Contributed
2012	$ 2,402,213	118%
2011	2,375,867	114%
2010	2,184,018	120%

CITY OF WHEELING
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budget (Cash) Basis	Accrual and other Adjustments	Actual Modified Accrual Basis	Variance Actual Cash Basis Over (Under) Final Budget
	Original	Final				
REVENUES:						
Taxes						
General property	$ 4,447,337	$ 4,497,337	$ 4,539,585	$ (6,858)	$ 4,532,727	$ 42,248
Business and occupation	10,144,773	10,281,023	10,765,471	97,507	10,862,978	484,448
Utilities	1,250,000	1,250,000	1,087,796	13,780	1,101,576	(162,204)
Hotel/motel	1,400,000	1,400,000	1,499,547	35,952	1,535,499	99,547
Wine/liquor tax	310,000	310,000	293,501	(10,948)	282,553	(16,499)
Miscellaneous	165,000	165,000	151,937	159	152,096	(13,063)
Licenses and permits	873,000	873,000	964,187	(11,672)	952,515	91,187
Fines and forfeits	413,000	413,000	538,889	-	538,889	125,889
Intergovernmental						
Federal government	412,000	668,632	673,532	31,662	705,194	4,900
State government	-	86,000	96,065	-	95,746	10,065
Local government	600,000	600,000	500,000	-	500,000	(100,000)
Charges for services	5,793,235	5,880,235	5,419,537	105,455	5,524,992	(460,698)
Video lottery and table gaming	1,540,000	1,940,000	1,979,623	(13,197)	1,966,426	39,623
Charges to other funds	305,000	470,101	500,733	(500,733)	-	30,632
Interest	30,481	30,481	10,069	42,303	52,372	(20,412)
Insurance Claims	-	36,416				
Miscellaneous revenue	168,000	169,463	496,940	(101,702)	395,238	327,477
Total revenue	27,851,826	29,070,688	29,517,412	(318,292)	29,198,801	483,140
Assigned Fund Balance	700,000	859,679				
Fund balance, appropriated	-	335,563	-	-	-	(335,563)
Total revenue and fund balance	28,551,826	30,265,930	29,517,412	(318,292)	29,198,801	147,577
EXPENDITURES:						
Current						
General government	3,465,571	3,585,674	3,369,692	(289,875)	3,079,817	(215,982)
Public safety	15,585,420	16,601,425	16,410,480	(168,895)	16,241,585	(190,945)
Streets and transportation	5,826,204	6,326,949	6,297,886	(49,287)	6,248,599	(29,063)
Health and sanitation	1,607,853	1,631,970	1,554,129	34,251	1,588,380	(77,841)
Culture and recreation	1,988,086	2,040,339	1,984,353	62,814	2,047,167	(55,986)
Social services	78,692	79,573	74,232	(65,628)	8,604	(5,341)
Debt Service						
Principal retirement	-	-	-	235,552	235,552	-
Interest	-	-	-	79,549	79,549	-
Total expenditures	28,551,826	30,265,930	29,690,772	(161,519)	29,529,253	(575,158)
Excess (deficiency) of revenues over (under) expenditures	-	-	(173,360)	(156,773)	(330,452)	(173,360)
Other financing sources (uses)						
Proceeds under capital lease	-	-	-	250,208	250,208	-
Transfers in	1,000,000	1,000,000	1,240,000	864,328	375,672	240,000
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	936,850	(63,150)	-
Total other financing sources and uses	-	-	240,000	2,051,386	562,730	240,000
Net change in fund balance	$ -	$ -	$ 66,640	$ 1,894,613	$ 232,278	$ 66,640
FUND BALANCE, JUNE 30, 2011					$ 6,166,849	
FUND BALANCE, JUNE 30, 2012					$ 6,399,127	

CITY OF WHEELING
COAL SEVERANCE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budget (Cash) Basis	Accrual and other Adjustments	Actual Modified Accrual Basis	Variance Actual Cash Basis Over (Under) Final Budget
	Original	Final				
REVENUES:						
Coal severance taxes	$ 124,000	$ 139,000	$ 111,203	$ 39,722	$ 150,925	$ 27,797
Interest and other	1,000	1,000	-	-	-	1,000
Total revenues	125,000	140,000	111,203	39,722	150,925	28,797
Assigned fund balance	-	49,500	-	-	-	-
Total revenues and fund balance	125,000	189,500	111,203	39,722	150,925	28,797
EXPENDITURES:						
Current						
General government	125,000	189,500	157,611	-	157,611	157,611
Streets and transportation	-	-	-	-	-	-
Total expenditures	125,000	189,500	157,611	-	157,611	157,611
Revenue over (under) expenditures	$ -	$ -	$ (46,408)	$ -	$ (6,686)	$ -
FUND BALANCE, JUNE 30, 2011					$ 43,943	
FUND BALANCE, JUNE 30, 2012					$ 37,257	

City of Wheeling
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Community Development Fund	Capital Projects Capital Projects Fund	Debt Service Debt Service Fund	Special Revenue TIF Fund	Special Revenue Public Safety Fund	Special Revenue Homelessness Prevention & Rapid Rehousing	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ 1,000	$ 1,594,824	$ -	$ -	$ 291,656	$ -	$ 1,887,480
Receivables (net of allowance for uncollectables):							
Loans receivable	852,181	-	-	-	-	-	852,181
Intergovernmental	41,477	-	-	-	4,016	1,167	46,660
Due from other funds	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	316,464	3,333,468	-	-	3,649,932
Restricted taxes receivable (net of allowance)	-	-	7,295	13,415	-	-	20,710
Total assets	894,658	1,594,824	323,759	3,346,883	295,672	1,167	6,456,963
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	7,630	60,326	-	70,110	23,756	-	161,822
Notes Payable	-	125,000	-	-	-	-	125,000
Accrued Interest	-	30,067	-	-	-	-	30,067
Due to other funds	33,847	-	-	140,000	-	1,167	175,014
Deferred revenues							
Unearned revenue	157,746	51,192	-	-	-	-	208,938
Taxes	-	-	5,577	10,561	-	-	16,138
Total liabilities	199,223	266,585	5,577	220,671	23,756	1,167	716,979
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	570,966	228,410	318,182	2,411,702	4,016	-	3,533,276
Committed	124,469	448,102	-	714,510	21,354	-	1,308,435
Assigned	-	651,727	-	-	246,546	-	898,273
Unassigned	-	-	-	-	-	-	-
Total fund balances	695,435	1,328,239	318,182	3,126,212	271,916	-	5,739,984
Total liabilities and fund balances	$ 894,658	$ 1,594,824	$ 323,759	$ 3,346,883	$ 295,672	$ 1,167	$ 6,456,963

City of Wheeling

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2012

	Special Revenue Community Development Fund	Capital Projects Capital Projects Fund	Debt Service Debt Service Fund	Special Revenue TIF Fund	Special Revenue Public Safety Fund	Special Revenue Homelessness Prevention & Rapid Rehousing	Total Nonmajor Governmental Funds
REVENUES							
General property taxes	$ -	$ -	$ 197,111	$ -	$ -	$ -	$ 197,111
TIF property taxes	-	-	-	772,656	-	-	772,656
Licenses and permits	-	13,687	-	-	-	-	13,687
Fines and forfeits	-	-	-	-	93,154	-	93,154
Intergovernmental							
Federal	1,919,740	89,034	-	-	158,254	190,801	2,357,829
State	-	147,115	-	-	-	-	147,115
Local	-	-	-	-	46,952	-	46,952
Charges for service	-	-	-	-	16,624	-	16,624
Interest	-	1,880	106	20	454	-	2,460
Miscellaneous	1,405	445,388	-	-	78,987	-	525,780
Total revenues	1,921,145	697,104	197,217	772,676	394,425	190,801	4,173,368
EXPENDITURES							
Current:							
General government	580,701	477,528	-	11,297	-	11,887	1,081,413
Public Safety	445,496	137,939	-	-	334,024	-	917,459
Streets and transportation	627,622	113,168	-	-	-	-	740,790
Health and sanitation	53,269	294,576	-	-	-	-	347,845
Culture and recreation	140,430	353,031	-	431,898	-	-	925,359
Social Services	104,983	-	-	-	-	178,914	283,897
Debt Service							
Principal	-	125,000	170,000	-	-	-	295,000
Interest	36,080	36,603	340,520	-	-	-	413,203
Total Expenditures	1,988,581	1,537,845	510,520	583,575	334,024	190,801	5,145,346
Excess (deficiency) of revenues over	(67,436)	(840,741)	(313,303)	189,101	60,401	-	(971,978)
OTHER FINANCING SOURCES (USES)							
Proceeds from capital leases	-	-	-	-	-	-	-
Proceeds from bonds payable	-	-	-	3,144,000	-	-	3,144,000
Transfers in	-	337,053	428,128	278	45,000	-	810,459
Transfers out	-	(35,000)	(28)	(840,493)	(64,688)	-	(940,209)
Total other financing sources and uses	-	302,053	428,100	2,303,785	(19,688)	-	3,014,250
Net change in fund balances	(67,436)	(538,688)	114,797	2,492,886	40,713	-	2,042,272
Fund balances - beginning	762,871	1,866,927	203,385	633,326	231,203	-	3,697,712
Fund balances - ending	$ 695,435	$ 1,328,239	$ 318,182	$ 3,126,212	$ 271,916	$ -	$ 5,739,984

City of Wheeling
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2012

	Employee Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension or Relief Fund	WPCD Pension Fund	Total Pension Trust Funds
ASSETS					
Cash	$ 2	$ -	$ -	$ 1,583	$ 1,585
Receivables:					
Accrued interest and dividends	92,116	37,224	41,718	546	171,604
Cash surrender life insurance policies	-	-	-	304,753	304,753
Investments:					
Money markets	783,944	207,432	273,929	146,072	1,411,377
U.S. Government obligations	4,646,407	1,716,764	1,882,595	-	8,245,766
U.S. Government agency obligations	2,192,983	994,865	1,093,025	-	4,280,873
Corporate obligations	6,402,613	2,634,348	2,891,311	-	11,928,272
Mutual funds	-	-	-	2,242,121	2,242,121
Common stock	17,566,896	7,641,486	8,204,825	241,541	33,654,748
Total investments	31,592,843	13,194,895	14,345,685	2,629,734	61,763,157
Total assets	31,684,961	13,232,119	14,387,403	2,936,616	62,241,100
LIABILITIES					
Accounts payable	40,949	11,100	24,983	-	77,032
Accrued pension benefits	21,175	52,484	51,896	-	125,555
Total liabilities	62,124	63,584	76,879	-	202,587
NET ASSETS					
Net assets held in trust for pension benefits	$ 31,622,837	$ 13,168,535	$ 14,310,524	$ 2,936,616	$ 62,038,513

City of Wheeling
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2012

	Employee Retirement and Benefit Fund	Firemen's Pension or Relief Fund	Policemen's Pension or Relief Fund	WPCD Pension Fund	Total Pension Trust Funds
ADDITIONS					
Contributions:					
Employer	$ -	$ 1,937,830	$ 2,032,298	$ 28,437	$ 3,998,565
Plan members	618,249	314,714	276,566	28,437	1,237,966
Insurance premium tax allocation	-	891,668	813,430	-	1,705,098
Total contributions	618,249	3,144,212	3,122,294	56,874	6,941,629
Investment earnings:					
Investment income	1,418,655	627,837	671,753	2,392	2,720,637
Less: Investment expense	(114,534)	(39,732)	(55,237)	(19,582)	(229,085)
Net investment income	1,304,121	588,105	616,516	(17,190)	2,491,552
Other additions:					
Miscellaneous	3,292	2,262	1,762	30	7,346
Total other additions	3,292	2,262	1,762	30	7,346
Total additions	1,925,662	3,734,579	3,740,572	39,714	9,440,527
DEDUCTIONS					
Benefits payments	1,304,246	2,719,000	2,529,422	5,905	6,558,573
Administrative expenses	8,828	1,397	6,033	-	16,258
Total deductions	1,313,074	2,720,397	2,535,455	5,905	6,574,831
Change in net assets	612,588	1,014,182	1,205,117	33,809	2,865,697
Net assets - beginning	31,010,249	12,154,353	13,105,407	2,902,807	59,172,816
Net assets - ending	$ 31,622,837	$ 13,168,535	$ 14,310,524	$ 2,936,616	$ 62,038,513

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Identification Number	State Expenditures
West Virginia Development Office		
Governor's Community Partnership Grant	09LEDA0000	$ 65,000
	10LEDA0000	10,000
	11LEDA0000	22,115
Total West Virginia Development Office		$ 97,115
West Virginia Department of Environmental Protection		
Recycling Assistance Grant Program	600	$ 45,000
Total West Virginia Department of Environmental Protection		$ 45,000
TOTAL EXPENDITURES OF STATE AWARDS		**$ 142,115**

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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 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 19, 2013. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: *2012-1*.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: *2012-2*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-3.

We noted certain other matters that we reported to management of the City in a separate letter dated March 19, 2013.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Wheeling, West Virginia,
March 19, 2013.

Bodkin Wilson & Kozicki PLLC

BODKIN WILSON & KOZICKI PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Mayor and City Council
of the City of Wheeling:

Compliance

We have audited the City of Wheeling, West Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City'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's management. Our responsibility is to express an opinion on the City'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; 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'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's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Wheeling, West Virginia,
March 19, 2013.

Boettin Wilson & Kojecki PLLC

CITY OF WHEELING
WHEELING, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Program Title	Federal CFDA Number	Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant	14.218	B10-MC-54-0005	$ 1,264,274
		B11-MC-54-0005	678,400
			1,942,674
Home Investment Partnerships Program	14.239	M09-DC-540204	100,668
		M10-DC-540204	428,550
		M11-DC-540204	171,603
			700,821
ARRA- Homelessness Prevention and Rapid Re-Housing Program	14.257	S09-MY-54-0005	190,519
Total U.S. Department of H.U.D.			$ 2,834,014
U.S. Department of Justice			
Direct Programs:			
Law Enforcement Assistance- Narcotics and Dangerous Drugs- Laboratory Analysis	16.001	MA-WVN-0075	$ 15,797
Bulletproof Vest Partnership Program	16.607	N/A	1,416
ARRA- Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0931	210,320
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-3058	37,618
Pass-Through Programs From:			
West Virginia Department of Military Affairs and Public Safety			
Edward Byrne Memorial Formula Grant	16.579	09-JAG-21	1,011
		10-JAG-36	25,000
		11-JAG-07	100,000
			126,011
Pass-Through Programs From:			
West Virginia Department of Military Affairs and Public Safety			
Enforcing Underage Drinking Laws	16.727	2011-AH-FX-0006	15,519

See accompanying notes 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, 2012

Federal Grantor/Program Title	Federal CFDA Number	Identification Number	Federal Expenditures
U.S. Department of Justice (Continued)			
Pass-Through Programs From:			
United States Marshals Service			
Law Enforcement Assistance	16.001	SI-MA-002-09	1,467
		D87-11-21	5,442
		D87-12-12	5,542
			12,451
Pass-Through Programs From:			
Young Women's Christian Association of of Wheeling			
Project Safe Neighborhoods	16.609	2010-GP-BX-0078	1,976
		2011-GP-BX-0039	4,839
			6,815
Total U.S. Department of Justice			$ 425,947
U.S. Department of Transportation			
Pass-through Programs From:			
West Virginia Department of Transportation			
State and Community Highway Safety Grant	20.600	F11HS04-402	$ 48,819
		F12HS04-402	68,985
			117,804
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	F11HS04-410	1,282
		F11HS04-410 HFR	2,413
		F12-HS04-410	30,233
			33,928
Alcohol Open Container Requirements	20.607	F11HS04-154	38,970
		F12HS04-154	62,699
			101,669
Safety Belt Performance Grants	20.609	F11HS04-406	32,718
		F12HS04-406	4,885
			37,603
Safety Traffic Safety Information System Improvement Grants	20.610	F12HS04-408	1,669
Child Safety and Child Booster Seat Incentive Grants	20.613	F11HS04-2011	782
		F12HS04-2011	4,786
			5,568
Total Highway Safety Cluster			298,241
Total U.S. Department of Transportation			$ 298,241

See accompanying notes 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, 2012

U.S. Department of Homeland Security			
Direct Programs:			
Assistance to Firefighters Grant	97.044	EMW-2009-F0-10331	$ 19,260
		EMW-2010-F0-07470	86,022
			105,282
Pass-Through Programs From:			
Port of Pittsburgh Commission			
Port Security Grant	97.056	2010-PU-TO-K0008	43,442
Pass-Through Programs From:			
West Virginia Citizen Corp			
Homeland Security Grant	97.067	09-CC-P01	13,879
Total U.S. Department of Homeland Security			$ 162,603
U.S. Department of the Interior			
Pass-Through Programs From:			
West Virginia Development Office			
Outdoor Recreation Acquisition, Development and Planning	15.916	11LWCF0474	61,008
Total U.S. Department of the Interior			$ 61,008
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 3,781,813**

See accompanying notes to schedule of expenditures of federal awards.

CITY OF WHEELING, WEST VIRGINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wheeling, West Virginia, 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 Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.

2. Sub-Recipients

The City of Wheeling, acting as a pass-through agency, provided funding passed through from federal agencies to various sub-recipients under the Community Development Block Grant, the Homelessness Prevention and Rapid Re-housing Program, the Governor's Highway Safety Program (Cluster), and Justice Assistance Grants during the fiscal year.

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statement	
Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▪ Material weakness identified?	X Yes ____ No
▪ Significant deficiencies identified that are not considered to be material weaknesses?	X Yes ____ None reported
Noncompliance material to financial statements noted?	X Yes ____ No
Federal Awards	
Internal control over major programs:	
▪ Material weakness identified?	____ Yes X No
▪ Significant deficiencies 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
14.218	Community Development Block Grant
14.239	Home Investment Partnerships Program
14.257	ARRA- Homelessness Prevention and Rapid Re-Housing Program
16.710	ARRA- Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	____ Yes X No

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

Preparation of Financial Statements
2012-1

CONDITION:

The City of Wheeling did not prepare financial statements and footnotes in accordance with generally accepted accounting principles (GAAP). The City did not record certain accounts receivable, accounts payable, transfers between funds, and fixed asset additions and disposals.

CRITERIA:

Under Statement on Auditing Standards 115 (SAS 115), management's preparation of incomplete financial statements is a material weakness.

Generally accepted accounting principles (GAAP) require the following:
Income and expenses as well as the corresponding receivables and payables to be recorded in the year in which they are incurred. Transfers between funds (governmental and proprietary) to be identified, recorded and reconciled appropriately. All fixed assets over established thresholds to be capitalized and depreciated over their useful life. Fully depreciated assets that are no longer in service should be disposed.

CAUSE:

Management is developing a financial reporting system to enable the preparation of an all-inclusive set of financial statements in the format required by GAAP.

EFFECT:

Management did not prepare an all-inclusive set of financial statements for the City of Wheeling. Significant activity was excluded from the financial records of the City of Wheeling.

RECOMMENDATION:

The City of Wheeling should improve their financial reporting system in order to prepare an all-inclusive set of financial statements and footnotes in accordance with generally accepted accounting principles.

SECTION II – FINANCIAL STATEMENT FINDINGS, continued

Safeguards for credit card purchases
2012-2

CONDITION:

The City of Wheeling began using credit cards to cover several expenditures. There are approximately sixty (60) City employees who have been issued credit cards. No standardized supporting documentation procedures are in place. Per review of the credit card statements and receipts, the purpose for the majority of the credit card charges was not documented. In addition, proper approval of the individual credit card statements and charges in most cases was not noted.

CRITERIA:

With the significant number of City employees holding a credit card, there is an increased exposure to unauthorized expenditures.

CAUSE:

The City does not have the appropriate controls in place to ensure that all credit card purchases are approved and adequate supporting documentation is maintained.

EFFECT:

Increased exposure of undetected erroneous or fraudulent transactions.

RECOMMENDATION:

The City of Wheeling must establish formalized credit card policies which include the following requirements:

- Employees with credit cards should prepare expense reports to be turned into the finance department with a monthly due date.
- The expense report should include a detail of the credit card charges (which matches the credit card statement), the purpose for the credit card charge and the proper expense accounts for coding. The credit card statement and a receipt for each credit card charge should be attached to each expense report.
- All expense reports, credit card statements and receipts should be reviewed and authorized by the appropriate individual.

SECTION II – FINANCIAL STATEMENT FINDINGS, continued

Debt Service Coverage (Water and WPCD Funds)
2012-3

CONDITION:

The City of Wheeling Water and WPCD departments failed to meet the debt service rate coverage requirements in accordance with the covenants of the bond issues for the fiscal year end June 30, 2012.

CRITERIA:

The 2010A Bond Ordinance, Section 6.04, states in part, 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 schedules or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenants and agrees that the schedule or schedules of rates and charges from time to time in effect shall be sufficient to provide a rate coverage equal to the highest rate coverage required sufficient (i) to provide for all operation expenses and (ii) to leave a balance each year equal to at least 120% of the maximum annual debt service for all outstanding bonds

Similar requirements exist in the 2005A, 2006A and 2010B bond ordinances.

CAUSE:

The City of Wheeling Water and WPCD rates are not sufficient to produce adequate gross revenue.

EFFECT:

The maximum annual debt service coverage was not met, in accordance with the covenants of the bond issues, for the fiscal year ended June 30, 2012.

RECOMMENDATION:

The City must institute Water and WPCD rates that will produce adequate gross revenues in order to achieve adequate debt service coverage.

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF WHEELING

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

City of Wheeling Responses to Financial Statement and Major Federal Award Programs Audits

Preparation of Financial Statements
2012-1

The City will continue to improve their financial reporting in accordance with GAAP. The City has upgraded its financial reporting software that is GASB 34 compatible. Additionally, the Finance Department's staff will attend training to improve their government financial reporting skills.

Safeguards for credit card purchases.
2012-2

The City has been working with the WV Auditor's PCard division in developing a purchasing card manual.

Debt Service Coverage (Water and WPCD Funds)
2012-3

WPCD had a 17% rate increase that took effect on the January 2013 billings. Water will have a 53% increase that will take effect approximately in June 2013.

CITY OF WHEELING, WEST VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Financial Statement Findings

2011-1 – Preparation of Financial Statements **REPEATED**

2011-2 – Safeguards for credit card purchases **REPEATED**

Status of Prior Year Single Audit Findings

None noted in prior year.

Appendix D

Proposed Form of Bond Counsel Opinion

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May 30, 2013

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

The City of Wheeling
Wheeling, West Virginia

Piper Jaffray & Co.
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 $38,255,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013 Bonds").

The Series 2013 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 April 16, 2013, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on May 7, 2013 (collectively, the "Ordinance"), and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance when used herein.

The Series 2013 Bonds are issued in fully registered form, are dated May 30, 2013, upon original issuance, mature on June 1 in the years and amounts and bear interest payable each June 1 and December 1, commencing December 1, 2013, all as set forth in the Ordinance.

The Ordinance provides that the Series 2013 Bonds are issued for the purpose of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) funding the Series 2013 Bonds Reserve Account; and (iii) paying the costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds have been sold to Piper Jaffray & Co. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement dated May 15, 2013, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Original Purchaser and other entities contained in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants and representations of the Issuer and others set forth in the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate and such certifications, we are of the opinion, under existing law, that:

1. The Issuer is a duly organized and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt and enact the Ordinance, enter into the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2013 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted and enacted the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement, the Continuing Disclosure Agreement, and the Tax Certificate, has authorized the distribution of the Official Statement in connection with the marketing and sale of the Series 2013 Bonds, and has issued and delivered the Series 2013 Bonds to the Original Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Tax Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms.

4. The Series 2013 Bonds have been duly authorized, executed and delivered by the Issuer and, assuming proper authentication, constitute valid and legally enforceable limited obligations of the Issuer, payable from, and secured by a lien on, the Gross Revenues of the System, on a parity with the Issuer's: (i) 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"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds") (collectively, the "Prior Bonds"). The Series

2013 Bonds are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

5. 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 2013 Bonds (including any original issue discount properly allocable to owners of the 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 upon individuals and corporations. Ownership of tax-exempt obligations, including the Series 2013 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences or any other federal tax consequences arising with respect to the Series 2013 Bonds. Prospective purchasers of the Series 2013 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 (collectively, the "Code") that must be satisfied subsequent to issuance of the Series 2013 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and with all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2013 Bonds set forth in the Ordinance, Bond Purchase Agreement, the Tax Certificate and the certifications of the Issuer and others. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2013 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2013 Bonds.

6. Under the Act, the Series 2013 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.

7. The Series 2013 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2013 Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2013 Bonds and the enforceability of the Series 2013 Bonds, the Ordinance, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the liens, pledges, rights or remedies with respect thereto, are subject to and may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We do not express any opinion as to the sufficiency or accuracy of the material, information or financial statements which are set forth in the official statement prepared and used in connection with the offering and sale of the Series 2013 Bonds.

We have examined the executed and authenticated Series 2013 Bonds of said issue, and in our opinion, said Series 2013 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

Appendix E

Bond Ordinance and Supplemental Resolution

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THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013
(TAX EXEMPT)

BOND ORDINANCE
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THE CITY OF WHEELING, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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 $49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

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

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements to the waterworks portion of the System and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system and any future stormwater system of the Issuer incorporated therein, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of the Project, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned Project should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013

Bonds"), such Series 2013 Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2013 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined.

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

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

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2013 Bonds.

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

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

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

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

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

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2013 Bonds shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser relating to the sale and purchase of the Series 2013 Bonds.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2013 Bonds.

"Bond Year" means with respect to each series of the Series 2013 Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2013 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2013 Bonds in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2013 BOND hereto.

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

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

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

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

"Consulting Engineers" means CT Consultants, Willoughby, Ohio or any independent 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.

"Continuing Disclosure Agreement" means the agreement delivered by the Issuer to disseminate annual financial information and material event disclosures as required by Rule 15c2-12.

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

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

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

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

"DTC-eligible" means, with respect to the Series 2013 Bonds, meeting the qualifications prescribed by DTC.

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, and all other items of income which have been established as reasonably anticipated annual income of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the

interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2013 Bonds insuring the timely payment of the principal of and interest on all or any of the Series 2013 Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2013 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2013 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 2013 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2013 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2013 Bonds.

"Official Statement" means a document or set of documents prepared by the Issuer setting forth, among other matters, information concerning the Issuer and the proposed issue of securities that is complete as of the date of delivery of the document or set of documents to the Original Purchaser.

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

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2013 Bonds directly from the Issuer, as determined by the Supplemental Resolution.

"Outstanding" when used with reference to the Series 2013 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date;

(b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 hereof; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior 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 or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2013 Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 2005 A Bonds, Series 2006 A Bonds, and Series 2010 B Bonds.

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

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the acquisition of the rehabilitating and/or replacing low service pumps and other existing equipment associated with pretreatment processes, namely pre-sedimentation, aeration, flocculation and sedimentation; replacing the existing blower building and equipment; replacing existing chemical and storage systems associated with taste and odor control, coagulation, disinfection, lead and copper control and fluoridation; replacing existing rapid sand filters with new state-of-the art membrane filters and related chemical feed systems for maintenance; constructing a filtration and administration building to contain the membranes, new chemical feed systems, new laboratory and SCADA controls; replacing the existing clearwell with a new above-ground storage tank; and making various other improvements associated with repairs or upgrades to electrical systems, mechanical systems, architectural features, structural systems and safety aspects needed at the plant.

"Purchase Price" for the purpose of computation of the Yield of the Series 2013 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2013 to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2013 Bonds are privately placed, the price paid by the first buyer of the Series 2013 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2013 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2013 Bonds.

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

"Record Date" means the date or dates which shall be so stated in the Series 2013 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

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

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2013 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986 as amended.

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

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

"Rule 15c2-12" means Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

"Series 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 Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000.

"Series 2010 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000 which are expected to be defeased prior to the Closing of the Series 2013 Bonds.

"Series 2010 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000.

"Series 2013 Bonds Construction Fund" means the Series 2013 Bonds Construction Fund created by Section 4.01 hereof.

"Series 2013 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2013 Bonds Costs of Issuance Fund" means the Series 2013 Bonds Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2013 Bonds Redemption Account" means the Redemption Account created by Section 4.02 hereof.

"Series 2013 Bonds Reserve Account" means the Series 2013 Bonds Reserve Account created in the Series 2013 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2013 Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2013 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2013 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2013 Bonds.

"Series 2013 Bonds Sinking Fund" means the Series 2013 Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2013 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Original Purchaser, approving a Bond Purchase Agreement and an Official Statement, Bond Insurer provisions (if any) and other terms of the Series 2013 Bonds and authorizing the sale of the Series 2013 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the funds and accounts established for the Prior Bonds or the Series 2013 Bonds.

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

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2013 Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

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

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

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

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

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

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

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the Issuer, that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt), in the aggregate principal amount of not more than $49,500,000 to permanently finance 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; interest, if any, upon the Series 2013 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 2013 Bonds Reserve Account; underwriter's discount, engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; premiums for Municipal Bond Insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of Registrars, Paying Agents, depositories or trustees or other costs in connection with the sale of the Series 2013 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 2013 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2013 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of the Bond Purchase Agreement, as shall be approved by the Supplemental Resolution of the Issuer.

F. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2013 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) 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"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

The Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000 are expected to be defeased prior to the Closing of the Series 2013 Bonds.

The Series 2013 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 respects. Prior to the issuance of the Series 2013 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 2005 A Bonds and the Series 2010 B Bonds to the issuance of the Series 2013 Bonds on a parity with the Prior Bonds. The Series 2006 A Bonds do not require consent. 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 the covenants of the Prior Bonds and the Prior Ordinances.

G. The Issuer intends to issue the Series 2013 Bonds and to pledge for payment thereof, the Gross Revenues of the System, on a parity with each other and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2013 Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2013 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate Renewal and Replacement Fund, as hereinafter provided, and to make all other payments provided for in this Ordinance and the Prior Ordinances.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2013 Bonds, and secure the Series 2013 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2013 Bonds Reserve Account, unexpended proceeds of the Series 2013 Bonds and as further set forth herein.

J. The Series 2013 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES

2013 BOND 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 2013 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 2013 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2013 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2013 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 Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2013 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 2013 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 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 more than $49,500,000. The proceeds of the Series 2013 Bonds hereby authorized shall be applied as provided herein.

The cost of the Project is estimated not to exceed $49,500,000 of which will be obtained from proceeds of the Series 2013 Bonds.

ARTICLE III

THE SERIES 2013 BONDS

Section 3.01. Form and Payment of Bonds. No Series 2013 Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2013 Bonds issued pursuant

to this Ordinance may be issued only as fully registered Series 2013 Bonds, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2013 Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2013 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 2013 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2013 Bonds shall be in default, Bonds issued in exchange for Series 2013 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2013 Bonds surrendered.

The principal of and the premium, if any, on the Series 2013 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 2013 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2013 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 2013 Bonds are redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2013 Bond in the principal amount of said Series 2013 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2013 Bonds shall be executed in the name of the Issuer by the Mayor, by his manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2013 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 2013 Bonds shall be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2013 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2013 Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2013 BOND attached hereto and incorporated herein by reference with respect to the Series 2013 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2013 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2013 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 2013 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2013 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2013 Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2013 Bonds. The Series 2013 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 2013 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 2013 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 2013 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2013 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2013 Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2013 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2013 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 2013 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2013 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2013 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and

through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2013 Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2013 Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2013 Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2013 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2013 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2013 Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2013 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, the Original Purchaser, and the registered owner of the Series 2013 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.

If funds sufficient to redeem all Series 2013 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2013 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2013 Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2013 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the

same maturity in the amount of the unpaid principal of such Bond. All Series 2013 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 2013 Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

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

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

Section 3.10. Series 2013 Bonds. For the purposes of paying all or a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System, paying capitalized interest, if any, funding the Series 2013 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2013 Bonds of the Issuer, in one or more series, in an aggregate principal amount of not more than $49,500,000. Said Series 2013 Bonds shall be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2013 Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2013 Bonds shall be numbered from AR-1 consecutively upward. The Series 2013 Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $49,500,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 6%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 30 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2013 Bonds. A. The Series 2013 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2013 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2013 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2013 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2013 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the

Issuer or the Registrar either a Series 2013 Bond or any other evidence of ownership of the Series 2013 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2013 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2013 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2013 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2013 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2013 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2013 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2013 Bonds so redeemed, but DTC may retain such Series 2013 Bonds and make an appropriate notation on the Series 2013 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2013 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2013 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2013 Bonds, selecting the Series 2013 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2013 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2013 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2013 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2013 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2013 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2013 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2013 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2013 Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2013 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be

designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2013 Bonds.

Section 3.12. Delivery of Series 2013 Bonds. The Issuer shall execute and deliver the Series 2013 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2013 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 2013 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 2013 Bonds to DTC for the benefit of the Original Purchaser;

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

(4) The unqualified approving opinion upon the Series 2013 Bonds by Bond Counsel; and

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

Section 3.13. Form of Series 2013 Bonds. The definitive Series 2013 Bonds shall be in substantially the form set forth in EXHIBIT A - SERIES 2013 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 2013 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2013 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 2013 Bonds. Upon the issuance and delivery of the Series 2013 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(1). All interest accrued, if any, on the Series 2013 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2013 Bonds Sinking Fund and applied to payment of interest on the Series 2013 Bonds at the first interest payment date.

(2). An amount of the proceeds of the Series 2013 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 2013 Bonds Reserve Account, provided that, to the extent the Series 2013 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2013 Bonds shall be deposited in the Series 2013 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2013 Bonds Reserve Requirement.

(3). The amount of Series 2013 Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2013 Bonds shall be

deposited with the Depository Bank in the Series 2013 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2013 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 2013 Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2013 Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2013 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 2013 Bonds from which such proceeds are derived.

(4). The balance of Series 2013 Bonds proceeds, if any, shall be deposited in the Series 2013 Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2013 Bonds Construction Fund. Disbursements from the Series 2013 Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2013 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 2013 Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2013 Bonds from which such proceeds are derived.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

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

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

(2) Renewal and Replacement Fund (established by the Prior Ordinances);

(3) Series 2013 Bonds Costs of Issuance Fund;

(4) Rebate Fund; and

(5) Series 2013 Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued if established by Prior Ordinances) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 2005 A Bonds Sinking Fund (established by Prior Ordinances)

(2) Series 2005 A Bonds Reserve Account (established by Prior Ordinances);

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

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

(5) Series 2010 B Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2010 B Bonds Reserve Account (established by Prior Ordinances);

(7) Series 2013 Bonds Sinking Fund; and

(8) Series 2013 Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2013 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 Commission (i) the amounts required by the Prior Ordinances to pay interest on the Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2013 Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2013 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2013 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 2013 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2013 Bonds Sinking Fund shall be reduced by the amount of accrued interest, if any, on the Series 2013 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2013 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2013 Bonds Sinking Fund;

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) for deposit in the Series 2013 Bonds Sinking Fund (and in the Series 2013 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first

principal payment or mandatory Redemption Date of the Series 2013 Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2013 Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2013 Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2013 Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2013 Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2013 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, each month, pay from the Revenue Fund 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 Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2013 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2013 Bonds, for deposit in the Series 2013 Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 Bonds Reserve Requirement; provided further, that if the amounts in the Series 2013 Bonds Reserve Account, as a result of a decrease in value of the Series 2013 Bonds Reserve Account below the Series 2013 Bonds Reserve Account Requirement or any withdrawal from the Series 2013 Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2013 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2013 Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2013 Bonds Reserve Account is less than the Series 2013 Bonds Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2013 Bonds Reserve Account for deposit into the Series 2013 Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2013 Bonds Reserve Account to an amount equal to the Series 2013 Bonds Reserve Account Requirement to the full extent that such Gross Revenues are available; provided, however, that if the shortfall in the Series 2013 Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2013 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 2013 Bonds Reserve Account

whenever and as long as the amount deposited therein shall be equal to the Series 2013 Reserve Account Requirement.

Amounts in the Series 2013 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2013 Bonds when due, when amounts in the Series 2013 Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2013 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2013 Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2013 Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE

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

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

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

(A) Qualified Investments acquired for the Series 2013 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2013 Bonds Reserve Account to the Series 2013 Bonds Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2013 Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2013 Bonds Reserve Account an amount at least equal to the Series 2013 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2013 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2013 Bonds Reserve Account shall, at any time, be less than the applicable Series 2013 Bonds Reserve Requirement , the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2013 Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all monies deposited in the Series 2013 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended.

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

Section 5.03. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2013 Bonds which would cause the Series 2013 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 2013 Bonds) so that the interest on the Series 2013 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by Bond Counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2013 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In

the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2013 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 2013 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 2013 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2013 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2013 Bonds or money in the Series 2013 Bonds Construction Fund, if any, all as herein provided. No Holder or Holders of any Series 2013 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2013 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2013 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2013 Bonds, all monies and securities in the Series 2013 Bonds Sinking Fund, including the Series 2013 Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2013 Bonds herein authorized, to make the payments into the Series 2013 Bonds Sinking Fund, all monies and securities in the Series 2013 Bonds Sinking Fund, the Series 2013 Bonds Reserve Account and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Prior Bonds and the Series 2013 Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Ordinance. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted November 15, 2011 as amended by Recommended Decision entered April 19, 2012, and Commission Order dated May 18, 2012 in Case No. 11-1772-S-MA of the Public Service Commission of West Virginia (the "PSC"), and the water rate ordinance of the Issuer dated November 15, 2011, as amended by Recommended Decision entered July 31, 2012, which became Final Order on August 20, 2012 in Case No. 11-1770-W-MA of the PSC, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2013 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance and in compliance with this Ordinance. In the event the schedule of rates and charges initially established for the System in connection with the Series 2013 Bonds shall prove to be insufficient to produce the required sums set forth in this Ordinance, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Ordinance.

Prior to the issuance of the Series 2013 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the City Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be 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 so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth below, and thereafter, sufficient, together with other revenues of the System, to provide for all Operating Expenses of the System and 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 2013 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds including the Prior Bonds.

In the computation provided in the above paragraph, "revenues of the System" shall include increased Net Revenues estimated to be derived from any improvements under construction, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia, (without successful appeal), whether or not such approved rates are being charged and collected by the Issuer.

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 90 days following a determination of the Independent Certified Public Accountant that less than the above-

required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition 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 the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2013 Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance 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 Series 2013 Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Gross Revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $500,000, the Issuer may provide for the sale of such property. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $500,000 but not in excess of $5,000,000 the Issuer by resolution duly adopted, find that the property is no longer necessary, useful or profitable in the operation of the System 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 which are less than $500,000 may be deposited into the Revenue Fund or the Renewal and Replacement Fund, at the sole discretion of the Issuer. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $500,000 and not in excess of $5,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of 5,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer, if any, or if the Series 2013 Bonds are not insured, the Holders, or their duly authorized representatives, of 51% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer, if any, or if the Series 2013 Bonds are not insured, 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 2013 Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such Additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Series 2013 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 2013 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2013 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 on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable.

No such Additional Parity Bonds (as hereinafter defined) shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds or Additional Parity 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 2013 Bonds are Outstanding, no such Additional Parity Bonds shall be issued at any time, however, unless and until there has been procured a written statement by an Independent Certified Public Accountant, reciting the conclusion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 2 Fiscal Years immediately following the Fiscal Year in which such Additional Parity Bonds are issued, if any, shall not be less than 115% 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 Prior Ordinances and this Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues" as that term is used in the computation provided in the above paragraph, shall include increased Net Revenues estimated to be derived from the improvements to be financed by such Additional Parity Bonds, if any, and any change in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) or such rates have been approved by the Public Service Commission of West Virginia (without successful appeal), prior to the date of delivery of such Additional Parity Bonds, whether or not such approved rates are being charged and collected by the Issuer.

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 Bonds. All covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

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

No Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Additional Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Provided, however, that if the audit by an Independent Certified Public Accountant for the Issuer for the Fiscal Year immediately preceeding the proposed issuance of Additional Parity Bonds states that the Issuer was not in compliance with the rate covenant in Section 6.04 of this Ordinance for the year being audited and the Issuer has, as required by Section 6.04, enacted a rate ordinance seeking a rate increase sufficient to comply with Section 6.04, such statement in the most recent audit shall not be considered a violation of the covenants, agreements and terms of this Ordinance, so as to prevent the Issuer from issuing Additional Parity Bonds under this Section 6.08.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2013 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and workers' compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer from claims for bodily injury and/or death and from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System, provided that, the Issuer, (with provision for reasonable reserves, participate in a captive insurance company or participate in an insurance pool for municipalities and other political subdivisions.

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, participate in captive insurance companies and participate in an insurance pool for municipalities and other political subdivisions

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

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

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

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

The Issuer shall require all contractors engaged in the construction of the 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 also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department,

agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agree that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, including penalties and reconnect fees, have been fully paid, or a payment agreement in compliance with the West Virginia Public Service Commission regulations has been entered.

Section 6.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2013 Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of Series 2013 Bonds issued pursuant to this Ordinance.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The Issuer shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 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 2013 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain a Municipal Bond Insurance Policy for the Series 2013 Bonds. In the event such Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2013 Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2013 Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2013 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 2013 Bonds during the term thereof is, under the terms of the Series 2013 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 2013 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 2013 Bonds during the term thereof is, under the terms of the Series 2013 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 2013 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 2013 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2013 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 2013 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 2013 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 2013 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. .

Section 6.19. Continuing Disclosures. In order to provide the written undertaking for the benefit of the owners of the Series 2013 Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into a Continuing Disclosure Agreement in such form as may be approved by the Supplemental Resolution, and the Mayor is authorized and directed to execute and deliver such Continuing Disclosure Agreement on behalf of the Issuer, with such changes as the Mayor shall approve, such approval to be conclusively evidenced by the execution of such Agreement by the Mayor.

Section 6.20 Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2013 Bonds shall be and the same is hereby approved. The form of the Preliminary Official Statement shall be in such form as may be approved by the Supplemental Resolution. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2013 Bonds and as the Mayor may approve (the "Official Statement"). The execution of the Official Statement by the Mayor shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2013 Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2013 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

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

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

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

(C) Bring suit upon the Series 2013 Bonds, as applicable;

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

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

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

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

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2013 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Series 2013 Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2013 Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

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

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

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2013 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2013 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication and Registration on the Series 2013 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2013 Bonds, the first exchange of Series 2013 Bonds and the exchange of Series 2013 Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2013 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2013 Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2013 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2013 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2013 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 mail to each Bondholder notice of any such appointment within 20 days after the effective date of such appointment. Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

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

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

Section 8.11. Adoption of Authentication. In case any of the Series 2013 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2013 Bonds shall be and remain DTC-Eligible.

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2013 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2013 Bonds made

hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2013 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2013 Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2013 Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 51% in aggregate principal amount of the Series 2013 Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2013 Bonds required for consent to any such modification or amendment.

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

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

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

C. The amount of fully registered Series 2013 Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2013 Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

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

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

Section 10.04. Cancellation of Bonds. All Series 2013 Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2013 Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2013 Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall

at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

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

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

REGISTRAR
[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attn: Executive Director

DEPOSITORY BANK
[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER
[Name(s) and address(s) to be set forth in Supplemental Resolution]

BOND INSURER
[Name(s) and address(es) to be set forth in the Supplemental Resolution]

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, other elected officials of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2013 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 2013 Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2013 Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Reserved

Section 10.11. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.12. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.13. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.14. 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 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 Series 2013 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 2nd day of April, 2013, at 7:00 p.m., in the Council Chambers of the City Hall, Wheeling and present protests, and that a certified copy of this Ordinance is on file with the City Clerk for review by interested parties during the office hours of the City Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

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

First Reading:	March 19, 2013
Second Reading:	April 2, 2013
Effective following Public Hearing held on:	April 16, 2013

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

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 on April 16, 2013, 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 as supplemented by Supplemental Resolution duly adopted on _____, 2013.

Dated: _____, 2013.

[SEAL]

_____
City Clerk

EXHIBIT A - SERIES 2013 BOND FORM

[DTC Legend]

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WHEELING (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record

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

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Wheeling Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)" (the "Series 2013 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2013, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks and sewerage system of the Issuer, (ii) to fund a reserve account for the Series 2013 Bonds, and (iii) to pay certain costs of issuance of the Series 2013 Bonds and related costs. The Series 2013 Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2013, and supplemented by a supplemental resolution adopted by said Council on _____, 2013 (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 2013 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2013 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 Series 2013 Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer].]

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 14, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,356,000 (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2013 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

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

Period During Which Redeemed (Dates Inclusive)	Redemption Price

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

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Series 2013 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2013 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by

the Paying Agent. If less than all the Series 2013 Bonds are to be redeemed, the Series 2013 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2013 Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2013 Bond or Series 2013 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2013 Bonds or portions of Series 2013 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 2013 Bonds or portions of Series 2013 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 2013 Bond.

The Series 2013 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2013 Bonds Sinking Fund, and the Series 2013 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2013 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2013 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the monies in the Series 2013 Bonds Sinking Fund and the Series 2013 Bonds Reserve Account and said unexpended Series 2013 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2013 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2013 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2013 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2013 Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2013 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2013 Bond, together with all other obligations of said Issuer, does not

exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2013 Bonds of which this Series 2013 Bond is one.

This Series 2013 Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2013 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2013 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, and the statutes under which this Series 2013 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2013 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF WHEELING (West Virginia) has caused this Bond to be signed by its Mayor and Clerk, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2013 Bond to be dated as of the Series 2013 Bond Date specified above.

[SEAL]

[Manual or facsimile signature]
Mayor

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2013 Bond is one of the fully registered Series 2013 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2013 Bonds.

Dated: _____, 2013.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION AUTHORIZING AND APPROVING CERTAIN PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX-EXEMPT) OF THE CITY OF WHEELING; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT; AN OFFICIAL STATEMENT, A CERTIFICATE OF DETERMINATIONS AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of The City of Wheeling (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective April 16, 2013 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING 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 $49,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Issuer desires to supplement the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt), in the aggregate principal

amount of not more than $49,500,000 (the "Series 2013 Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on the Series 2013 Bonds, funding a reserve account for the Series 2013 Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2013 Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement, a Preliminary Official Statement and an Official Statement be approved and that other matters pertaining to the Series 2013 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2013 Bonds be provided for by a supplemental resolution of this Governing Body and a certificate of determinations executed by the Mayor and the City Manager;

WHEREAS, the Series 2013 Bonds are proposed to be purchased by Piper Jaffray and Co. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor and City Manager the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms of the Bonds and all provisions of all documents relating to the Series 2013 Bonds (the "Bond Documents"), without the requirement of further official action by this Governing Body; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Preliminary Official Statement and Official Statement relating to the Series 2013 Bonds, hereinafter described, be approved, that the Issuer's Mayor and City Manager be authorized to execute the Certificate of Determinations and enter into the Bond Purchase Agreement, all within the parameters hereby approved by the Governing Body, and that other matters relating to the Series 2013 Bonds be herein provided for, all in accordance with said Ordinance.

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

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2013 Bonds. The Series 2013 Bonds shall be issued in the aggregate principal amount not to exceed $42,000,000, bear interest at a true interest rate not to exceed 5.0% payable semiannually, shall mature in not more than 30 years from the date of issue, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, and shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor and City Manager pursuant to their execution of the Certificate of Determinations and the Series 2013 Bonds shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2013 Bonds shall be as determined by the Mayor and City Manager at the

time of the execution of the Bond Purchase Agreement and as approved by the Mayor and City Manager in the Certificate of Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2013 Bonds shall be as provided in the Ordinance.

Section 2. 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 and City Manager thereof shall be and the same are hereby authorized, approved, and directed. The Mayor and City Manager shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Bond Purchase Agreement by the Mayor and City Manager 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 2013 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2013 Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor and City Manager thereof shall be and the same are hereby authorized, approved and directed. The Mayor and City Manager shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Continuing Disclosure Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section. WesBanco Bank, Inc. is hereby appointed as dissemination agent under the Continuing Disclosure Agreement.

Section 4. The Preliminary Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor and City Manager), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor and City Manager shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Official Statement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor and City Manager is hereby ratified and approved.

Section 5. 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 2013 Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor and City Manager shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor and City Manager. The execution of the Registrar Agreement by the Mayor and City Manager shall be conclusive evidence of any approval required by this Section.

Section 6. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2013 Bonds.

Section 7. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia for the purpose of serving in the capacity of Registrar.

Section 8. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia as the Depository Bank.

Section 9. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 10. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Corporate Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 117
Charleston, West Virginia 25302
Attention: Executive Director

ORIGINAL PURCHASER

Piper Jaffray & Co.
405 Capitol Street
Charleston, West Virginia 25301
Attention: Public Finance

Section 11. The City Manager, Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2013 Bonds issue to the end that the Series 2013 Bonds may be delivered as provided in the Bond Purchase Agreement.

Section 12. The financing of the project with proceeds of the Series 2013 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. This Supplemental Resolution shall be effective immediately.

Adopted this 7th day of May, 2013.

THE CITY OF WHEELING

By: _____
Its: Mayor

[SEAL]

By: _____
Its: City Manager

Attest:

_____
City Clerk

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF WHEELING on the 7th day of May, 2013.

Dated: _____, 2013.

[SEAL]

_____
City Clerk

964250.00061

5891661

EXHIBIT A

FORM OF CERTIFICATE OF DETERMINATIONS

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

CERTIFICATE OF DETERMINATIONS

The undersigned, Andrew McKenzie, Mayor and the undersigned, Robert Herron, City Manager of The City of Wheeling (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on May 7, 2013 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), hereby finds and determines this _____ day of May, 2013 as follows:

1. The Series 2013 Bonds shall be dated the date of closing thereon (estimated to be _____ _____, 2013) and shall bear interest on _____ and _____ of each year commencing _____, 2013.

2. The Series 2013 Bonds shall be issued in the aggregate principal amount of $____ _____, at a true interest cost of ___%. Such interest rates do not exceed _____%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2013 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2013 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2013 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2013 Bonds shall be sold to Piper Jaffray & Co., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2013 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2013 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS our signatures the day and year first written above.

THE CITY OF WHEELING

By: _____
Its: Mayor

By: _____
Its: City Manager

Schedule 1

SERIES 2013 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (_____1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
AR-1	_____1	$_____	_____%	_____%	_____

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2013 Bonds maturing on or after _____, 20___, are subject to redemption on or after _____, 20___, at the option of the Governing Body, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
_____, 20___ and thereafter	100%

In the event of such optional redemption, the Governing Body may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

Appendix F

RATE TARIFFS

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SUPPLEMENT NO. 1 TO P.S.C. W. VA. NO. 18

CITY OF WHEELING, a municipal utility

OF

WHEELING, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Wheeling and its environs, Ohio County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued June 1, 2012

SUPPLEMENT NO. 1
Effective for service rendered on and after the date the project in Case No. 09-0752-S-CN is certified as substantially complete.

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012

Issued by THE CITY OF WHEELING, a municipal utility

By Robert R. Rodecker

Its Council

Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission

SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for residential, commercial, industrial sewer service and sewer service with flow meter.

(I,C) RATES (Customers with metered water supply)

	Number of Gallons/Month	Rate
First	10,000 gallons used per month	$6.15 per 1,000 gallons
Next	90,000 gallons used per month	$5.10 per 1,000 gallons
Next	100,000 gallons used per month	$3.63 per 1,000 gallons
All Over	200,000 gallons used per month	$2.46 per 1,000 gallons

(I) FLAT RATE CHARGE (customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage, $27.68 per month

(I,C) MINIMUM CHARGE
No bill will be rendered for less than $9.77 per month.

TAP INSPECTION FEE
A tap inspection fee of $25.00 will be charged.

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the City of Wheeling, a disconnection fee of $25.00 shall be charged; or, in the event the delinquent sewer bill is collected by the water company, an administrative fee of $25.00 shall be charged.

(I) Indicates increase
(C) Indicates change in text

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES (Continued)

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with the City of Wheeling is reconnected, a reconnection fee of $25.00 shall be charged.

(C) SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may changed by applicable statutory provisions.

(C) 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.

(D,C) LEAK ADJUSTMENT

$0.40 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 meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(C) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

(C) Indicates change in text
(D) Indicates decrease

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

INDUSTRIAL SURCHARGE RATES

(D) Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 300/mg/1 $0.160 per pound

(I) Rate applicable to Total Suspended Solids (TSS) concentration in excess of 350/mg/1 $0.180 per pound

(N) Rate applicable to Ammonia (NH3) Concentration in excess of 45/mg/1 $0.210 per pound

PRETREATMENT MONITORING CUSTOMER CHARGE

Customer charge for industrial customers that require monitoring of excess strength wastewater

$150.00 per month

(O) DELINQUENT ACCOUNTS PAYABLE SURCHARGE

(D) Indicates decrease
(I) Indicates increase
(N) Indicates new
(O) Indicates omission

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of a violation exists. Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY

(C) Wherever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facility conducting surface water has been connected to the District's sewer system and such a customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility in accordance with the rules and regulations of the Public Service Commission to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars
A = The area under roof and/or the area of any other water collecting surface connected to the sanitary sewer, in square feet
R = The measured monthly rainfall, in inches
.000623 = A conversion factor to change inches of rain x square feet of surface to thousand of gallons of water
(C) C = The District's approved rate per thousand gallons of metered water usage

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

(C) Indicates change in text

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

SCHEDULE 1, (Continued)

SURFACE OR GROUND WATER SURCHARGE (Continued)

APPLICABILITY (Continued)

(C) Said surcharge shall be calculated and imposed for each month the condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules of the Public Service Commission of West Virginia.

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
(I)	Volume Rate	$ 2.17 per 1,000 gallons

(O) DELINQUENT ACCOUNTS PAYABLE SURCHARGE

(C) Indicates change in text
(I) Indicates increase
(O) Indicates omission

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1772-S-MA dated May 18, 2012 to become effective upon substantial completion of the project approved in Case No. 09-0752-S-CN.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale water service.

RATES (customers with metered water supply)

First	1,000 gallons used per month	$11.60 per 1,000 gallons
Next	499,000 gallons used per month	$ 5.25 per 1,000 gallons
All Over	500,000 gallons used per month	$ 3.22 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following, according to the size of meter installed:

5/8-inch meter	$ 11.60 per month
3/4-inch meter	$ 17.40 per month

1 -inch meter	$ 29.00 per month
1-1/2 -inch meter	$ 58.00 per month
2 -inch meter	$ 92.80 per month
3 -inch meter	$174.00 per month
4 -inch meter	$290.00 per month
6 -inch meter	$580.00 per month
8 -inch meter	$928.00 per month

SALE FOR RESALE

All water for resale will be billed in accordance with the approved rate of $3.38 per 1,000 gallons used per month.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant:

A tap fee will be charged to all customers applying 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	$315
1-inch and larger	$420

RECONNECTION - $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

$0.51 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 consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her 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.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.

SCHEDULE II

APPLICABILITY

Applicable for public and private fire protection service.

RATE

The yearly rates reflected below may be billed on a monthly basis:

Fire Service Lines:	
2 inch or smaller	$ 60.00 per year
3 inch	$ 96.00 per year
4 inch	$156.00 per year
6 inch	$324.00 per year
8 inch	$564.00 per year
10 inch or greater	$900.00 per year
If unmetered	$ 90.00 per year
Hydrants:	
$ - connection	$156.00 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.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

CASE NO. 11-1770-W-MA

CITY OF WHEELING, a municipal corporation.
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.

CASE NO. 12-0011-W-CN

CITY OF WHEELING, a municipal corporation.
Application for a certificate of public convenience and necessity for the construction, operation and maintenance of improvements to the City's existing water treatment plant and for approval of financing related thereto.

CASH FLOW ANALYSIS

Available Cash		
Operating Revenue		$9,082,746
Forfeited Discounts		$ 127,950
Other Operating Revenue		$ 348,729
Other Income		$ 89,660
Total Available Cash		$9,649,085
Cash Requirements		
Operation and Maintenance Expense		$4,196,041
Taxes Other Than Income Taxes		$ 18,650
Total Cash Requirements		$4,214,691
Cash Available for Debt Service	(A)	$5,434,394

Debt Service Requirements		
Interest and Principal	(B)	$4,341,206
Debt Service Reserve		-
Total Debt Service Requirements Before Renewal and Replacement Fund		$4,341,206
Remaining Cash Surplus (Deficit)		$1,093,188
Cash Surplus Available for Capital Additions		
Renewal and Replacement Reserve (2.5%)		$ 241,227
Membrane Replacement		$ 115,640
Remaining Surplus after R&R Fund and Membrane Replacement		$ 736,321
		$1,093,188
Total Available for Capital Additions		$1,093,188
Debt Service Coverage Factor (A)/(B)		125.18%

IT IS FURTHER ORDERED that Wheeling pay all revenue received in excess of its O&M expenses and existing debt service requirements, plus a reasonable amount to cover its historical annual average of capital additions, into a special bond interest account that can be spent only to pay interest on the bond issue, until the project is certified as substantially complete

IT IS FURTHER ORDERED that the cash flow analysis contained in Appendix B be, and hereby is, approved.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery; by electronic service upon all parties of record who have filed an e-service agreement with the Commission; and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
111770ae.docx

8. It is also reasonable to approve the cash flow analysis attached as Appendix B.

ORDER

IT IS, THEREFORE, ORDERED that that the application for a certificate of public convenience and necessity filed with the Commission on January 5, 2012, by the City of Wheeling pursuant to *Code* §24-2-11 to construct additions, improvements and replacement of the City's existing water treatment plant be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project comprised of a public municipal bond offering in an amount not to exceed approximately $41,850,000, depending upon the actual interest rate obtained, the actual date of offering and the amount of capitalized interest incurred, for a term not to exceed 30 years and at an interest rate not to exceed 6%, be, and hereby is, approved.

IT IS FURTHER ORDERED that, should the project cost, financing, scope or plans change for any reason, the City of Wheeling obtain prior Commission approval before commencing construction.

IT IS FURTHER ORDERED that the City of Wheeling submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the City of Wheeling notify the Commission when the project engineer has performed the substantial completion inspection and submit the certificate of substantial completion to the Commission as soon as it becomes available.

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 rates and charges contained and set forth in the municipal rate ordinance enacted on or about November 15, 2011, be, and hereby are, rejected, set aside and disapproved.

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 the date that Wheeling issues the bonds for the project certificated herein.

IT IS FURTHER ORDERED that, within 30 days of this Recommended Decision becoming final, the City of Wheeling file an original and at least five copies of a proper tariff setting forth the rates and charges hereby approved.

APPENDIX G

Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Wheeling, West Virginia (the "Issuer"), and WesBanco Bank, Inc. (the "Dissemination Agent"), in connection with the issuance of $38,255,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on April 16, 2013 (the "Original Ordinance"), as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013 (the "Supplemental Resolution" and collectively with the Ordinance, hereinafter 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 Participating Underwriter in complying with SEC Rule 15c2-l2(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated May 15, 2013, 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" shall mean 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" shall mean 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).

"Disclosure Representative" shall mean the current Mayor, City Manager, Utility Manager or Finance Director of the Issuer.

"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.

"EMMA" shall mean the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

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

"Repository" shall mean each National Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

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) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2013, provide to EMMA Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the 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 the 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). The Dissemination Agent shall send written notice to the Issuer thirty (30) days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by the Due 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 EMMA its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. Within 300 days of the Issuer's 2013 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA 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 in a timely manner, not in excess of 10 business days, following the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

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

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

9. Defeasances;

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

11. Rating changes;

12. Bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

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

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

(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, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), 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, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

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1 For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), 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 EMMA with a copy to the Issuer. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

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., 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 the 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 the 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 Ordinance for amendments to the Ordinance 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 in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchasers), 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 Agent. 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 the Agreement may be given as follows:

To the Issuer:	City of Wheeling, West Virginia City County Building 1500 Chapline Street Wheeling, WV 26003
To the Dissemination Agent:	WesBanco Bank, Inc. ATTN: Corporate Trust 1 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. The 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 the Agreement and to rely upon an opinion of counsel.

Date: _____, 2013

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Its: Mayor

WESBANCO BANK, INC.,
as Dissemination Agent

By: _____
Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The City of Wheeling (West Virginia)

Name of Issue: $38,255,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013

Date of Issuance: _____, 2013

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 _____.

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Its: Mayor

By: _____
Its: City Manager

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THE CITY OF WHEELING, WEST VIRGINIA • COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

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THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Piper Jaffray & Co. (the "Underwriter") that he is the duly elected Mayor of the City of Wheeling, West Virginia (the "City") authorized to execute and deliver this Certificate and further certifies 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 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt) (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated May 8, 2013, setting forth information concerning the Bonds and the issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, rating, identity of the Underwriter and other terms of the Bonds, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter thereof.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, I have hereunto set my hand as of this 30th day of May, 2013.

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Mayor

THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

BOND PURCHASE AGREEMENT

May 15, 2013

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

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with The City of Wheeling, West Virginia (the "City" or "Issuer") for the purchase by the Underwriter and the sale by the City of its above-referenced Bonds (the "Bonds" or "Securities"). This offer is made subject to acceptance thereof by the City prior to 10:00 p.m., prevailing time in New York, New York, on the date hereof (the "Acceptance Deadline"), and upon such acceptance, evidenced by the signature of a duly authorized officer of the City, this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter.

1. Defined Terms. Terms used herein and not otherwise defined shall have the meanings set forth in the Ordinance.

Acceptance Deadline: The date set forth in first paragraph, being the date and time by which the City must accept this Agreement.

Accountants: Bodkin, Wilson & Kozicki PLLC, which has conducted and prepared the audited financial statements of the City included in the Preliminary Official Statement and the Official Statement.

Act: Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended.

Agreement: This Bond Purchase Agreement dated the Effective Date, including **Schedule I** attached hereto.

Bond Counsel: Steptoe & Johnson PLLC, Charleston, West Virginia.

Closing Date: May 30, 2013, being the date of the issuance and delivery of the Securities.

Continuing Disclosure Agreement: The Continuing Disclosure Agreement, dated as of the Closing Date, by and between the City and WesBanco Bank Inc., as disclosure agent, with respect to the Securities in accordance with Rule 15c2-12.

Creditors' Rights Laws: Limitations on enforceability as may result from bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution.

DTC: The Depository Trust Company.

Effective Date and Time: The date and time upon which the City has accepted this Agreement as set forth on the signature page is the date and time on which this Agreement is effective.

End of the Underwriting Period: The later of (i) the Closing Date or (ii) when the Underwriter no longer retains an unsold balance of the Securities.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Excluded Sections: For purposes of the representations and warranties of the City set forth in Section 8(i) and the opinions of Issuer's Counsel required pursuant to Section 14, the "Excluded Sections" of the Preliminary Official Statement and the Official Statement shall be: (i) the section describing DTC and its book-entry-only procedures, (ii) the section captioned "Tax Matters", (iii) with respect to Issuer's Counsel the section entitled "Continuing Disclosure", (iv) the section captioned "Underwriting", (v) with respect to Issuer's Counsel, the material included in Appendix A, and (vi) the material included in Appendix D captioned "Proposed Form of Bond Counsel Opinion".

Issuer or City: The City of Wheeling, West Virginia.

Issuer Documents: All financing documents to which the City is a party relating to the issuance of and security for the Securities, as such documents are amended and supplemented to the Closing Date, including, but not limited to:

(i) this Agreement,
(ii) the Ordinance,
(iii) the Continuing Disclosure Agreement,
(iv) the Tax and Non-Arbitrage Certificate of the City and
(v) other applicable financing or operative documents to which the City is a party, as such documents are amended and supplemented to the Closing Date.

Issuer's Counsel: Rose Humway-Warmuth, Esq., Wheeling, West Virginia.

MSRB: Municipal Securities Rulemaking Board.

Municipal Advisor: As defined in the Exchange Act §15B(e)(4) and the rules and regulations of the SEC and MSRB adopted thereunder.

Official Statement: The Official Statement dated May 15, 2013, relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

Ordinance: The Bond Ordinance enacted by the Council of the City on April 16, 2013, as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013.

Paying Agent: West Virginia Municipal Bond Commission, Charleston, West Virginia.

Preliminary Official Statement: The Preliminary Official Statement dated May 8, 2013, relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

Primary Offering Disclosure Period: The period commencing with the first submission to an Underwriter of an order for the purchase of the Securities or the purchase of such Securities from the City, whichever first occurs, and ending 25 days after the final delivery by the City or its agent of all Securities to or through the underwriting syndicate.

Prior Bonds: The City's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 2005 A (West Virginia SRF Program), dated May 3, 2005; (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006; (iii) Series 2010 A Bonds; and (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010.

Purchase Price: The amount specified in Section 4 as the Purchase Price to be paid by the Underwriter at the Closing for the purchase of the Securities on the Closing Date.

Registrar: WesBanco Bank Inc., Wheeling, West Virginia, which has been appointed as Registrar for the Securities pursuant to the Ordinance.

Rule 15c2-12: Rule 15c2-12 promulgated by the SEC under the Exchange Act.

SEC: The Securities and Exchange Commission of the United States.

Securities or Bonds: The Bonds identified in the first paragraph of this Agreement, as more specifically described in **Schedule I**.

Securities Act: The Securities Act of 1933, as amended.

Series 2010 A Bonds: The City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010.

State: West Virginia.

Trust Indenture Act: Trust Indenture Act of 1939, as amended.

Underwriter: The firm identified as such in the first paragraph of this Agreement.

Underwriter's Counsel: Jackson Kelly PLLC, Charleston, West Virginia.

2. Offer to Purchase the Securities; Execution of Terms and Acceptance. Upon the terms and conditions and upon the basis of the representations and warranties herein set forth, the Underwriter hereby offers to purchase from the City all (but not less than all) of the Securities, as more particularly described in **Schedule I**. This offer is subject to acceptance by the City by the Acceptance Deadline and, if not so accepted, will be subject to withdrawal by the Underwriter by written notice delivered to the City at any time prior to acceptance. The City shall accept this Agreement by its execution hereof. Upon such execution, the Agreement will be binding upon the Underwriter and the City. This Agreement is effective as of the Effective Date and Time.

3. Purchase of the Securities. The Underwriter shall purchase from the City, and the City shall sell to the Underwriter, all (but not less than all) of the Securities on the Closing Date at the aggregate Purchase Price set forth below, plus accrued interest, if any. The Securities shall bear interest at the rates per annum, mature on the dates, be sold to the public at the prices and be subject to mandatory sinking fund redemption prior to maturity and to such other terms and provisions, all as set forth in **Schedule I**. The Securities otherwise shall be as described in the Official Statement, the Ordinance and the Issuer Documents. The Underwriter's agreement to purchase the Securities from the City shall be the obligation of the Underwriter and is made in reliance upon the City's representations, covenants and warranties and on the terms and conditions set forth in this Agreement.

The City acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the City and the Underwriter, (ii) the Underwriter has financial and other interests that differ from those of the City, (iii) the Underwriter is not acting as a Municipal Advisor, financial advisor or fiduciary to the City or any other person or entity and has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters), (iv) the only obligations of the Underwriter to the City with respect to the transaction contemplated hereby are expressly as set forth in this Agreement and (v) the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

4. Purchase Price. The Purchase Price of the Securities is $38,977,085.30 (representing the principal amount of the Securities of $38,255,000, less an Underwriter's discount of $344,295, and plus net original issue premium of $1,066,380.30). The Purchase Price shall be payable on the Closing Date by the Underwriter by wire transfer in immediately

available funds to the order of WesBanco Bank Inc. and the debt service reserve fund amount to the West Virginia Municipal Bond Commission.

5. Public Offering. The Underwriter agrees to make a bona fide initial public offering of all the Securities in compliance with federal and state securities laws, at a price not in excess of the initial offering price set forth in the Official Statement. The Underwriter may change the initial offering price or prices as they deem necessary in connection with the offering of the Securities without any requirement of prior notice, and may offer and sell the Securities to certain institutions at prices lower than those stated in the Official Statement. Upon the request of Bond Counsel, the Underwriter shall execute and deliver prior to the Closing an issue price certificate or similar certificate in form and substance reasonably satisfactory to Bond Counsel and the Underwriter.

6. Good Faith Deposit. No Good Faith Deposit will be delivered.

7. Official Statement.

(a) The City hereby consents to and ratifies the use and distribution by the Underwriter of the Preliminary Official Statement in connection with the public offering of the Securities by the Underwriter, and further confirms the authority of the Underwriter to use, and consents to the use of, the final Official Statement with respect to the Securities in connection with the public offering and sale of the Securities. The City hereby represents and warrants that the Preliminary Official Statement previously furnished to the Underwriter was "deemed final" by the City as of its date for purposes of Rule 15c2-12, except for permitted omissions.

(b) The City hereby consents to and ratifies the use and distribution by the Underwriter of the Official Statement in connection with the public offering and sale of the Securities by the Underwriter.

(c) The City, at its cost, shall provide, or cause to be provided, to the Underwriter within seven business days after the date of this Agreement (or within such shorter period as may be approved by the Underwriter or required by applicable rule) such number of copies of a final Official Statement as reasonably requested by the Underwriter, but in sufficient quantity to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12, and Rule G-32 and any other applicable rules of the SEC and the MSRB.

(d) The City authorizes the Underwriter to file, to the extent required by any applicable SEC or MSRB rule, and the Underwriter agrees to so file, the Official Statement with the MSRB or its designee. If an amended Official Statement is prepared during the "primary offering disclosure period," and if required by any applicable SEC or MSRB rule, the Underwriter also shall make the required filings of the amended Official Statement. The City shall provide the Underwriter with the information necessary to complete MSRB Form G-32 for all filings to be made under this Section 7.

(e) The Preliminary Official Statement and the Official Statement may be delivered in printed and a "designated electronic format" as defined in the MSRB's Rule G-32 and as may be agreed by the City and the Underwriter. If the Official Statement has been prepared in electronic form, the City hereby confirms that it does not object to distribution of the Official Statement in electronic form.

(f) The City shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter. The City covenants to notify the Underwriter promptly if, on or prior to the 25th day after the End of the Underwriting Period, (or such other period as may be agreed to by the City and the Underwriter) any event shall occur, or information comes to the attention of the City, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to 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, and if in the opinion of the Underwriter such event requires the preparation and distribution of a supplement or amendment to the Official Statement, to prepare and furnish to the Underwriter, at the City's expense, such number of copies of the supplement or amendment to the Official Statement, in (i) a "designated electronic format" consistent with the requirements of the MSRB's Rule G-32 and (ii) a printed format in form and substance mutually agreed upon by the City and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing Date, the City also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

8. Representations and Warranties of Issuer. The City hereby agrees with, and makes the following representations and warranties to, the Underwriter, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The City is duly created and existing under the constitution and laws of the State and has full legal right, power and authority under the constitution and laws of the State, including the Act, to enact the Ordinance, to execute and deliver the Issuer Documents and the Official Statement, to issue, sell and deliver the Securities as provided herein, and to carry out and to consummate the transactions contemplated by the Ordinance, the Issuer Documents and the Official Statement.

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized and approved (A) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement for use by the Underwriter in connection with the public offering of the Securities, (B) the issuance and sale of the Securities upon the terms set forth herein and as contemplated by the Ordinance, the Issuer Documents and the Official Statement and (C) the execution and delivery of, and the performance by the City of

the obligations on its part contained in, the Securities, the Ordinance and the Issuer Documents.

(c) The Securities will be issued in conformity with and shall be entitled to the benefit and security of the Ordinance and the Issuer Documents. When delivered to and paid for by the Underwriter in accordance with the terms of this Agreement, the Securities will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding limited obligations of the City payable from revenues and moneys pledged therefor under the Ordinance and will be entitled to the benefit of the Ordinance.

(d) This Agreement constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms; the other Issuer Documents, when duly executed and delivered, will constitute the legal, valid and binding obligations of the City enforceable in accordance with their respective terms; and the Securities, when issued, authenticated and delivered in accordance with the Issuer Documents and sold to the Underwriter as provided herein, will be the legal, valid and binding obligations of the City enforceable in accordance with their terms; in all cases, except as to the enforceability of this Agreement, the other Issuer Documents and the Securities may be limited by application of Creditors' Rights Laws.

(e) The City is not in breach of or default in any material respect under (if applicable) its enabling legislation or under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the City under any of the foregoing.

(f) 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 as of the respective dates 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 the City and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the City, except as reflected in or contemplated by the Official Statement.

(g) The enactment, adoption, execution and delivery of the Securities, Ordinance and the Issuer Documents, and compliance with the provisions on the City's part contained therein, will not conflict with or constitute a breach of or default under any

constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City or any of its property or assets are otherwise subject, and such enactment, adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature upon the assets of the City, except as provided by the Securities, the Ordinance and the Issuer Documents.

(h) All authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the issuance of the Securities or the due performance by the City of its obligations under the Ordinance, the Issuer Documents and the Securities have been duly obtained or will be obtained prior to the Closing, except that the City makes no representations with respect to (A) such authorizations, approvals, consents and orders, if any, as may be required under federal or state securities laws of any jurisdiction in connection with the offering and sale of the Securities and (B) authorizations, approvals, consents and orders that are required to be obtained or renewed periodically, such as budgets, licenses and permits.

(i) The Preliminary Official Statement as of its date did not, and the Official Statement as of its date does not, and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, that the City makes no statement as to the Excluded Sections of the Preliminary Official Statement or the Official Statement.

(j) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or, to the knowledge of the City, threatened against the City: (A) affecting the existence of the City or the titles of its officers to their respective offices, (B) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Securities or the collection of local bond payments for the repayment of the Securities or the making of any other required deposits with respect to the Securities, (C) in any way contesting or affecting the validity or enforceability of, or the power or authority of the City to issue, enact, adopt or to enter into (as applicable), the Securities, the Ordinance or the Issuer Documents, (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (E) except as disclosed in the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the City or would result in any material adverse change in the ability of the City to collect local bond payments for the repayment of the Securities or (F) contesting the status of the interest on the Securities as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax, in each case as described in the Official Statement.

(k) The City has received all licenses, permits or other regulatory approvals required, if any, and the City is not in material default, and no event has occurred which would constitute or result in a material default, under any such licenses, permits or approvals.

(l) The City has entered or will enter into the Continuing Disclosure Agreement and, unless otherwise described in the Official Statement or set forth below, the City has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

(m) The Ordinance, the Issuer Documents and the Securities conform to the description thereof contained in the Official Statement.

The City has the legal authority to apply proceeds of the Securities for the purposes contemplated by the Ordinance and the Issuer Documents, including for the payment or reimbursement of incidental expenses in connection with the marketing, issuance and delivery of the Securities to the extent required by this Agreement and in compliance with applicable law.

9. Covenants of the City. The City hereby covenants with the Underwriter that:

(a) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the City shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the assets, properties, funds or interests of the City.

(b) The City shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without prior written notice to the Underwriter.

(c) The City shall promptly advise the Underwriter by written notice of any matter arising or discovered after the date of this Agreement and prior to the Closing Date that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of a material fact regarding the City contained in the Official Statement; or any developments that affect the accuracy and completeness of the key representations (within the meaning of Rule 15c2-12) regarding the City contained in the Official Statement.

(d) The City will undertake, pursuant to the Continuing Disclosure Agreement, to provide annual reports and notices of certain events in compliance with Rule 15c2-12. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

(e) The City shall cooperate with the Underwriter in the qualification of the Securities for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions, to the extent applicable, as the Underwriter may request; *provided*, that the City shall not be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state or to file any general or special consents to service of process under the laws of any jurisdiction.

(f) Unless the Securities are being issued as taxable Securities, the City shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable state tax, of the interest on the Securities.

10. Representations and Warranties of the Underwriter. The Underwriter hereby agrees with, and makes the following representations and warranties to, the City, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The Underwriter is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and authorized to do business in the State.

(b) This Agreement has been duly authorized, executed and delivered by the Underwriter and, assuming the due authorization, execution and delivery by the City, is the legal, valid and binding obligation of the Underwriter enforceable in accordance with its terms, except as the enforceability of this Agreement may be limited by application of Creditors' Rights Laws.

(c) The Underwriter represents that it is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

11. Third-Party Credit Enhancement or Support. No third-party credit enhancement or support facility will be provided with respect to the Securities.

12. Ratings. On the Closing Date, the Securities shall be rated "A" by Standard & Poor's Corporation.

13. Closing.

(b) The delivery of and payment for the Securities shall be the "Closing" for the Securities and shall occur at or prior to 1:00 p.m., New York City time, on the Closing Date, or at such other time or on such other date as may be mutually agreed by the Underwriter and the City.

(c) The City and the Underwriter agree that there shall be a preliminary closing held at the offices of Bond Counsel in Charleston, West Virginia, commencing at least 24

hours prior to the Closing Date, or at such other time or place as the City and the Underwriter shall agree.

(d) At the Closing, the City shall deliver or cause to be delivered the Securities to the Registrar as DTC's FAST closing agent on behalf of the Underwriter, as further described in paragraph (e) below. The Securities shall be delivered in definitive form, duly executed by the Mayor of the City, attested by the Clerk of the City and authenticated by the Registrar, together with the other documents identified in Section 14. Subject to satisfaction of the conditions contained in this Agreement, the Underwriter will accept delivery of the Securities as described above and pay the Purchase Price, plus accrued interest, if any, on the Securities from their dated date to, but not including, the Closing Date, in immediately available funds, payable to the order of the Depository Bank or as otherwise directed by the City.

(e) Delivery of the definitive Securities shall be made to the Registrar as DTC's FAST agent with respect to DTC's book-entry-only system in New York, New York, or at such other location as may be designated by the Underwriter prior to the Closing. The Securities will be delivered as fully-registered bonds, bearing CUSIP numbers, with a single bond for each maturity of each series of the Securities (or, if so provided in **Schedule I**, for each separate interest rate within a maturity), and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Securities. Unless otherwise requested by the Underwriter, the Securities will be delivered under DTC's FAST delivery system.

(f) After execution by the City and authentication by the Registrar, the Bonds shall be held in safe custody by the Registrar or any authorized agent for the Registrar. The Registrar shall release or authorize the release of the Bonds from safe custody at the Closing upon receipt of payment for the Bonds.

14. Closing Conditions. The obligations of the Underwriter hereunder shall also be subject to the following additional conditions:

(a) At and as of the Closing Date, (i) the Official Statement, this Agreement and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Securities shall be deposited and applied as described in the Official Statement, and (iii) the City shall have duly enacted or adopted and there shall be in full force and effect such ordinances or resolutions as, in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Securities, which shall have been executed and delivered by the City and authenticated by the Registrar, and executed copies of the Issuer Documents at or prior to the Closing.

(c) On or prior to the Closing Date, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and the City:

(i) The unqualified approving opinions, dated as of the Closing Date, of Bond Counsel, in the form attached as Appendix D to the Official Statement accompanied by a supplemental opinion of Bond Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit A;

(ii) The opinion of Issuer's Counsel, dated as of the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as Exhibit B;

(iii) The opinion of Underwriter's Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit C;

(iv) A certificate of the City executed and delivered by the Mayor, or any other duly authorized officer, satisfactory to the Underwriter, dated as of the Closing, to the effect that: (A) the City has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained herein are true as of Closing, (B) it has authorized, by all necessary action the execution, delivery, receipt and due performance of the Securities, the Continuing Disclosure Agreement, the Ordinance and all other Issuer 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, (C) to the City's knowledge, no litigation is pending or threatened, to restrain or enjoin the issuance or sale of the Securities or in any way affecting any authority for or the validity of the Securities or the Ordinance, (D) the execution, delivery, receipt and due performance of the Securities, the Issuer Documents and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the City's compliance with the provisions thereof will not conflict with or constitute on the part of the City 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 it may be bound, (E) to the best of such officer's knowledge, no event affecting the City has occurred since the date of the Official Statement that should be disclosed in the Official Statement to make the statements and information therein not misleading in any material respect for the purposes for which it is to be used (F) the City is in compliance, unless otherwise waived, with all covenants in its outstanding ordinances which authorized bonds secured by the gross revenues of the System; and (G) the City is obligated by such Continuing Disclosure Agreement 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), excepting only such matters as may be described in the Continuing Disclosure section of the Official Statement;

(v) Copies of this Agreement executed by the parties thereto;

(vi) Executed copies of the Continuing Disclosure Agreement, in form and substance satisfactory to the Underwriter and Underwriter's Counsel;

(vii) The Ordinance, certified by the Clerk of the City under the seal of the City, as having been duly enacted by the City and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(viii) Evidence of "A" rating from Standard & Poor's Corporation;

(ix) The executed opinion of Bond Counsel, or if such opinion shall not be addressed to the Underwriter, a reliance opinion from Bond Counsel providing that the Underwriter may rely on the opinion of Bond Counsel;

(x) An executed copy of Internal Revenue Service Form 8038-G;

(xi) Evidence that the City has adopted a formal post issuance policy sufficient to allow the City to check boxes 43 and 44 on Form 8038-G;

(xii) A certificate of the Accountants that the City has gross revenues sufficient to meet the rate coverage requirements of the Ordinance and meet the additional bonds parity test of each of the ordinances authorizing each series of the Prior Bonds;

(xiii) A certificate of the Registrar that all conditions precedent contained in the Ordinance for the issuance of the Securities have been met and the Securities are entitled to the benefit and security of the Ordinance;

(xiv) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Securities;

(xv) Consent from the Accountants to use the City's audit in the Preliminary Official Statement;

(xvi) A tax and arbitrage certificate of the City, including evidence that all existing rebate calculation requirements have been met;

(xvii) A consent from the holders of the Prior Bonds to the issuance of the Securities on a parity with the Prior Bonds;

(xviii) A certificate of the consulting engineer to the effect that the City has obtained all permits and approvals necessary to complete the Project and operate the System;

(xix) Evidence of fully funded reserve funds for the Securities and the Prior Bonds;

(xx) Evidence of sufficient construction bids consistent with the plan of financing for the Project;

(xxi) A verification report regarding the defeasance of the Series 2010 A Bonds;

(xxii) An opinion of Bond Counsel that the Series 2010 A Bonds have been defeased; and

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

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Securities shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder, except that the respective obligations to pay expenses, as provided herein, shall continue in full force and effect.

15. Issue Price Certificate. The Underwriter shall execute and deliver on the Closing Date an issue price or similar certificate in form and substance reasonably satisfactory to the City, Bond Counsel and the Underwriter.

16. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Securities and to terminate this Agreement by written notice to the City if, between the Effective Date to and including the Closing Date, in the Underwriter's sole and reasonable judgment any of the following events shall occur (each a "Termination Event"):

(a) the market price or marketability of the Securities, or the ability of the Underwriter to enforce contracts for the sale of the Securities, shall be materially adversely affected by any of the following events:

(i) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a

ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Securities, provided that this paragraph (a) (i) shall not apply if the Securities are being issued as taxable Securities; or

(ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Securities, the Ordinance or the Issuer Documents, or any comparable securities of the City, are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City shall have occurred; or

(vi) any rating on securities of the City shall have been downgraded or placed on negative watch; or

(vii) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the City refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the

market price or marketability of the Securities or the ability of the Underwriter to enforce contracts for the sale of the Securities; or

(viii) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(ix) a material disruption in securities settlement, payment or clearance services affecting the Securities shall have occurred; or

(x) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, the Underwriter shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(xi) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

Upon the occurrence of a Termination Event and the termination of this Agreement by the Underwriter, all obligations of the City and the Underwriter under this Agreement shall terminate, without further liability, except that the City and the Underwriter shall pay their respective expenses as set forth in Section 17 of this Agreement.

17. Payment of Expenses.

(a) The Underwriter shall be under no obligation to pay, and the City shall pay from available funds or direct the Paying Agent under the Ordinance and the Issuer Documents to pay from the proceeds of the Securities (to the extent permitted under applicable law) or from other funds of the City (to the extent permitted by applicable law), all expenses that are incidental to the performance of the City's obligations under this Agreement, including but not limited to: all expenses in connection with the printing of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; all expenses in connection with the printing, issuance and delivery of the Securities; the fees and expenses of Bond Counsel and Issuer's Counsel; the fees and expenses of the City's financial advisors, Accountants, any verification consultant and all other consultants; the fees and disbursements of any Trustee, any Paying Agent and any escrow agent, and their respective counsel; all expenses in connection with obtaining a rating or ratings for the Securities; all

expenses of the City in connection with the preparation, printing, execution and delivery, and any recording or filing, of the Ordinance, any Issuer Document or any other instrument; the City's administrative fees; and all other expenses and costs of the City incident to its obligations in connection with the authorization, issuance, sale and distribution of the Securities. Unless the City and the Underwriter otherwise agree, the City shall pay for all incidental costs (including, but not limited to, transportation, lodging, meals and entertainment of Issuer personnel) incurred by or on behalf of the City in connection with the marketing, issuance and delivery of the Securities.

(b) The Underwriter shall pay the costs of qualifying the Securities for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Securities and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Securities (the fees and expenses of Underwriter's Counsel shall be paid from the proceeds of the Securities).

18. Blue Sky Qualification. The City agrees to cooperate with the Underwriter and its counsel in any endeavor to qualify the Securities for offering and sale under securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request. The City consents to the use of the Preliminary Official Statement and the Official Statement by the Underwriter in obtaining such qualification. The City shall not be required to register in any jurisdiction.

19. Notices. Any notice or other communication to be given to the City under this Agreement may be given by certified mail or by delivering the same in writing to the City at the address set forth above. Any notice or other communication to be given to the Underwriter under this Agreement may be given by certified mail or by delivering the same in writing to the Underwriter at the following address:

Piper Jaffray & Co.
405 Capital Street, Suite 613
Charleston, WV 25301
Attn: Manager of West Virginia Public Finance

Such notice addresses may be changed by providing notice to the other party pursuant to the means above described.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia. To the extent allowed by law, each of the parties hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim arising out of this Agreement or the transactions contemplated hereby. The Underwriter acknowledges that the City cannot subject itself to the jurisdiction of courts other than courts in West Virginia.

21. Miscellaneous. This Agreement is made solely for the benefit of the signatories hereto (including the Underwriter and its successors or assigns) and no other person shall acquire

or have any right hereunder or by virtue hereof. Neither the City nor the Underwriter may assign this Agreement. The term "successor" shall not include any holder of any Securities merely by virtue of such holding. All representations, warranties, agreements and indemnities contained in this 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 Securities and any termination of this Agreement. Section headings have been included in this Agreement as a matter of convenience of reference only and are not to be used in the interpretation of any provisions of this Agreement. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, because it conflicts with any provisions of any constitution, statute, rule of public policy or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

22. Counterparts. This Agreement may be executed in one or more counterparts with the same force and effect as if all signatures appeared on a single instrument.

23. Signatures. Upon execution by the City and the Underwriter, this Agreement shall be binding upon the City and the Underwriter as of the Effective Date and Time.

[Remainder of Page Intentionally Blank]

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Senior Vice President

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Authorized Representative

ACCEPTANCE DATE AND TIME:
May 15, 2013 at 3:40 p.m.

SCHEDULE I

$38,255,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

Maturity Date	Amount	Rate	Yield	Price	*	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:									
6/1/2014	780,000	2.000%	0.540%	101.458					11,372.40
6/1/2015	800,000	2.000%	0.680%	102.621					20,968.00
6/1/2016	820,000	2.000%	0.880%	103.311					27,150.20
6/1/2017	835,000	2.000%	1.090%	103.554					29,675.90
6/1/2018	850,000	3.000%	1.330%	108.056					68,476.00
6/1/2019	875,000	3.000%	1.630%	107.804					68,285.00
6/1/2020	400,000	2.000%	1.920%	100.521					2,084.00
6/1/2020	500,000	3.000%	1.920%	107.045					35,225.00
6/1/2021	750,000	2.000%	2.190%	98.612					(10,410.00)
6/1/2021	175,000	4.000%	2.190%	113.220					23,135.00
6/1/2022	950,000	2.125%	2.370%	98.024					(18,772.00)
6/1/2023	970,000	2.250%	2.530%	97.539					(23,871.70)
	8,705,000								233,317.80
Term Bond Maturing June 1, 2026:									
6/1/2024	990,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	85,001.40
6/1/2025	1,030,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	88,435.80
6/1/2026	1,070,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	91,870.20
	3,090,000								265,307.40
Term Bond Maturing June 1, 2029:									
6/1/2027	1,115,000	3.375%	3.550%	97.877					(23,671.45)
6/1/2028	1,150,000	3.375%	3.550%	97.877					(24,414.50)
6/1/2029	1,190,000	3.375%	3.550%	97.877					(25,263.70)
	3,455,000								(73,349.65)
Term Bond Maturing June 1, 2033:									
6/1/2030	1,230,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	35,793.00
6/1/2031	1,280,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	37,248.00
6/1/2032	1,330,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	38,703.00
6/1/2033	1,160,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	33,756.00
	5,000,000								145,500.00
Term Bond Maturing June 1, 2038:									
6/1/2034	1,210,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	127,304.10
6/1/2035	1,215,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	127,830.15
6/1/2036	1,220,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	128,356.20
6/1/2037	1,225,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	128,882.25
6/1/2038	1,230,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	129,408.30
	6,100,000								641,781.00
5.000% Term Bond Maturing June 1, 2043:									
6/1/2039	190,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	18,327.40
6/1/2040	195,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	18,809.70
6/1/2041	200,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	19,292.00
6/1/2042	205,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	19,774.30
6/1/2043	210,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	20,256.60
	1,000,000								96,460.00
4.000% Term Bond Maturing June 1, 2043									
6/1/2033	225,000	4.000%	4.130%	97.775					(5,006.25)
6/1/2034	230,000	4.000%	4.130%	97.775					(5,117.50)
6/1/2035	295,000	4.000%	4.130%	97.775					(6,563.75)
6/1/2036	360,000	4.000%	4.130%	97.775					(8,010.00)
6/1/2037	430,000	4.000%	4.130%	97.775					(9,567.50)

6/1/2038	505,000	4.000%	4.130%	97.775	(11,236.25)
6/1/2039	1,625,000	4.000%	4.130%	97.775	(36,156.25)
6/1/2040	1,695,000	4.000%	4.130%	97.775	(37,713.75)
6/1/2041	1,770,000	4.000%	4.130%	97.775	(39,382.50)
6/1/2042	1,845,000	4.000%	4.130%	97.775	(41,051.25)
6/1/2043	1,925,000	4.000%	4.130%	97.775	(42,831.25)
	10,905,000				(242,636.25)
	38,255,000				1,066,380.30

*C – Priced to the first optional redemption date on June 1, 2023 at par (100%)

EXHIBIT A

SUPPLEMENTAL BOND COUNSEL OPINION

[LETTERHEAD OF STEPTOE & JOHNSON PLLC]

_____ ___, 2013

The City of Wheeling, West Virginia
Wheeling, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Re: $38,255,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Wheeling, West Virginia (the "Issuer") of its $38,255,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt) (the "Series 2013 Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2013 Bonds and the exclusion of interest on the Series 2013 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 May 15, 2013, between the Issuer and Piper Jaffray & Co. (the "Underwriter"), and approved by the Issuer.

Based upon the foregoing, we are of the opinion that:

1. This Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the City.

2. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

3. The statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and present a fair and accurate summary and description of the matters summarized and described under such caption.

4. Nothing has come to our attention which would lead us to believe that the statements contained in the Official Statement under the captions "Security for the Series 2013 Bonds," "The Series 2013 Bonds" (except for the statements referred to therein under "Book-Entry Series 2013 Bonds" with respect to The Depository Trust Company), "Financing Plan," "Appendix D – Form of Opinion of Bond Counsel," "Appendix E – Form of Bond Ordinance and Supplemental Parameters Resolution" insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, do not present fairly in all material respects the matters referred to therein.

Very truly yours,

EXHIBIT B

FORM OF OPINION OF COUNSEL TO ISSUER

[LETTERHEAD OF THE CITY OF WHEELING]

_____ ___, 2013

The City of Wheeling, West Virginia
Wheeling, West Virginia

Piper Jaffray & Co.
Charleston, West Virginia

Re: $38,255,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)

Ladies and Gentlemen:

I have acted 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 "Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of May 15, 2013 (the "Purchase Agreement"), between Piper Jaffray & Co. (the "Underwriter") and the Issuer. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the Issuer relating to the Bonds enacted by the Council of the City on April 16, 2013 (the "Ordinance"), as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013 (the "Supplemental Resolution" and collectively with the Ordinance, hereinafter the "Ordinance"), the Continuing Disclosure Agreement (the "Undertaking"), the Purchase Agreement, the Preliminary Official Statement dated May 8, 2013, and the Official Statement dated May 15, 2013, with respect to the issuance and offering of the 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:

1. The City is a political subdivision and municipal corporation of the State of West Virginia.

2. The City has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Bonds.

3. No litigation is pending, or to my knowledge, threatened in any court in any way affecting the existence of the City or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of Gross Revenues of the System pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Purchase Agreement, or contesting the powers of the City with respect to the Bonds, the Ordinance, the Undertaking or this Purchase Agreement or any transaction described in or contemplated by the Official Statement.

4. The Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the City, in light of the circumstances under which they were made, not misleading.

5. The statements contained in the Official Statement under the captions "The Series 2013 Bonds," "Security for the Series 2013 Bonds," "The City," "Debt Service Requirements," "The System," "Litigation," "Financing Plan," and "Appendix B—The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein.

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

Very truly yours,

EXHIBIT C

FORM OF UNDERWRITER'S COUNSEL OPINION

[LETTERHEAD OF JACKSON KELLY PLLC]

_____, 2013

Piper Jaffray & Co.
405 Capitol Street, Suite 613
Charleston, WV 25301

Re: $38,255,000 The City of Wheeling, West Virginia, Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax Exempt)

Ladies and Gentlemen:

We have acted as counsel to you, Piper Jaffray & Co. (the "Underwriter"), in connection with your purchase of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated May 15, 2013 (the "Purchase Agreement") between the City of Wheeling, West Virginia (the "Issuer") and you. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

In connection with rendering this opinion, we have examined the Official Statement dated May 15, 2013, the Purchase Agreement and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended and presently in effect (the "Rule").

Based upon the foregoing review, we are of the opinion that the Purchase Agreement has been duly authorized, executed and delivered by the Underwriter and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a valid and binding agreement in accordance with its terms of, the Underwriter, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the respective parties, the exercise of judicial discretion or the availability of equitable remedies.

It is also our opinion that the Continuing Disclosure Agreement complies as to form in all material respects with the requirements of subparagraph (b)(5) of the Rule in effect as of the date hereof and applicable to continuing disclosure agreements.

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

in connection with such issuance that cause us to believe that the Official Statement (except for any financial, accounting, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any management discussion and analysis or any information relating to The Depository Trust Company and the book-entry only system contained in the Official Statement and its Appendices included therein, which we expressly exclude from the scope of this sentence) contains as of the date hereof any untrue statements of a material fact or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Wheeling, West Virginia (the "Issuer"), and WesBanco Bank, Inc. (the "Dissemination Agent"), in connection with the issuance of $38,255,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on April 16, 2013 (the "Original Ordinance"), as supplemented by a supplemental parameters resolution adopted by the Council of the City on May 7, 2013 (the "Supplemental Resolution" and collectively with the Ordinance, hereinafter 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 Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated May 15, 2013, 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" shall mean 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" shall mean 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).

"Disclosure Representative" shall mean the current Mayor, City Manager, Utility Manager or Finance Director of the Issuer.

"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.

"EMMA" shall mean the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

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

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

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

"Repository" shall mean each National Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

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) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2013, provide to EMMA Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the 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 the 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). The Dissemination Agent shall send written notice to the Issuer thirty (30) days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by the Due 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 EMMA its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. Within 300 days of the Issuer's 2013 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA 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 in a timely manner, not in excess of ten (10) Business Days, following the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

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

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

9. Defeasances;

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

11. Rating changes;

12. Bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

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

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

(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, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), 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, in any event such determination must be made and submitted to the Dissemination Agent within two (2) Business Days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in

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1 For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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 EMMA with a copy to the Issuer. The Dissemination Agent must file such notice with EMMA within ten (10) Business Days of the occurrence of such Listed Event.

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., 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 the 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 the 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 Ordinance for amendments to the Ordinance 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 in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchasers), 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 Agent. 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 the Agreement may be given as follows:

To the Issuer:

City of Wheeling, West Virginia
City County Building
1500 Chapline Street
Wheeling, WV 26003

To the Dissemination Agent: WesBanco Bank, Inc.
ATTN: Corporate Trust
1 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. The 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 the Agreement and to rely upon an opinion of counsel.

[Remainder of this page intentionally left blank.]

Date: May 30, 2013

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Its: Mayor

WESBANCO BANK, INC.,
as Dissemination Agent

By: _____
Its: Vice President

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The City of Wheeling (West Virginia)

Name of Issue: $38,255,000 The City of Wheeling, West Virginia Combined Waterworks and Sewerage System Revenue Bonds, Series 2013

Date of Issuance: May 30, 2013

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 _____.

THE CITY OF WHEELING, WEST VIRGINIA

By: _____
Its: Mayor

By: _____
Its: City Manager

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]

(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]

WEST VIRGINIA
Water Development Authority
Celebrating 39 Years of Service ***1974 - 2013***

May 30, 2013

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

TO WHOM IT MAY CONCERN:

In reliance upon certificates of Bodkin, Wilson & Kozicki PLLC, an independent certified public accountant, stating that certain coverage and parity requirements have been met, and an opinion of Steptoe & Johnson PLLC, as bond counsel, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 2005 A Bonds and Series 2010 B Bonds, hereinafter defined and described, hereby consents to (i) waive any coverage or parity requirements that have not been met; and (ii) the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Bonds"), in the aggregate principal amount of $38,255,000 by The City of Wheeling (the "Issuer"), under the terms of the bond ordinance and supplemental resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding 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"); and Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated December 14, 2010, issued in the original aggregate principal amount of $8,356,000 (the "Series 2010 B Bonds").

Sheila A Miller
Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

The City of Wheeling
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013
(Tax-Exempt)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 30th day of May, 2013, 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., Wheeling, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $38,255,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 (Tax-Exempt) (the "Series 2013 Bonds" or "Bonds"), in fully registered form pursuant to a Bond Ordinance enacted on April 16, 2013, as supplemented by a Supplemental Parameters Resolution adopted May 7, 2013 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Agreement does appoint the Bank to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the 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 2013 Bonds for purposes of federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Bank agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Bank's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:
The City of Wheeling
1500 Chapline Street
Wheeling, West Virginia 26003
Attention: City Manager

REGISTRAR:
WesBanco Bank, Inc.
One Bank Plaza
Wheeling, West Virginia 26003
Attention: Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

THE CITY OF WHEELING

By: _____
Its: Mayor

WESBANCO BANK, INC.

By: _____
Its: Authorized Officer

964250.00061

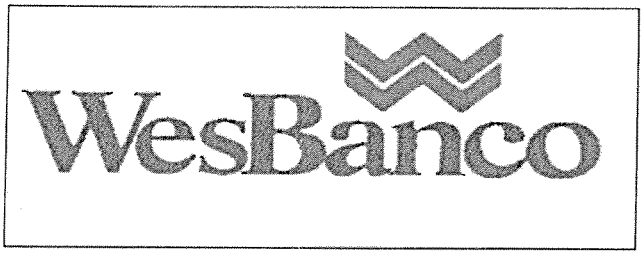
EXHIBIT A

Bond Legislation

[See Transcript at Tab No. 1 and Tab No. 2]

FEE SCHEDULE

Fee $3,750.00



The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013 (Tax-Exempt)

30-May-13

TRUST FEE STATEMENT

Acceptance Fee	$	1,750.00
Annual Fee		2,000.00
Total Amount Due	$	3,750.00

WesBanco Trust & Investment Services
Attn: Janet Kendzierski, Corporate Trust Officer
One Bank Plaza
Wheeling, WV 26003

Ref: Acct# 1085006399

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 at a meeting of the Board of Directors of said corporation at a regular meeting held on the 18th day of April 2013, 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, Jonathan D. Dargusch, Robert T. Cupp, Sr. Janet L. Shelburne, and Janet W. Kendzierski to accept and to execute documents on behalf of WesBanco Bank, Inc. in order to serve as Trustee, Registrar, Paying Agent and/or any other related capacity.

WITNESS my hand this 22nd day of April 2013.

Linda M. Woodfin
Secretary

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X ☐ Agent ☒ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

RECEIVED AUG 7 2012 OGDEN, UT

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7009 2250 0001 0923 0558 964250 00061

PS Form 3811, February 2004 Domestic Return Receipt Wheeling 102595-02-M-1540

7009 2250 0001 0923 0558

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6.77

Postmark Here

Sent To Wheeling 964250.00061 Brands
Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Street, Ap or PO Bo
City, Stat

PS Form ctions

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information
(304) 353-8196
(304) 353-8181 Fax
John.Stump@steptoe-johnson.com

July 24, 2013

The City of Wheeling
Combined Waterworks and Sewerage System Revenue Bonds
Series 2013 (Tax-Exempt)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G with regard to the above-captioned issue. Please file in the appropriate Internal Revenue Service records.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/bsl
Enclosure

964250.00061

Form **8038-G** (Rev. September 2011)

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
The City of Wheeling

2 Issuer's employer identification number (EIN)
55-6000271

3a Name of person (other than Issuer) with whom the IRS may communicate about this return (see instructions)

3b Telephone number of other person shown on 3a

4 Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
1500 Chapline Street

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Wheeling, West Virginia 26003

7 Date of issue
05/30/2013

8 Name of Issue
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013

9 CUSIP number
963270

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Robert Herron, City Manager

10b Telephone number of officer or other employee shown on 10a
304-234-3617

Part II Type of Issue (enter the issue price). See the 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	39,321,380	30
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶	18		
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

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	06/01/2043	$ 39,321,380.30	$ 38,255,000	18.11 years	3.6408 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	39,321,380	30
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	538,961 54			
25	Proceeds used for credit enhancement	25	0 00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	2,223,418 76			
27	Proceeds used to currently refund prior issues	27	0 00			
28	Proceeds used to advance refund prior issues	28	0 00			
29	Total (add lines 24 through 28)			29	2,762,380	30
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	36,559,000	00

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 ▶	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

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. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative — Date: 5/30/13 — Andy McKenzie, Mayor (Type or print name and title)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
John Stump		5/30/13		P01236822

Firm's name ▶ Steptoe & Johnson PLLC — Firm's EIN ▶ 55-0286140

Firm's address ▶ PO Box 1588, Charleston, West Virginia 25326 — Phone no. 304.353.8000

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 30-May-13

ISSUE: The City of Wheeling
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013

ADDRESS: 1500 Chapline Street, Wheeling, WV 26003 COUNTY: Ohio

PURPOSE OF ISSUE:
New Money: X
Refunding:

ISSUE DATE: 5/30/2013
ISSUE AMOUNT: $38,255,000
1ST DEBT SERVICE DUE: 12/1/2013
1ST DEBT SERVICE AMOUNT see bonds

REFUNDS ISSUE(S) DATED:
CLOSING DATE: 5/30/2013
RATE: 2% to 5%
1ST PRINCIPAL DUE: 6/1/2013
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John C. Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: WesBanco Bank
Contact: Jan Shelburne
Phone: 304.234.9436

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Robert Herron
Position: City Manager
Phone: 304.234.3617

OTHER:
Underwriter-
Piper Jaffray & Co.
Contact: Marie Prezioso
Position: Senior Vice- President
Phone: 304.343.7102

DEPOSITS TO MBC AT CLOSE
By:
X Wire
Check

Accrued Interest: $
Capitalized Interest: $
x Reserve Account $ 2,223,418.76
Other: $
Other:

REFUNDS & TRANSFERS BY MBC AT CLOSE
By:
Wire
Check
IGT

To Escrow Trustee $
To Issuer $
To Cons. Invest. Fund $
To Other: $
To Other: $

NOTES: The Series 2013 Bonds Reserve Fund will be fully funded at closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on
May 28, 2013

Natalie E Tennant

Secretary of State

ARTICLE 20

COMBINED SYSTEMS

Part I—Combined Waterworks and Sewerage Systems Authorized; Definitions.

Section

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 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.

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.

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, conve-

nient 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.

Acts 1939, c. 98, §§ 1, 2; Acts 1947, c. 112; Acts 1955, c. 131; Acts 1969, c. 86.

Cross References

County commissions, waterworks, see § 7–1–3a.
Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8–12–3.
General powers of every municipality and its governing body, see § 8–12–5.
Sewage, stormwater systems, see § 16–13–1.

Administrative Code References

Water rationing, emergency, see W. Va. Code St. R. § 150–20–2.

Library References

Municipal Corporations ⇦708.
Water Law ⇦1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

United States Code Annotated

Transfer to municipal corporations, federal works supplying water, see 43 U.S.C.A. § 499b.

Notes of Decisions

New and annexed tracts 1

1. New and annexed tracts

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇦ 712(1); Water Law ⇦ 2037

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇦ 712(1); Water Law ⇦ 2037; Water Law ⇦ 2110

Awarding sewer and water service rights in newly developed tract to city, rather than to sewer and water districts, could reasonably be expected to provide appropriate protection to the relevant public interests, both existing and foreseeable. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇦ 712(1); Water Law ⇦ 2037

§ 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 municipali-

ty 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.

Acts 1976, c. 83; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 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.

Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

§ 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.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

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 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.

Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Eminent Domain ⇐28, 32.
Westlaw Topic No. 148.
C.J.S. Eminent Domain §§ 35, 40 to 41.

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.

Acts 1939, c. 98, § 4; Acts 1947, c. 112; Acts 1949, c. 91; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐300.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 991 to 1007.

§ 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, 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.

Acts 1939, c. 98, § 5; Acts 1947, c. 112; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 103; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Municipal Corporations ⇐294(7).
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 979, 981.

§ 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.

Acts 1939, c. 98, § 3; Acts 1947, c. 112; Acts 1957, c. 123; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐911, 922.
Taxation ⇐2316.
Westlaw Topic Nos. 268, 371.

C.J.S. Municipal Corporations §§ 1647 to 1649, 1684 to 1693, 1697 to 1698.
C.J.S. Taxation § 304.

§ 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.

Acts 1939, c. 98, § 6; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 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 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.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 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.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐950(15).
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 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.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1879.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 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 a municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all necessary rules for the repair, maintenance, operation and management of the combined system of the municipality and for the use thereof. The governing body of a municipality also has the plenary power and authority to make, enact and enforce all necessary rules and ordinances for the care and protection of any such system for the health, comfort and convenience of the public, to provide a clean water supply, to provide properly treated sewage insofar as it is reasonably possible to do and, if applicable, to properly collecting and controlling the stormwater as is reasonably possible to do: *Provided,* That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or storm water facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) A municipality has the plenary power and authority to charge the users for the use and service of a 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 storm water 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, an adequate depreciation fund and pay the principal 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. The rates, fees or charges shall be changed, from time to time, as necessary, 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. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of $100 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, service may not be reconnected or reinstated by the municipality or governing body until another deposit equal to $100 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 to be set by the Public Service Commission: *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 governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, 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 terminate 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: *Provided further,* That any termination of water service must comply with all rules and orders of the Public Service Commission: *Provided however,* That nothing contained within the rules of the Public Service Commission shall be deemed to require any

agents or employees of the municipality or governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, 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. The user is liable 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. The municipality has the plenary power and authority to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and reasonable attorney's fees: *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 filing an action in magistrate court for 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 a civil action 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 has exhausted all other remedies for collection of debts with respect to such delinquencies prior to bringing the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency has been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought.

(f) Notwithstanding any other provision contained in this article, a municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such

rules, regulations, fines or acts are not contrary to any rules or orders of the Public Service Commission.

(g) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct violation of the municipal stormwater ordinance or regulation, the municipality may correct or have the corrections of the violation made and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

(h) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1939, c. 98, § 7; Acts 1947, c. 112; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1990, c. 140; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2008, c. 202, eff. March 8, 2008; Acts 2010, c. 201, eff. June 11, 2010.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

Research References

ALR Library

54 ALR 6th 201, Municipal Liability for Damage Resulting from Obstruction or Clogging of Drain or Sewer.

Notes of Decisions

Tort liability 1

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1. Tort liability

A municipal ordinance that is enacted pursuant to the statutory power granted to municipalities to construct, operate, maintain, care for, and protect a sewer system, and that purports to limit, modify, or eliminate tort liabilities and immunities related to that sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Code, 8-20-10, 29-12A-5(a)(16). Calabrese v. City of Charleston, 1999, 515 S.E.2d 814, 204 W.Va. 650. Municipal Corporations ⇐ 70

§ 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.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Water Law ⇐2230.
Westlaw Topic No. 405.

§ 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.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

§ 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.

Acts 1939, c. 98, § 9; Acts 1969, c. 86; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐951.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 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.

Acts 1939, c. 98, § 10; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐885.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1628 to 1629.

§ 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 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.

Acts 1957, c. 127; Acts 1969, c. 86.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Municipal Corporations ⇐708.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 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 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.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨955(1).
Westlaw Topic No. 268.

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.

Acts 1961, c. 106; Acts 1969, c. 86; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

United States ⇐82(2).
Westlaw Topic No. 393.
C.J.S. United States § 155.

§ 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.

Acts 1933, Ex. Sess., c. 26, § 13; Acts 1969, c. 86; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

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 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.

Acts 1961, c. 104; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 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.

Acts 1933, Ex. Sess., c. 26, § 14; Acts 1969, c. 86.

WV Secretary of State

Receipt #: 1059635
Station ID: M01

List Of Services

al a p cert. copies of cha	$19.20

Total: $19.20

Payment Details:

Steptoe & Johnson of Charleston	
p 1480	$19.20

Original Transaction Date: 05/28/2013

Thank You For Your Business!

BOND PRICING

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

Bond Component	Maturity Date	CUSIP ID	Amount	Rate	Yield	Price		Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:											
	06/01/2014	963270EM1	780,000	2.000%	0.540%	101.458					11,372.40
	06/01/2015	963270EN9	800,000	2.000%	0.680%	102.621					20,968.00
	06/01/2016	963270EP4	820,000	2.000%	0.880%	103.311					27,150.20
	06/01/2017	963270EQ2	835,000	2.000%	1.090%	103.554					29,675.90
	06/01/2018	963270ER0	850,000	3.000%	1.330%	108.056					68,476.00
	06/01/2019	963270ES8	875,000	3.000%	1.630%	107.804					68,285.00
	06/01/2020	963270EX7	400,000	2.000%	1.920%	100.521					2,084.00
	06/01/2020	963270ET6	500,000	3.000%	1.920%	107.045					35,225.00
	06/01/2021	963270EU3	750,000	2.000%	2.190%	98.612					(10,410.00)
	06/01/2021	963270EY5	175,000	4.000%	2.190%	113.220					23,135.00
	06/01/2022	963270EV1	950,000	2.125%	2.370%	98.024					(18,772.00)
	06/01/2023	963270EW9	970,000	2.250%	2.530%	97.539					(23,871.70)
			8,705,000								233,317.80
Term Bond:											
	06/01/2024	963270EZ2	990,000	4.000%	3.000%	108.586	C	3.188%	06/01/2023	100.000	85,001.40
	06/01/2025	963270EZ2	1,030,000	4.000%	3.000%	108.586	C	3.188%	06/01/2023	100.000	88,435.80
	06/01/2026	963270EZ2	1,070,000	4.000%	3.000%	108.586	C	3.188%	06/01/2023	100.000	91,870.20
			3,090,000								265,307.40
Term Bond #2:											
	06/01/2027	963270FA6	1,115,000	3.375%	3.550%	97.877					(23,671.45)
	06/01/2028	963270FA6	1,130,000	3.375%	3.550%	97.877					(24,414.50)
	06/01/2029	963270FA6	1,190,000	3.375%	3.550%	97.877					(25,263.70)
			3,435,000								(73,349.65)
Term Bond #3:											
	06/01/2030	963270FC2	1,230,000	4.000%	3.650%	102.910	C	3.791%	06/01/2023	100.000	35,793.00
	06/01/2031	963270FC2	1,280,000	4.000%	3.650%	102.910	C	3.791%	06/01/2023	100.000	37,248.00
	06/01/2032	963270FC2	1,330,000	4.000%	3.650%	102.910	C	3.791%	06/01/2023	100.000	38,703.00
	06/01/2033	963270FC2	1,160,000	4.000%	3.650%	102.910	C	3.791%	06/01/2023	100.000	33,756.00
			5,000,000								145,500.00
Term Bond #4:											
	06/01/2034	963270FD0	1,210,000	5.000%	3.730%	110.521	C	4.309%	06/01/2023	100.000	127,304.10
	06/01/2035	963270FD0	1,215,000	5.000%	3.730%	110.521	C	4.309%	06/01/2023	100.000	127,830.15
	06/01/2036	963270FD0	1,220,000	5.000%	3.730%	110.521	C	4.309%	06/01/2023	100.000	128,356.20
	06/01/2037	963270FD0	1,225,000	5.000%	3.730%	110.521	C	4.309%	06/01/2023	100.000	128,882.25
	06/01/2038	963270FD0	1,230,000	5.000%	3.730%	110.521	C	4.309%	06/01/2023	100.000	129,408.30
			6,100,000								641,781.00
Term Bond #5:											
	06/01/2039	963270FE8	190,000	5.000%	3.830%	109.646	C	4.417%	06/01/2023	100.000	18,327.40
	06/01/2040	963270FE8	195,000	5.000%	3.830%	109.646	C	4.417%	06/01/2023	100.000	18,809.70
	06/01/2041	963270FE8	200,000	5.000%	3.830%	109.646	C	4.417%	06/01/2023	100.000	19,292.00
	06/01/2042	963270FE8	205,000	5.000%	3.830%	109.646	C	4.417%	06/01/2023	100.000	19,774.30
	06/01/2043	963270FE8	210,000	5.000%	3.830%	109.646	C	4.417%	06/01/2023	100.000	20,256.60
			1,000,000								96,460.00
Term Bond #6:											
	06/01/2033	963270FB4	225,000	4.000%	4.130%	97.775					(5,006.25)
	06/01/2034	963270FB4	230,000	4.000%	4.130%	97.775					(5,117.50)
	06/01/2035	963270FB4	295,000	4.000%	4.130%	97.775					(6,563.75)
	06/01/2036	963270FB4	360,000	4.000%	4.130%	97.775					(8,010.00)
	06/01/2037	963270FB4	430,000	4.000%	4.130%	97.775					(9,567.50)
	06/01/2038	963270FB4	505,000	4.000%	4.130%	97.775					(11,236.25)
	06/01/2039	963270FB4	1,625,000	4.000%	4.130%	97.775					(36,156.25)
	06/01/2040	963270FB4	1,695,000	4.000%	4.130%	97.775					(37,713.75)
	06/01/2041	963270FB4	1,770,000	4.000%	4.130%	97.775					(39,382.50)
	06/01/2042	963270FB4	1,845,000	4.000%	4.130%	97.775					(41,051.25)
	06/01/2043	963270FB4	1,925,000	4.000%	4.130%	97.775					(42,831.25)
			10,905,000								(242,636.25)
			38,255,000								1,066,380.30

Dated Date	05/30/2013	
Delivery Date	05/30/2013	
First Coupon	12/01/2013	
Par Amount	38,255,000.00	
Premium	1,066,380.30	
Production	39,321,380.30	102.787558%
Underwriter's Discount	(344,295.00)	(0.900000%)
Purchase Price	38,977,085.30	101.887558%
Accrued Interest		
Net Proceeds	38,977,085.30	

Notes:
FINAL
Based on market rates as of May 15, 2013
'A' rated by Standard & Poor's

SOURCES AND USES OF FUNDS

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

Dated Date	05/30/2013
Delivery Date	05/30/2013

Sources:	
Bond Proceeds:	
Par Amount	38,255,000.00
Net Premium	1,066,380.30
	39,321,380.30

Uses:	
Project Fund Deposits:	
Construction Fund	36,559,000.00
Other Fund Deposits:	
Reserve Account	2,223,418.76
Cost of Issuance:	
Bond Counsel	85,000.00
Underwriter's Counsel	50,000.00
Rating Agency (S&P)	23,000.00
Accountant	25,000.00
Registrar/Dissemination Agent	3,750.00
Official Statement Printing	2,000.00
Escrow Verification	1,700.00
CUSIP Assignment	500.00
Miscellaneous	3,716.54
	194,666.54
Underwriter's Discount:	
($9.00 / $1,000)	344,295.00
	39,321,380.30

Notes:
FINAL
Based on market rates as of May 15, 2013.
'A' rated by Standard & Poor's.

BOND DEBT SERVICE

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

Period Ending	Principal	Coupon	Interest	Debt Service
06/01/2014	780,000	2.000%	1,438,854.50	2,218,854.50
06/01/2015	800,000	2.000%	1,419,268.76	2,219,268.76
06/01/2016	820,000	2.000%	1,403,268.76	2,223,268.76
06/01/2017	835,000	2.000%	1,386,868.76	2,221,868.76
06/01/2018	850,000	3.000%	1,370,168.76	2,220,168.76
06/01/2019	875,000	3.000%	1,344,668.76	2,219,668.76
06/01/2020	900,000	** %	1,318,418.76	2,218,418.76
06/01/2021	925,000	** %	1,295,418.76	2,220,418.76
06/01/2022	950,000	2.125%	1,273,418.76	2,223,418.76
06/01/2023	970,000	2.250%	1,253,231.26	2,223,231.26
06/01/2024	990,000	4.000%	1,231,406.26	2,221,406.26
06/01/2025	1,030,000	4.000%	1,191,806.26	2,221,806.26
06/01/2026	1,070,000	4.000%	1,150,606.26	2,220,606.26
06/01/2027	1,115,000	3.375%	1,107,806.26	2,222,806.26
06/01/2028	1,150,000	3.375%	1,070,175.00	2,220,175.00
06/01/2029	1,190,000	3.375%	1,031,362.50	2,221,362.50
06/01/2030	1,230,000	4.000%	991,200.00	2,221,200.00
06/01/2031	1,280,000	4.000%	942,000.00	2,222,000.00
06/01/2032	1,330,000	4.000%	890,800.00	2,220,800.00
06/01/2033	1,385,000	4.000%	837,600.00	2,222,600.00
06/01/2034	1,440,000	** %	782,200.00	2,222,200.00
06/01/2035	1,510,000	** %	712,500.00	2,222,500.00
06/01/2036	1,580,000	** %	639,950.00	2,219,950.00
06/01/2037	1,655,000	** %	564,550.00	2,219,550.00
06/01/2038	1,735,000	** %	486,100.00	2,221,100.00
06/01/2039	1,815,000	** %	404,400.00	2,219,400.00
06/01/2040	1,890,000	** %	329,900.00	2,219,900.00
06/01/2041	1,970,000	** %	252,350.00	2,222,350.00
06/01/2042	2,050,000	** %	171,550.00	2,221,550.00
06/01/2043	2,135,000	** %	87,500.00	2,222,500.00
	38,255,000		28,379,348.38	66,634,348.38

Notes:
FINAL
Based on market rates as of May 15, 2013.
'A' rated by Standard & Poor's.

BOND SUMMARY STATISTICS

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

Dated Date	05/30/2013
Delivery Date	05/30/2013
Last Maturity	06/01/2043
Arbitrage Yield	3.640753%
True Interest Cost (TIC)	3.878697%
Net Interest Cost (NIC)	3.976651%
All-In TIC	3.919408%
Average Coupon	4.080475%
Average Life (years)	18.180
Duration of Issue (years)	12.553
Par Amount	38,255,000.00
Bond Proceeds	39,321,380.30
Total Interest	28,379,348.38
Net Interest	27,657,263.08
Total Debt Service	66,634,348.38
Maximum Annual Debt Service	2,223,418.76
Average Annual Debt Service	2,220,939.30
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	9.000000
Total Underwriter's Discount	9.000000
Bid Price	101.887558

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	8,705,000.00	102.680	2.389%	5.704
Term Bond	3,090,000.00	108.586	4.000%	12.029
Term Bond #2	3,455,000.00	97.877	3.375%	15.024
Term Bond #3	5,000,000.00	102.910	4.000%	18.487
Term Bond #4	6,100,000.00	110.521	5.000%	23.011
Term Bond #5	1,000,000.00	109.646	5.000%	28.053
Term Bond #6	10,905,000.00	97.775	4.000%	27.135
	38,255,000.00			18.180

	TIC	All-In TIC	Arbitrage Yield
Par Value	38,255,000.00	38,255,000.00	38,255,000.00
+ Accrued Interest			
+ Premium (Discount)	1,066,380.30	1,066,380.30	1,066,380.30
- Underwriter's Discount	(344,295.00)	(344,295.00)	
- Cost of Issuance Expense		(194,666.54)	
- Other Amounts			
Target Value	38,977,085.30	38,782,418.76	39,321,380.30
Target Date	05/30/2013	05/30/2013	05/30/2013
Yield	3.878697%	3.919408%	3.640753%

Notes:
FINAL
Based on market rates as of May 15, 2013.
'A' rated by Standard & Poor's.

FORM 8038 STATISTICS

The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013

Dated Date 05/30/2013
Delivery Date 05/30/2013

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	06/01/2014	780,000.00	2.000%	101.458	791,372.40	780,000.00
	06/01/2015	800,000.00	2.000%	102.621	820,968.00	800,000.00
	06/01/2016	820,000.00	2.000%	103.311	847,150.20	820,000.00
	06/01/2017	835,000.00	2.000%	103.554	864,675.90	835,000.00
	06/01/2018	850,000.00	3.000%	108.056	918,476.00	850,000.00
	06/01/2019	875,000.00	3.000%	107.804	943,285.00	875,000.00
	06/01/2020	400,000.00	2.000%	100.521	402,084.00	400,000.00
	06/01/2020	500,000.00	3.000%	107.045	535,225.00	500,000.00
	06/01/2021	750,000.00	2.000%	98.612	739,590.00	750,000.00
	06/01/2021	175,000.00	4.000%	113.220	198,135.00	175,000.00
	06/01/2022	950,000.00	2.125%	98.024	931,228.00	950,000.00
	06/01/2023	970,000.00	2.250%	97.539	946,128.30	970,000.00
Term Bond:						
	06/01/2024	990,000.00	4.000%	108.586	1,075,001.40	990,000.00
	06/01/2025	1,030,000.00	4.000%	108.586	1,118,435.80	1,030,000.00
	06/01/2026	1,070,000.00	4.000%	108.586	1,161,870.20	1,070,000.00
Term Bond #2:						
	06/01/2027	1,115,000.00	3.375%	97.877	1,091,328.55	1,115,000.00
	06/01/2028	1,150,000.00	3.375%	97.877	1,125,585.50	1,150,000.00
	06/01/2029	1,190,000.00	3.375%	97.877	1,164,736.30	1,190,000.00
Term Bond #3:						
	06/01/2030	1,230,000.00	4.000%	102.910	1,265,793.00	1,230,000.00
	06/01/2031	1,280,000.00	4.000%	102.910	1,317,248.00	1,280,000.00
	06/01/2032	1,330,000.00	4.000%	102.910	1,368,703.00	1,330,000.00
	06/01/2033	1,160,000.00	4.000%	102.910	1,193,756.00	1,160,000.00
Term Bond #4:						
	06/01/2034	1,210,000.00	5.000%	110.521	1,337,304.10	1,210,000.00
	06/01/2035	1,215,000.00	5.000%	110.521	1,342,830.15	1,215,000.00
	06/01/2036	1,220,000.00	5.000%	110.521	1,348,356.20	1,220,000.00
	06/01/2037	1,225,000.00	5.000%	110.521	1,353,882.25	1,225,000.00
	06/01/2038	1,230,000.00	5.000%	110.521	1,359,408.30	1,230,000.00
Term Bond #5:						
	06/01/2039	190,000.00	5.000%	109.646	208,327.40	190,000.00
	06/01/2040	195,000.00	5.000%	109.646	213,809.70	195,000.00
	06/01/2041	200,000.00	5.000%	109.646	219,292.00	200,000.00
	06/01/2042	205,000.00	5.000%	109.646	224,774.30	205,000.00
	06/01/2043	210,000.00	5.000%	109.646	230,256.60	210,000.00
Term Bond #6:						
	06/01/2033	225,000.00	4.000%	97.775	219,993.75	225,000.00
	06/01/2034	230,000.00	4.000%	97.775	224,882.50	230,000.00
	06/01/2035	295,000.00	4.000%	97.775	288,436.25	295,000.00
	06/01/2036	360,000.00	4.000%	97.775	351,990.00	360,000.00
	06/01/2037	430,000.00	4.000%	97.775	420,432.50	430,000.00
	06/01/2038	505,000.00	4.000%	97.775	493,763.75	505,000.00
	06/01/2039	1,625,000.00	4.000%	97.775	1,588,843.75	1,625,000.00
	06/01/2040	1,695,000.00	4.000%	97.775	1,657,286.25	1,695,000.00
	06/01/2041	1,770,000.00	4.000%	97.775	1,730,617.50	1,770,000.00
	06/01/2042	1,845,000.00	4.000%	97.775	1,803,948.75	1,845,000.00
	06/01/2043	1,925,000.00	4.000%	97.775	1,882,168.75	1,925,000.00
		38,255,000.00			39,321,380.30	38,255,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/01/2043	4.109%	2,112,425.35	2,135,000.00		
Entire Issue			39,321,380.30	38,255,000.00	18.1103	3.6408%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	538,961.54
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	2,223,418.76

Notes:
FINAL
Based on market rates as of May 15, 2013.
'A' rated by Standard & Poor's.

PiperJaffray. **Memo**

FINAL

*** CLOSING MEMORANDUM***

To: Distribution List

From: Marie Prezioso
Joe Nassif

Office: Charleston

Re: $38,255,000
The City of Wheeling, West Virginia
Combined Waterworks and Sewerage System
Revenue Bonds, Series 2013 (Tax-Exempt)

Date: May 24, 2013

CLOSING DATE, TIME & LOCATION:

Thursday, May 30, 2013
10:00 a.m. Eastern Time
By Telephone

CLOSING DTC FAST

SOURCES AND USES OF SERIES 2013 BONDS

SOURCES OF FUNDS:

Principal Amount	$38,255,000.00
Plus: Original Issue Premium	1,066,380.30
Total Sources of Funds:	**$39,321,380.30**

USES OF FUNDS:

Construction Fund	36,559,000.00
Reserve Account	2,223,418.76
Underwriter's Discount	344,295.00
Costs of Issuance (Estimated)	194,666.54
Total Uses of Funds:	**$39,321,380.30**

TRANSFER OF FUNDS

1. On the morning of closing, May 30, 2013, Piper Jaffray shall initiate two electronic transfers as follows:

a.	**Wire Amount:**	**$2,223,418.76**
	Bank:	BB&T WV 250 East Second Avenue Williamson, WV 25661
	ABA #:	051503394
	Account #:	5270517317
	Account Name:	State of West Virginia
	Ref:	Municipal Bond Commission (Sara Rogers 304.558.3971)
	Bank Contact:	Michael Holtsclow (304.348.7078)
b.	**Wire Amount:**	**$36,753,666.54**
	Bank:	WesBanco Trust & Investment Services
	ABA #:	043400036
	Attn:	J. Shelburne
	GL A/C #:	20520700 for further
	Account #:	1085006399
	i/n/o:	Wheeling Waterworks 2013
	Bank Contact:	Jan Shelburne (304.234.9436) ShelburneJ@wesbanco.com
	Total of Two Wires =	$38,977,085.30

2. The Board shall use the wired funds to (i) deposit $36,559,000 in the Project Fund and (ii) pay issuance costs upon proper invoice. Said costs are estimated as follows:

Bond Counsel	85,000.00
Underwriter's Counsel	50,000.00
Accountant	25,000.00
Official Statement Printing	2,000.00
Registrar / Dissemination Agent	3,750.00
Standard & Poor's	23,000.00
CUSIP Assignment	500.00
Escrow Verification	1,700.00
Miscellaneous	3,716.54
TOTAL	194,666.54

PiperJaffray. Memo

MISCELLANEOUS

Upon confirmation that the electronic transfer has been received and that other required activities have been completed, Steptoe & Johnson PLLC, WesBanco and Piper Jaffray will authorize the release and distribution of the Bonds.

Because of the redelivery requirements of the Depository Trust Company, it is imperative that the above activities be completed no later than 12:30 p.m. Eastern Time on May 30, 2013.

BOND PRICING
$38,255,000
THE CITY OF WHEELING, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 2013 (TAX EXEMPT)

Maturity Date	Amount	Rate	Yield	Price	*	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:									
6/1/2014	780,000	2.000%	0.540%	101.458					11,372.40
6/1/2015	800,000	2.000%	0.680%	102.621					20,968.00
6/1/2016	820,000	2.000%	0.880%	103.311					27,150.20
6/1/2017	835,000	2.000%	1.090%	103.554					29,675.90
6/1/2018	850,000	3.000%	1.330%	108.056					68,476.00
6/1/2019	875,000	3.000%	1.630%	107.804					68,285.00
6/1/2020	400,000	2.000%	1.920%	100.521					2,084.00
6/1/2020	500,000	3.000%	1.920%	107.045					35,225.00
6/1/2021	750,000	2.000%	2.190%	98.612					(10,410.00)
6/1/2021	175,000	4.000%	2.190%	113.220					23,135.00
6/1/2022	950,000	2.125%	2.370%	98.024					(18,772.00)
6/1/2023	970,000	2.250%	2.530%	97.539					(23,871.70)
	8,705,000								233,317.80
Term Bond Maturing June 1, 2026:									
6/1/2024	990,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	85,001.40
6/1/2025	1,030,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	88,435.80
6/1/2026	1,070,000	4.000%	3.000%	108.586	C	3.188%	6/1/2023	100.000	91,870.20
	3,090,000								265,307.40
Term Bond Maturing June 1, 2029:									
6/1/2027	1,115,000	3.375%	3.550%	97.877					(23,671.45)
6/1/2028	1,150,000	3.375%	3.550%	97.877					(24,414.50)
6/1/2029	1,190,000	3.375%	3.550%	97.877					(25,263.70)
	3,455,000								(73,349.65)
Term Bond Maturing June 1, 2033:									
6/1/2030	1,230,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	35,793.00
6/1/2031	1,280,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	37,248.00
6/1/2032	1,330,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	38,703.00
6/1/2033	1,160,000	4.000%	3.650%	102.910	C	3.791%	6/1/2023	100.000	33,756.00
	5,000,000								145,500.00
Term Bond Maturing June 1, 2038:									
6/1/2034	1,210,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	127,304.10
6/1/2035	1,215,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	127,830.15
6/1/2036	1,220,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	128,356.20
6/1/2037	1,225,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	128,882.25
6/1/2038	1,230,000	5.000%	3.730%	110.521	C	4.309%	6/1/2023	100.000	129,408.30
	6,100,000								641,781.00

5.000% Term Bond Maturing June 1, 2043:									
6/1/2039	190,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	18,327.40
6/1/2040	195,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	18,809.70
6/1/2041	200,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	19,292.00
6/1/2042	205,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	19,774.30
6/1/2043	210,000	5.000%	3.830%	109.646	C	4.417%	6/1/2023	100.000	20,256.60
	1,000,000								96,460.00
4.000% Term Bond Maturing June 1, 2043									
6/1/2033	225,000	4.000%	4.130%	97.775					(5,006.25)
6/1/2034	230,000	4.000%	4.130%	97.775					(5,117.50)
6/1/2035	295,000	4.000%	4.130%	97.775					(6,563.75)
6/1/2036	360,000	4.000%	4.130%	97.775					(8,010.00)
6/1/2037	430,000	4.000%	4.130%	97.775					(9,567.50)
6/1/2038	505,000	4.000%	4.130%	97.775					(11,236.25)
6/1/2039	1,625,000	4.000%	4.130%	97.775					(36,156.25)
6/1/2040	1,695,000	4.000%	4.130%	97.775					(37,713.75)
6/1/2041	1,770,000	4.000%	4.130%	97.775					(39,382.50)
6/1/2042	1,845,000	4.000%	4.130%	97.775					(41,051.25)
6/1/2043	1,925,000	4.000%	4.130%	97.775					(42,831.25)
	10,905,000								(242,636.25)
	38,255,000								1,066,380.30

*C – Priced to the first optional redemption date on June 1, 2023 at par (100%)

PWSID: WV3303516

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREETS, ROOM 313 CHARLESTON, WV 25301-3713
Telephone (304) 558-2981

PERMIT

(Water)

PROJECT: Water Treatment Plant Upgrade **PERMIT NO.:** 18,823

LOCATION: Wheeling **COUNTY:** Ohio **DATE:** 6-6-2011

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

City of Wheeling
1500 Chapline Street, Room 302
Wheeling, West Virginia 26003

is hereby granted approval to: upgrade City of Wheeling water treatment plant. The plant will operate from 2 MGD (average) to 12 MGD (peak). The existing low service pumps, pre-sedimentation basin, aeration and mixing basin, flocculation basins, and sedimentation basins will be repaired/renovated; the existing solids handling building will be replaced; the conventional filters will be replaced by a membrane filtration system with major components consisting of three (3) 6,230 GPM VFD membrane feed pumps, five (5) ultrafiltration membrane units (maximum 29 Gal./SF/Day flux), a clean-in-place (CIP) system with chemical feed/storage equipment for citric acid, hydrochloric acid and sodium hypochlorite, CIP tank, neutralization tank, five (5) blowers, two (2) compressors; high service pumping consisting of two (2) 4,861 GPM VFD pumps, one (1) 2,083 GPM pump and one (1) 2,777 GPM pump; replace the existing clearwell with a new above ground 900,000 gallon (tank in a tank) finished storage/clearwell facility; replace chemical feed equipment and storage facilities for ferric chloride, potassium permanganate, fluoride, phosphate, sodium hypochlorite and caustic soda; and necessary controls, piping, valves and appurtenances. There will be a new Membrane/High Service Pump building and a new Administration building with office facilities, laboratory facilities, meeting/conference room, lunch room, and locker rooms. Existing solids handling equipment will remain, unchanged.

The Environmental Engineering Division of the **OEHS-Wheeling District Office**, (304) 238-1145, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR,

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:plk
pc: CT Consultants, Inc.,
Amy Swann, PSC
Ingrid Ferrell, PSC-Eng. Div.
Ohio County Health Department
OEHS-EED Wheeling District Office

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:

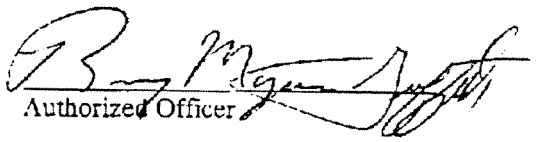
City Clerk

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.S. Export-Import Bank

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

City Manager

ATTEST:

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]

Janice 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

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]

SPECIMEN

Mayor

City Manager

ATTEST:

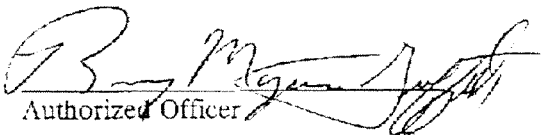
City Clerk

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

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]

Bruce 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.

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

SPECIMEN

City Manager

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

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

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-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

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-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

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-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.

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-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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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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No. AR-14

$3,000,000

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.
4.750%	June 1, 2036	September 26, 2006	963270EE9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE MILLION DOLLARS

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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

Part 1 of 2

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

Part 2 of 2

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**

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Debt Service Schedule - 2036 5.25% Coupon Term Bond

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	106,115.63	106,115.63
06/01/2008	-	-	155,925.00	155,925.00
06/01/2009	-	-	155,925.00	155,925.00
06/01/2010	-	-	155,925.00	155,925.00
06/01/2011	-	-	155,925.00	155,925.00
06/01/2012	-	-	155,925.00	155,925.00
06/01/2013	-	-	155,925.00	155,925.00
06/01/2014	-	-	155,925.00	155,925.00
06/01/2015	-	-	155,925.00	155,925.00
06/01/2016	-	-	155,925.00	155,925.00
06/01/2017	-	-	155,925.00	155,925.00
06/01/2018	-	-	155,925.00	155,925.00
06/01/2019	-	-	155,925.00	155,925.00
06/01/2020	-	-	155,925.00	155,925.00
06/01/2021	-	-	155,925.00	155,925.00
06/01/2022	-	-	155,925.00	155,925.00
06/01/2023	-	-	155,925.00	155,925.00
06/01/2024	-	-	155,925.00	155,925.00
06/01/2025	-	-	155,925.00	155,925.00
06/01/2026	-	-	155,925.00	155,925.00
06/01/2027	235,000.00	5.250%	155,925.00	390,925.00
06/01/2028	250,000.00	5.250%	143,587.50	393,587.50
06/01/2029	260,000.00	5.250%	130,462.50	390,462.50
06/01/2030	275,000.00	5.250%	116,812.50	391,812.50
06/01/2031	285,000.00	5.250%	102,375.00	387,375.00
06/01/2032	300,000.00	5.250%	87,412.50	387,412.50
06/01/2033	315,000.00	5.250%	71,662.50	386,662.50
06/01/2034	335,000.00	5.250%	55,125.00	390,125.00
06/01/2035	350,000.00	5.250%	37,537.50	387,537.50
06/01/2036	365,000.00	5.250%	19,162.50	384,162.50
Total	**$2,970,000.00**	-	**$3,988,753.13**	**$6,958,753.13**

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Debt Service Schedule - 2036 4.75% Coupon Term Bond

Date	Principal	Coupon	Interest	Total P+I
06/01/2007	-	-	96,979.17	96,979.17
06/01/2008	-	-	142,500.00	142,500.00
06/01/2009	-	-	142,500.00	142,500.00
06/01/2010	-	-	142,500.00	142,500.00
06/01/2011	-	-	142,500.00	142,500.00
06/01/2012	-	-	142,500.00	142,500.00
06/01/2013	-	-	142,500.00	142,500.00
06/01/2014	-	-	142,500.00	142,500.00
06/01/2015	-	-	142,500.00	142,500.00
06/01/2016	-	-	142,500.00	142,500.00
06/01/2017	-	-	142,500.00	142,500.00
06/01/2018	-	-	142,500.00	142,500.00
06/01/2019	-	-	142,500.00	142,500.00
06/01/2020	-	-	142,500.00	142,500.00
06/01/2021	-	-	142,500.00	142,500.00
06/01/2022	-	-	142,500.00	142,500.00
06/01/2023	-	-	142,500.00	142,500.00
06/01/2024	-	-	142,500.00	142,500.00
06/01/2025	-	-	142,500.00	142,500.00
06/01/2026	-	-	142,500.00	142,500.00
06/01/2027	240,000.00	4.750%	142,500.00	382,500.00
06/01/2028	250,000.00	4.750%	131,100.00	381,100.00
06/01/2029	265,000.00	4.750%	119,225.00	384,225.00
06/01/2030	275,000.00	4.750%	106,637.50	381,637.50
06/01/2031	290,000.00	4.750%	93,575.00	383,575.00
06/01/2032	305,000.00	4.750%	79,800.00	384,800.00
06/01/2033	320,000.00	4.750%	65,312.50	385,312.50
06/01/2034	335,000.00	4.750%	50,112.50	385,112.50
06/01/2035	350,000.00	4.750%	34,200.00	384,200.00
06/01/2036	370,000.00	4.750%	17,575.00	387,575.00
Total	**$3,000,000.00**	-	**$3,644,516.67**	**$6,644,516.67**

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Proof Of Bond Yield @ 4.5756003%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
09/26/2006	-	1.0000000x	-	-
06/01/2007	378,861.02	0.9696805x	367,374.14	367,374.14
12/01/2007	278,346.88	0.9479923x	263,870.71	631,244.85
06/01/2008	493,346.88	0.9267892x	457,228.58	1,088,473.44
12/01/2008	274,315.63	0.9060604x	248,546.53	1,337,019.97
06/01/2009	499,315.63	0.8857952x	442,291.38	1,779,311.34
12/01/2009	270,096.88	0.8659832x	233,899.36	2,013,210.70
06/01/2010	505,096.88	0.8466144x	427,622.27	2,440,832.98
12/01/2010	265,690.63	0.8276787x	219,906.48	2,660,739.46
06/01/2011	505,690.63	0.8091666x	409,187.97	3,069,927.44
12/01/2011	261,190.63	0.7910685x	206,619.69	3,276,547.13
06/01/2012	511,190.63	0.7733753x	395,342.19	3,671,889.32
12/01/2012	256,503.13	0.7560777x	193,936.30	3,865,825.62
06/01/2013	516,503.13	0.7391671x	381,782.10	4,247,607.71
12/01/2013	251,303.13	0.7226346x	181,600.34	4,429,208.06
06/01/2014	521,303.13	0.7064720x	368,286.04	4,797,494.10
12/01/2014	245,903.13	0.6906708x	169,838.11	4,967,332.20
06/01/2015	525,903.13	0.6752230x	355,101.91	5,322,434.11
12/01/2015	240,128.13	0.6601208x	158,513.57	5,480,947.68
06/01/2016	4,865,128.13	0.6453563x	3,139,741.20	8,620,688.88
12/01/2016	122,059.38	0.6309221x	77,009.96	8,697,698.84
06/01/2017	427,059.38	0.6168107x	263,414.79	8,961,113.63
12/01/2017	115,768.75	0.6030149x	69,810.28	9,030,923.91
06/01/2018	115,768.75	0.5895277x	68,248.88	9,099,172.80
12/01/2018	115,768.75	0.5763421x	66,722.41	9,165,895.21
06/01/2019	115,768.75	0.5634515x	65,230.08	9,231,125.28
12/01/2019	115,768.75	0.5508492x	63,771.12	9,294,896.40
06/01/2020	115,768.75	0.5385287x	62,344.80	9,357,241.20
12/01/2020	115,768.75	0.5264838x	60,950.37	9,418,191.57
06/01/2021	115,768.75	0.5147083x	59,587.14	9,477,778.71
12/01/2021	115,768.75	0.5031962x	58,254.39	9,536,033.10
06/01/2022	500,768.75	0.4919416x	246,348.96	9,782,382.06
12/01/2022	107,587.50	0.4809386x	51,742.99	9,834,125.04
06/01/2023	507,587.50	0.4701818x	238,658.41	10,072,783.46
12/01/2023	99,087.50	0.4596656x	45,547.11	10,118,330.57
06/01/2024	519,087.50	0.4493846x	233,269.91	10,351,600.48
12/01/2024	90,162.50	0.4393335x	39,611.41	10,391,211.89
06/01/2025	525,162.50	0.4295072x	225,561.09	10,616,772.97
12/01/2025	80,918.75	0.4199007x	33,977.84	10,650,750.82
06/01/2026	535,918.75	0.4105091x	219,999.53	10,870,750.35
12/01/2026	71,250.00	0.4013275x	28,594.59	10,899,344.93
06/01/2027	311,250.00	0.3923513x	122,119.35	11,021,464.28
12/01/2027	65,550.00	0.3835759x	25,143.40	11,046,607.68

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Proof Of Bond Yield @ 4.5756003%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
06/01/2028	315,550.00	0.3749967x	118,330.21	11,164,937.89
12/01/2028	59,612.50	0.3666094x	21,854.50	11,186,792.39
06/01/2029	324,612.50	0.3584097x	116,344.27	11,303,136.66
12/01/2029	53,318.75	0.3503934x	18,682.54	11,321,819.20
06/01/2030	328,318.75	0.3425564x	112,467.69	11,434,286.89
12/01/2030	46,787.50	0.3348947x	15,668.88	11,449,955.78
06/01/2031	336,787.50	0.3274043x	110,265.68	11,560,221.46
12/01/2031	39,900.00	0.3200815x	12,771.25	11,572,992.71
06/01/2032	344,900.00	0.3129225x	107,926.96	11,680,919.67
12/01/2032	32,656.25	0.3059235x	9,990.32	11,690,909.98
06/01/2033	352,656.25	0.2990812x	105,472.84	11,796,382.82
12/01/2033	25,056.25	0.2923918x	7,326.24	11,803,709.07
06/01/2034	360,056.25	0.2858521x	102,922.83	11,906,631.90
12/01/2034	17,100.00	0.2794586x	4,778.74	11,911,410.64
06/01/2035	367,100.00	0.2732082x	100,294.72	12,011,705.37
12/01/2035	8,787.50	0.2670975x	2,347.12	12,014,052.49
06/01/2036	378,787.50	0.2611235x	98,910.33	12,112,962.82
Total	**$20,063,173.62**	-	**$12,112,962.82**	-

Derivation Of Target Amount

Par Amount of Bonds	$12,000,000.00
Reoffering Premium or (Discount)	306,639.45
Bond Insurance Premium..... (85.0 bp)	(193,676.63)
Original Issue Proceeds	$12,112,962.82

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Derivation Of Form 8038 Yield Statistics

Part 1 of 2

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
09/26/2006	-	-	-	-	-
06/01/2008	215,000.00	100.287%	215,617.05	1.6805556x	362,356.43
06/01/2009	225,000.00	100.427%	225,960.75	2.6805556x	605,700.34
06/01/2010	235,000.00	100.474%	236,113.90	3.6805556x	869,030.33
06/01/2011	240,000.00	100.465%	241,116.00	4.6805556x	1,128,556.83
06/01/2012	250,000.00	100.351%	250,877.50	5.6805556x	1,425,123.58
06/01/2013	260,000.00	101.579%	264,105.40	6.6805556x	1,764,370.80
06/01/2014	270,000.00	101.450%	273,915.00	7.6805556x	2,103,819.38
06/01/2015	280,000.00	102.156%	286,036.80	8.6805556x	2,482,958.33
06/01/2016	290,000.00	101.876%	295,440.40	9.6805556x	2,860,027.21
06/01/2017	305,000.00	101.391%	309,242.55	10.6805556x	3,302,882.24
06/01/2018	315,000.00	106.549%	335,629.35	11.6805556x	3,920,337.27
06/01/2019	335,000.00	106.549%	356,939.15	12.6805556x	4,526,186.72
06/01/2020	350,000.00	106.549%	372,921.50	13.6805556x	5,101,773.30
06/01/2021	365,000.00	106.549%	388,903.85	14.6805556x	5,709,324.58
06/01/2022	385,000.00	98.291%	378,420.35	15.6805556x	5,933,841.32
06/01/2023	400,000.00	98.291%	393,164.00	16.6805556x	6,558,193.94
06/01/2024	420,000.00	98.291%	412,822.20	17.6805556x	7,298,925.84
06/01/2025	435,000.00	98.291%	427,565.85	18.6805556x	7,987,167.61
06/01/2026	455,000.00	98.291%	447,224.05	19.6805556x	8,801,617.76
06/01/2027	235,000.00	106.554%	250,401.90	20.6805556x	5,178,450.40
06/01/2027	240,000.00	100.999%	242,397.60	20.6805556x	5,012,917.03
06/01/2028	250,000.00	106.554%	266,385.00	21.6805556x	5,775,374.79
06/01/2028	250,000.00	100.999%	252,497.50	21.6805556x	5,474,286.08
06/01/2029	260,000.00	106.554%	277,040.40	22.6805556x	6,283,430.18
06/01/2029	265,000.00	100.999%	267,647.35	22.6805556x	6,070,390.59
06/01/2030	275,000.00	106.554%	293,023.50	23.6805556x	6,938,959.27
06/01/2030	275,000.00	100.999%	277,747.25	23.6805556x	6,577,209.18
06/01/2031	285,000.00	106.554%	303,678.90	24.6805556x	7,494,963.96
06/01/2031	290,000.00	100.999%	292,897.10	24.6805556x	7,228,863.15
06/01/2032	300,000.00	106.554%	319,662.00	25.6805556x	8,209,097.75
06/01/2032	305,000.00	100.999%	308,046.95	25.6805556x	7,910,816.81
06/01/2033	315,000.00	106.554%	335,645.10	26.6805556x	8,955,197.74
06/01/2033	320,000.00	100.999%	323,196.80	26.6805556x	8,623,070.18
06/01/2034	335,000.00	106.554%	356,955.90	27.6805556x	9,880,737.62
06/01/2034	335,000.00	100.999%	338,346.65	27.6805556x	9,365,623.24
06/01/2035	350,000.00	106.554%	372,939.00	28.6805556x	10,696,097.71
06/01/2035	350,000.00	100.999%	353,496.50	28.6805556x	10,138,476.01
06/01/2036	365,000.00	106.554%	388,922.10	29.6805556x	11,543,424.00
06/01/2036	370,000.00	100.999%	373,696.30	29.6805556x	11,091,513.79
Total	**$12,000,000.00**	-	**$12,306,639.45**	-	**$231,191,093.30**

FINAL

$12,000,000

City of Wheeling, West Virginia
Combined Waterworks and Sewerage System Revenue Bonds
Series 2006 A

Derivation Of Form 8038 Yield Statistics

Part 2 of 2

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	18.786 Years
Total Interest from Debt Service	10,785,486.12
Reoffering (Premium) or Discount	(306,639.45)
Total Interest	10,478,846.67
NIC = Interest / (Issue Price * Average Maturity)	4.5325477%
Bond Yield for Arbitrage Purposes	4.5756003%

THE CITY OF WHEELING
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

Ordinance No ____

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THE CITY OF WHEELING

BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER 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 WHEELING OF NOT MORE THAN $10,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (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 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 County 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 extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of improvements to the existing wastewater collection and treatment system, together with all appurtenant facilities (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") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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"), which administers the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), all pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, in the total aggregate principal amount of not more than $10,000,000 in one or more series, initially planned to be the Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program) (the "Series 2010 B Bonds"), to permanently 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 upon the Series 2010 B 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 (as hereinafter defined) for the Series 2010 B Bonds; 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 2010 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, 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 2010 B 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 22 years.

F. It is in the best interests of the Issuer that its Series 2010 B 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"), all in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer will have the following outstanding obligations which will rank on a parity with the Series 2010 B Bonds as to liens, pledge, source of and security for payment, being the (i) 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"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000 (the "Series 2006 A Bonds"); and (iii) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000 (the "Series 2010 A Bonds") (collectively, the "Prior Bonds").

The Series 2010 B 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 respects. Prior to the issuance of the Series 2010 B Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of certain of the Holders of the Series 2005 A Bonds to the issuance of the Series 2010 B Bonds on a parity with the Prior Bonds. The Series 2006 A Bonds and Series 2010 A Bonds do not require consent. 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 the covenants of the Prior Bonds and the 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 Issuer's Prior Bonds, and the Series 2010 B Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, 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.

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 2010 B Bonds by 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 Bondholders of any and all of such Series 2010 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds 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 2010 B Bonds, or any other agency, board or department of the State 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 2010 B Bonds and 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", "Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2010 B Bonds for all or a portion of the proceeds of the Series 2010 B 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 CT Consultants, Willoughby, Ohio, 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 costs of design, acquisition and construction of the Project as described in Section 1.02B hereof.

"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.

"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.

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

"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 County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2010 B 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.

"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.

"Net Proceeds" means the face amount of the Series 2010 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2010 B Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 B 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 current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing,

the SRF Administrative Fee (as hereinafter defined), insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established 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 or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or 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; 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 Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means the Series 2005 A Bonds, the Series 2006 A Bonds and the Series 2010 A Bonds.

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

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by 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 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 or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; 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.

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

"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.

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2010 B Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account.

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

"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 Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, dated September 26, 2006, issued in the original aggregate principal amount of $12,000,000.

"Series 2010 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010 A, dated May 6, 2010, issued in the original aggregate principal amount of $4,455,000.

"Series 2010 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2010 B Bonds Construction Trust Fund" means the Series 2010 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2010 B Bonds Reserve Account" means the Series 2010 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 B Bonds in the then current or any succeeding year.

"Series 2010 B Bonds Sinking Fund" means the Series 2010 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2010 B Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2010 B Bonds.

"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 2010 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 B Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means collectively, the existing combined waterworks and sewerage system of the Issuer, and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

"Term Bonds" means bonds subject to mandatory sinking fund redemption.

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 not to exceed $10,000,000, 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 2010 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids or will receive 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 $10,000,000, which will be obtained from proceeds of the Series 2010 B Bonds.

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 paying the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 B Bonds 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 2010 B Bonds of the Issuer. The Series 2010 B Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program)", in the principal amount of not more than

$10,000,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 B Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 B Bonds Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2010 B Bonds shall be issued in such principal amounts; shall bear interest 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 2010 B 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 on the Series 2010 B 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 2010 B Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2010 B 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 as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2010 B Bonds shall be executed in the name of the Issuer by the Mayor, 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 2010 B Bonds shall cease to be such officer of the Issuer before the Series 2010 B 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 2010 B 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 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 2010 B Bonds 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 2010 B Bonds 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 2010 B 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 2010 B 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 2010 B Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2010 B 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 or transferring the registered Series 2010 B Bonds are exercised, all Series 2010 B Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 B Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2010 B 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 any Series 2010 B Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 B Bonds or, in the case of any proposed redemption of such 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 2010 B Bonds 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 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 2010 B 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 2010 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 B Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2010 B Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with each other and 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 on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2010 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2010 B 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 2010 B 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 2010 B 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 2010 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 B Bonds shall be in substantially the following forms, 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 SERIES 2010 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2010, THE CITY OF WHEELING, a municipal corporation and political subdivision of the State of West Virginia in Ohio County 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___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference with interest of 2% payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee of 1% (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 next month preceding an interest payment date, or 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 _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the sewer portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, 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 _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (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, TO THE ISSUER'S (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2010 A, DATED MAY 6, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,455,000 (THE "SERIES 2010 A BONDS") (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 Series 2010 B Bonds (the "Series 2010 B Bonds Reserve Account"), and unexpended proceeds of the Series 2010 B Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and 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, except from said special fund provided from the Gross Revenues, the monies in the Series 2010 B Bonds Reserve Account and unexpended proceeds of the Series 2010 B 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 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 Series 2010 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds including the Prior Bonds; provided however, that, so long as there exists in the Series 2010 B Bonds

Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2010 B 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 or junior and subordinate to the Bonds, including the Prior 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 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 in 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 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 its corporate seal to be hereunto affixed and attested by its City Clerk, has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B 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: _____, 2010.

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: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2010 B 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 forms 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 them 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 in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule for the Series 2010 B Bonds, 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 Ordinance) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

(1) Revenue Fund (established by Prior Ordinance);

(2) Renewal and Replacement Fund (established by Prior Ordinances as Depreciation Fund and hereby renamed and continued);

(3) Operation and Maintenance Fund (established by Prior Ordinance);

(4) Rebate Fund (established by Prior Ordinance);

(5) Series 2010 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by Prior Ordinance) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 2005 A Bonds Sinking Fund (established by Prior Ordinances and continued hereby);

(2) Series 2005 A Bonds Reserve Account (established by Prior Ordinances and continued hereby);

(3) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances and continued hereby);

(4) Series 2006 A Bonds Reserve Account (established by Prior Ordinances and continued hereby);

(5) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances and continued hereby);

(6) Series 2010 A Bonds Reserve Account (established by Prior Ordinances and continued hereby);

(7) Series 2010 B Bonds Sinking Fund; and

(8) Series 2010 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof 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 in 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 the Prior Ordinances and in this Bond Legislation. All monies 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 remit to the Commission (i) the amount required by Prior Ordinances to pay interest on the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of interest of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and come due on the Series 2010 B 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 2010 B Bonds Sinking Fund and the next quarterly interest payment date is less

than 3 months, then such monthly payment 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) the amount required by the Prior Ordinances for payment of principal of the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2010 B 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 2010 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment 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 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 Commission (i) the amount required by the Prior Ordinances for deposit in the respective Reserve Accounts for the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2010 B Bonds, if not fully funded upon issuance of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 B 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 (as required in the Prior Ordinances and not in addition thereto), for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII

hereof. Withdrawals and disbursements may be made from the Renewal and Replacement 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 Renewal and Replacement Fund.

Monies in the Series 2010 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 B Bonds, as the same shall become due. Monies in the Series 2010 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2010 B Bonds, as the same shall come due, when other monies in the Series 2010 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2010 B Bonds Sinking Fund and the Series 2010 B 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 2010 B Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2010 B Bonds, if any, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2010 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2010 B 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 thereof.

The Issuer shall not be required to make any further payments into the Series 2010 B Bonds Sinking Fund or the Series 2010 B Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue, if any, until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2010 B Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account, created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall

clearly identify the fund or account into which each amount is to be deposited. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 B Bonds under the conditions and restrictions set forth herein.

B. 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.

C. 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 principal, interest and reserve payments with respect to the Series 2010 B 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 also 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 Loan Agreement for the Series 2010 B Bonds.

D. 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.

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 respective parties 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 at 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 Government Obligations or by other 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 herein above 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 Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2010 B Bonds and the Prior Bonds all in accordance with the respective principal amounts outstanding 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 in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2010 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 B Bonds, there shall first be deposited with the Commission in the Series 2010 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2010 B Bonds, there shall be deposited with the Commission in the Series 2010 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 B Bonds Reserve Account.

C. As the Issuer receives advances of the monies derived from the sale of the Series 2010 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2010 B Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2010 B 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 2010 B Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds. 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 2010 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2010 B Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2010 B Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule; and

Pending such application, monies in the Series 2010 B 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 2010 B 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 2010 B 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 2010 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 B 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 the Series 2010 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2010 B Bonds issued hereunder shall be secured equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with each other and 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 on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted on February 16, 2010, and the sewer rate ordinance of the Issuer enacted May 19, 2009, as amended by Recommended Decision dated September 3, 2010, in Case No. 09-1000-S-MA of the Public Service Commission of West Virginia which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in 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 2010 B Bonds shall prove to be insufficient to produce the amounts required by 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 amounts required by 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, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority.

So long as the Series 2010 B 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 immediately be remitted to the Commission for deposit in the Series 2010 B Bonds Sinking Fund pro rata with respect to the principal amount of each of the Bonds then Outstanding, 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 on the Series 2010 B Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and interest 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 $10,000, the Issuer shall, by resolution, 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 Renewal and Replacement 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 $10,000 but not in excess of $50,000, the Issuer shall first, determine, upon consultation with a professional engineer, 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such account 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 $50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, 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 other 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 2010 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 B 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 2010 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein 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 2010 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 B Bonds and the interest 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. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of

the Series 2010 B Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

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

So long as the Prior Bonds, and the Series 2010 B 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 Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such 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 herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (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 theretofore or subsequently issued from time to time within

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

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

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinance, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinance.

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 designing, 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 design, 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 of 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 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 and on the forms, books and 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 the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2010 B Bonds and shall mail in each year to any Holder or Holders of the Series 2010 B 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 (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2010 B Bonds and shall submit the report to the Authority and the DEP or any other original purchaser of the Series 2010 B Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and this Bond Legislation and that 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 the Loan Agreement for the Series 2010 B Bonds or any Exhibit thereto or as promulgated from time to time.

The Issuer shall permit the Authority or 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 also 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 2010 B Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the City Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that (a) so long as the Prior Bonds are outstanding, the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to provide a rate coverage equal to the highest rate coverage required by either (a) the Prior Ordinances or (b) this Ordinance, as set forth in (i) and (ii) below, and thereafter, sufficient , together with other revenues of the System, (i) 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 2010 B Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2010 B Bonds including the Prior Bonds; provided that, in the event that, the amounts equal to or in excess of the Reserve Requirement are on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2010 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 B Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2010 B Bonds including the Prior Bonds.

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

Section 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 Authority and the DEP 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 to the Authority and the DEP and to any Holder of any 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, within 30 days of adoption thereof 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 Authority, the DEP and any Holder of any Bonds or anyone acting for and on behalf of such Holder.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 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 Authority and the DEP 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, 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 for the Series 2010 B Bonds 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.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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 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. 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, and any services and facilities of the water 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. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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 either 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 2010 B 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. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement 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 amount of any 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. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the DEP, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

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 will complete the acquisition and construction of 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 will obtain 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 all approvals of issuance of the Series 2010 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal, except as otherwise provided in Section 1.02(I) and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Compliance with the Loan Agreement and the 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 will provide the DEP with copies of all documents submitted to the Authority. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the 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.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

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 2010 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2010 B Bonds during the term thereof is, under the terms of the Series 2010 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 B Bonds during the term thereof is, under the terms of the Series 2010 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if

the Series 2010 B Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2010 B 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 Series 2010 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 B Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take 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 2010 B Bonds will be and remain excluded 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 Law 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. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2010 B 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 2010 B 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 2010 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding 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.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2010 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

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 or 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 2010 B Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest on the Series 2010 B 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 2010 B Bonds which would cause the Series 2010 B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and 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 2010 B Bonds) so that the interest on the Series 2010 B 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 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 2010 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this 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. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank 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 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 2010 B 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 2010 B 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 2010 B 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 2010 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2010 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions relating to the Series 2010 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 B 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 Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Holder 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 or Bondholders 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 or Bondholders 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 2010 B 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 do.

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 herein above 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 Series 2010 B Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2010 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net 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 2010 B 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 2010 B 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 2010 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 B 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 2010 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2010 B Bonds or the rate of interest 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 Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2010 B 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 excludability of interest on the Series 2010 B 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 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 2010 B 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; Prior Ordinance. 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 Ordinance, 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 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. 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 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 2010 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading: September 21, 2010

Passed on Second Reading: October 5, 2010

Passed on Final Reading
Following Public Hearing: October 19, 2010

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of THE CITY OF WHEELING on the 19th day of October, 2010.

Dated: December 14, 2010.

[SEAL]

Janice L. Jones
City Clerk

03.02.10
964250.00059

THE CITY OF WHEELING

Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (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 City council (the "Governing Body") of The City of Wheeling (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective October 19, 2010 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER 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 WHEELING OF NOT MORE THAN $10,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B (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 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 the Combined Waterworks and Sewerage System Revenue Bonds, Series 2010 B (West Virginia SRF Program), of the Issuer, in the aggregate principal amount not to exceed $10,000,000 (the "Bonds" or the Series 2010 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of 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 Series 2010 B 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 amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2010 B Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2010 B 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 2010 B (West Virginia SRF Program), of the Issuer, originally represented by a single bond, numbered BR-1, in the original aggregate principal amount of $8,356,000. The Series 2010 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2032 and shall bear interest at the rate of 2% per annum.. The principal of the Series 2010 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013 to and including March 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2010 B Bonds and incorporated in and made a part of the Series 2010 B Bonds. The interest of the Series 2010 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013 to and including

March 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2010 B Bonds and incorporated in and made a part of the Series 2010 B Bonds. The Series 2010 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and 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 2010 B Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2010 B Bonds set forth in "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Series 2010 B Bonds and the text of each series of the Series 2010 B Bonds shall be in substantially the forms provided in the Bond Legislation.

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 applications to the DEP and the Authority. The price of the Series 2010 B Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 B Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2010 B 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 Series 2010 B Bonds under the Bond Legislation.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Wheeling, West Virginia, to serve as Depository Bank under the Bond Legislation.

Section 7. Series 2010 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 B Bonds Sinking Fund as capitalized interest.

Section 8. Series 2010 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2010 B Bonds shall be deposited in or credited to the Series 2010 B Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 B 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 Series 2010 B Bonds hereby and by the Bond Legislation approved and provided for, to the end that the Series 2010 B Bonds may be delivered on or about December 14, 2010, 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 Series 2010 B 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 ratify, approve and accept 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 Legislation 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 Sinking Funds and the Reserve Accounts for the Series 2010 B Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

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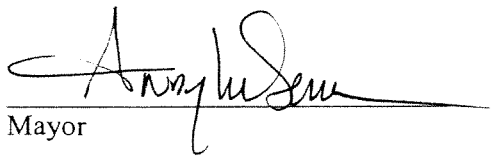
Adopted this 7th day of December, 2010.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Wheeling on the 7th day of December, 2010.

Dated: December 14, 2010.

[SEAL]

Janice L. Jones
City Clerk

03.02.10
964250.00059

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WHEELING
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $8,356,000

KNOW ALL MEN BY THESE PRESENTS: That on the 14th day of December, 2010, THE CITY OF WHEELING, a municipal corporation and political subdivision of the State of West Virginia in Ohio County 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 EIGHT MILLION THREE HUNDRED FIFTY-SIX THOUSAND DOLLARS ($8,356,000), 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, 2013, to and including March 1, 2032 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference with interest of 2% payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2013, to and including March 1, 2032 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee of 1% (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, 2013, 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 WesBanco Bank, Inc., Wheeling, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 December 14, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the sewer portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of

the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, 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 October 19, 2010, and a Supplemental Resolution duly adopted by the Issuer on December 14, 2010 (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, TO THE ISSUER'S: (I) 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"); (II) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A, DATED SEPTEMBER 26, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,000,000 (THE "SERIES 2006 A BONDS"); AND (III) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2010 A, DATED MAY 6, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,455,000 (THE "SERIES 2010 A BONDS") (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 Series 2010 B Bonds (the "Series 2010 B Bonds Reserve Account"), and unexpended proceeds of the Series 2010 B Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and 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, except from said special fund provided from the Gross Revenues, the monies in the Series 2010 B Bonds Reserve Account and unexpended proceeds of the Series 2010 B 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 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 Series 2010 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds including the Prior Bonds; provided however, that, so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2010 B 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 or junior and subordinate to the Bonds, including the Prior 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 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 in 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 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 its corporate seal to be hereunto affixed and attested by its City Clerk, has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B 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: December 14, 2010.

WESBANCO BANK, INC.
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $417,800	December 14, 2010	(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

BOND DEBT SERVICE

City of Wheeling

CW SRF

2% Interest Rate, 1% Administrative Fee

Dated Date	12/14/2010
Delivery Date	12/14/2010

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2013	89,234	2.000%	41,780.00	131,014.00
6/1/2013	89,681	2.000%	41,333.83	131,014.83
9/1/2013	90,129	2.000%	40,885.43	131,014.43
12/1/2013	90,580	2.000%	40,434.78	131,014.78
3/1/2014	91,032	2.000%	39,981.88	131,013.88
6/1/2014	91,488	2.000%	39,526.72	131,014.72
9/1/2014	91,945	2.000%	39,069.28	131,014.28
12/1/2014	92,405	2.000%	38,609.56	131,014.56
3/1/2015	92,867	2.000%	38,147.53	131,014.53
6/1/2015	93,331	2.000%	37,683.20	131,014.20
9/1/2015	93,798	2.000%	37,216.54	131,014.54
12/1/2015	94,267	2.000%	36,747.55	131,014.55
3/1/2016	94,738	2.000%	36,276.22	131,014.22
6/1/2016	95,212	2.000%	35,802.53	131,014.53
9/1/2016	95,688	2.000%	35,326.47	131,014.47
12/1/2016	96,166	2.000%	34,848.03	131,014.03
3/1/2017	96,647	2.000%	34,367.20	131,014.20
6/1/2017	97,130	2.000%	33,883.96	131,013.96
9/1/2017	97,616	2.000%	33,398.31	131,014.31
12/1/2017	98,104	2.000%	32,910.23	131,014.23
3/1/2018	98,595	2.000%	32,419.71	131,014.71
6/1/2018	99,088	2.000%	31,926.74	131,014.74
9/1/2018	99,583	2.000%	31,431.30	131,014.30
12/1/2018	100,081	2.000%	30,933.38	131,014.38
3/1/2019	100,581	2.000%	30,432.98	131,013.98
6/1/2019	101,084	2.000%	29,930.07	131,014.07
9/1/2019	101,590	2.000%	29,424.65	131,014.65
12/1/2019	102,098	2.000%	28,916.70	131,014.70
3/1/2020	102,608	2.000%	28,406.21	131,014.21
6/1/2020	103,121	2.000%	27,893.17	131,014.17
9/1/2020	103,637	2.000%	27,377.57	131,014.57
12/1/2020	104,155	2.000%	26,859.38	131,014.38
3/1/2021	104,676	2.000%	26,338.61	131,014.61
6/1/2021	105,199	2.000%	25,815.23	131,014.23
9/1/2021	105,725	2.000%	25,289.23	131,014.23
12/1/2021	106,254	2.000%	24,760.61	131,014.61
3/1/2022	106,785	2.000%	24,229.34	131,014.34
6/1/2022	107,319	2.000%	23,695.41	131,014.41
9/1/2022	107,856	2.000%	23,158.82	131,014.82

BOND DEBT SERVICE

City of Wheeling

CW SRF

2% Interest Rate, 1% Administrative Fee

Period Ending	Principal	Coupon	Interest	Debt Service
12/1/2022	108,395	2.000%	22,619.54	131,014.54
3/1/2023	108,937	2.000%	22,077.56	131,014.56
6/1/2023	109,482	2.000%	21,532.88	131,014.88
9/1/2023	110,029	2.000%	20,985.47	131,014.47
12/1/2023	110,579	2.000%	20,435.32	131,014.32
3/1/2024	111,132	2.000%	19,882.43	131,014.43
6/1/2024	111,688	2.000%	19,326.77	131,014.77
9/1/2024	112,246	2.000%	18,768.33	131,014.33
12/1/2024	112,807	2.000%	18,207.10	131,014.10
3/1/2025	113,371	2.000%	17,643.06	131,014.06
6/1/2025	113,938	2.000%	17,076.21	131,014.21
9/1/2025	114,508	2.000%	16,506.52	131,014.52
12/1/2025	115,080	2.000%	15,933.98	131,013.98
3/1/2026	115,656	2.000%	15,358.58	131,014.58
6/1/2026	116,234	2.000%	14,780.30	131,014.30
9/1/2026	116,815	2.000%	14,199.13	131,014.13
12/1/2026	117,399	2.000%	13,615.05	131,014.05
3/1/2027	117,986	2.000%	13,028.06	131,014.06
6/1/2027	118,576	2.000%	12,438.13	131,014.13
9/1/2027	119,169	2.000%	11,845.25	131,014.25
12/1/2027	119,765	2.000%	11,249.40	131,014.40
3/1/2028	120,364	2.000%	10,650.58	131,014.58
6/1/2028	120,966	2.000%	10,048.76	131,014.76
9/1/2028	121,570	2.000%	9,443.93	131,013.93
12/1/2028	122,178	2.000%	8,836.08	131,014.08
3/1/2029	122,789	2.000%	8,225.19	131,014.19
6/1/2029	123,403	2.000%	7,611.24	131,014.24
9/1/2029	124,020	2.000%	6,994.23	131,014.23
12/1/2029	124,640	2.000%	6,374.13	131,014.13
3/1/2030	125,263	2.000%	5,750.93	131,013.93
6/1/2030	125,890	2.000%	5,124.61	131,014.61
9/1/2030	126,519	2.000%	4,495.16	131,014.16
12/1/2030	127,152	2.000%	3,862.57	131,014.57
3/1/2031	127,788	2.000%	3,226.81	131,014.81
6/1/2031	128,427	2.000%	2,587.87	131,014.87
9/1/2031	129,069	2.000%	1,945.73	131,014.73
12/1/2031	129,714	2.000%	1,300.39	131,014.39
3/1/2032	130,363	2.000%	651.82	131,014.82 *
	8,356,000		**1,732,107.46**	**10,088,107.46**

*Plus a quarterly administrative fee of $11,247.45 for a total Administrative Expense of $866,053.65

(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: _____, 20___.

_____

In the presence of:

_____