

**ANNUAL DEVELOPMENT ACTIVITY AND
DISCLOSURE REPORT**

**\$4,115,000 CITY OF WHEELING, WEST VIRGINIA
STONE BUILDING RENOVATION PROJECT
SERIES 2005 A BONDS**

FOR THE PERIOD ENDING DECEMBER 31, 2008

Prepared by:

MUNICAP, INC.

May 12, 2009

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I. UPDATED INFORMATION

Information updated from the period ending December 31, 2007 through the period ending December 31, 2008 is as follows:

- According to the Developer, as of December 31, 2008, construction of the public improvements is 100 percent complete.
- As of December 31, 2008, all proceeds of the Series 2005 A Bonds have been expended for construction on the public improvements.
- There have been no changes in the ad valorem tax rates of the City of Wheeling, West Virginia, the Board of Education of Ohio County, West Virginia, or Ohio County, West Virginia. The current levy rate for Class 2 property is \$1.4584 per \$100 of assessed value. The current levy rate for Class 4 property is \$2.9168 per \$100 of assessed value.
- The base year assessed value of the real and personal property within the TIF District was \$100,706,506. The current fiscal year assessed value of the real and personal property in the TIF District is \$141,503,157. As a result, there has been an increase in assessed value of \$40,796,654, or 41 percent, of the real and personal property within the TIF District.
- As of December 31, 2008, the city has collected \$2,177,442 representing 53 percent of the tax increment revenues due for fiscal year 2007-2008. The city also reports the second half installment is due in March 2009 and the amount collected is not available at this time.

II. INTRODUCTION

Tax Increment Revenue Bonds (Stone Building Renovation Project) Series 2005 A Bonds (the “Series 2005 A Bonds”) were issued pursuant to the West Virginia Tax Increment Financing Act, Chapter 7 Article 11B of the Code of West Virginia, 1931, as amended, a Resolution and an Ordinance (the “Bond Ordinance”) enacted by the city council on July 5, 2005, and an Indenture of Trust (the “Bond Indenture”) by and between the City of Wheeling, West Virginia (the “Issuer”), a municipal corporation and a political subdivision of the State of West Virginia, and WesBanco Bank, Inc., as Bond Trustee (the “Bond Trustee”).

According to the Official Statement, (the “OS”) the Series 2005 A Bonds are being issued for the purpose of paying a portion of the costs of the acquisition, renovation and equipping of the former Stone & Thomas Department Store Building (the “Project”).

The Project is located within the City of Wheeling Redevelopment District No. 1 (the “District” or “TIF District”). The TIF District was created by an ordinance (the “District Ordinance”) enacted by the city on December 16, 2003. The city council enacted an ordinance on June 21, 2005 providing for a minor amendment to the boundaries of the district. The boundaries of the district encompass approximately 1,200 properties. Included in the district are parts of Wheeling Island, Downtown Wheeling, East Wheeling, Center Wheeling and South Wheeling, including the Market Plaza. The Project is located at 1032 Main Street and is situated adjacent to the northern gateway to the Wheeling Central Business District.

The Project is to be developed by the Ohio Valley Industrial and Business Development Corporation (the “Developer”). The Developer will be responsible for the development and construction of the Project pursuant to a Development Agreement dated as of September 1, 2005 (the “Development Agreement”), between the Issuer and the Developer.

Pursuant to the OS, the Series 2005 A Bonds, were issued to finance the Project located within the TIF District. The Issuer will assign and pledge to the Bond Trustee as security for the Series 2005 A Bonds tax increment revenues generated by property within the TIF District.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the OS and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of December 31, 2008, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.

III. DEVELOPMENT ACTIVITY

A. OVERVIEW

The TIF District and the Project within the TIF District are located in the City of Wheeling, West Virginia, which is located in the northern panhandle of West Virginia along the Ohio River. The city lies approximately 60 miles southwest of Pittsburgh, Pennsylvania and is served by Interstate 70, a major east-west route, running through the city. The boundaries of the TIF District encompass approximately 1,200 properties. Included in the TIF District are parts of Wheeling Island, Downtown Wheeling, East Wheeling, Center Wheeling and South Wheeling, including Market Plaza, as well as adjacent residential and commercial properties. The Project is located at 1032 Main Street and is situated adjacent to the northern gateway to the Wheeling Central Business District.

According to the OS, proceeds from the Series 2005 A Bonds are to be used for the acquisition, renovation and equipping of the former Stone & Thomas Department Store Building. Renovations to the 180,000+ square foot Stone & Thomas Department Store Building include complete rehabilitation of the exterior of the building, new roofs, installation of windows on all floors, demolition, and build out of mechanical cores to at least 60,000 square feet of space. The completed floors, which will have more than 20,000 square feet of space per floor, will be marketed to companies seeking to reduce costs and increase productivity by consolidating their service in a central location.

The Stone & Thomas Department Store Building is currently owned by the Developer, and is listed on the National Register as three structures: Stones Department Store, the Dusch Building and Stone & Thomas Department Store. The combined structures encompass a half block of downtown Wheeling. The former department store building consists of a base (13,335 square feet) and nine additional floors. The first six above ground floors range from 21,040 square feet to 24,760 square feet. The three upper floors are 11,700 square feet each.

B. GOVERNMENTAL APPROVALS AND PERMITS

According to the OS, all of the requisite permits and governmental approvals were in place at the time the Series 2005 A Bonds were issued.

C. STATUS OF DEVELOPMENT

According to the OS, the Project is to be developed by Ohio Valley Industrial and Business Development Corporation, a private non-profit economic development corporation responsible for attracting start-up, relocating or expanding businesses in Ohio, Marshall and Wetzel Counties, West Virginia. Through the Development Agreement, the Developer will design, acquire, construct and equip the Project. The Developer is obligated to cover all costs of the construction and operations of the Project to the extent funds are not available from the Series 2005 A Bonds.

According to the OS, at the time of bond issuance, the TIF District anticipated two major property owners and additional existing commercial properties to provide a significant portion of the tax increment revenues within the TIF District. A description of the two major properties owners is as follows:

Wheeling Island Racetrack and Gaming Center

Wheeling Island Racetrack & Gaming Center (“Wheeling Island Gaming”) is a greyhound racing and gaming center located on an island in the Ohio River within the City of Wheeling. Thoroughbred and harness racing are reported to have occurred at the site of the Wheeling Island Gaming as early as 1866. The beginning of formalized racing began in 1937 when the Wheeling Down racetrack was built. Greyhound racing was introduced at the facility in 1976. The property’s owner is Wheeling Island Gaming, Inc., the largest operation of Delaware North Companies Gaming and Entertainment, Inc., which is a wholly owned

subsidiary of Delaware North Companies, Inc. a corporation privately owned and controlled by Jeremy Jacobs, Sr. and his family. In addition to its prominence as a racing location, the center accounted for 15 percent of the state's total lottery sales in fiscal year 2004. The site is one of four racetrack locations for video lottery terminals or slot machines. The center includes a 151-room hotel, eight restaurants, a gift shop and show room.

Lowe's Home Improvement Warehouse

The TIF District will benefit from the construction of a new 116,000 square feet Lowe's Home Improvement Warehouse center as Phase I of the development of the "Wheeling Gateway Centre" retail complex. The Lowe's operation is expected to generate at least 100 permanent jobs. The Lowe's construction will offer modern "big box" retailing for the first time in downtown Wheeling, drawing customers from a broad regional market due to its central location and visibility and accessibility from I-470 and WV Route 2.

D. STATUS OF FINANCING

According to the OS, the West Virginia Infrastructure & Jobs Development Council (the "WVIJDC") has approved a loan in the principal amount of \$3,000,000 (the "Loan") to the Developer to pay for costs incurred by the Developer in connection with the acquisition and renovation of the Stone Building.

The WVIJDC Loan has a term of 240 months and bears interest at a rate of one percent during the initial five years of the loan. There are no payments of principal or interest due during the first five years after the date of the note; however, interest shall accrue on the outstanding principal balances during the initial five year term of the loan. Commencing on the first day of the sixth year after the loan closing, and continuing thereafter until the loan is paid in full, the principal balances shall bear interest at a fixed rate per annum equal to two percent. In addition to such payment terms, the Developer shall pay to the WVIJDC the proceeds from any lease of any part of the Project, and the net proceeds from the sale of all or any portion of the Project. Such additional funding will be disbursed upon completion of the Project. There are no lease commitments at this time.

The WVIJDC Loan is secured by a first lien deed of trust on the Project, together with all improvements thereon and appurtenances thereto, and a first priority assignment of all existing and future leases and rents of the Project or any portion thereof.

The Project will create federal (20% of eligible expense) and West Virginia (10% of eligible expenses) historic renovation tax credits. Under the current ownership structure, the tax credits will be allocated to Stone Center Fund, LLC. Funds generated from the tax credits will provide a reserve account to be used for operating expenses in the initial years of the Project, and will be used to pay a Developer fee to OVIJDC.

As of December 31, 2008, the Developer reports the current balance on the WVIJDC Loan is \$3,000,000.

E. PUBLIC IMPROVEMENTS

According to the OS, proceeds from the Series 2005 A Bonds are to be used for the acquisition, renovation and equipping of the former Stone & Thomas Department Store Building. Renovations to the 180,000+ square foot Stone & Thomas Department Store Building include complete rehabilitation of the exterior of the building, new roofs, installation of windows on all floors, demolition, and build out of mechanical cores.

According to the City of Wheeling, West Virginia, as of December 31, 2008, there have been no changes to the public improvements as described in the Development Agreement. According to the Developer, construction of the public improvements is 100 percent complete. As of December 31, 2008, all proceeds of the Series 2005 A Bonds have been expended for construction of the public improvements.

Table III-2 below shows the budget and status of construction of the public improvements as of December 31, 2008.

Table III-2
Status of Public Improvements

Improvement	Amount	Commenced	Completed
Acquisition	\$170,000	May 2005	October 2006
Building Renovation			
Demo/abatement	\$436,000	May 2005	October 2006
General construction	\$2,412,000	May 2005	October 2006
Elevators	\$472,000	May 2005	October 2006
Electrical	\$566,000	May 2005	October 2006
Mechanical	\$1,342,000	May 2005	October 2006
Sub-total building renovation	\$5,228,000		
Engineering/architect	\$342,000	May 2005	October 2006
Legal and accounting	\$75,000	May 2005	October 2006
Environmental consulting	\$36,000	May 2005	October 2006
Loan Expense	\$100,000	May 2005	October 2006
Building expense	\$165,000	May 2005	October 2006
Contingency	\$304,000	May 2005	October 2006
Total project costs	\$6,420,000		
Less: developer contribution	(\$3,000,000)		
Proceeds from the Series 2005 A Bonds	\$3,420,000		

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2005 A Bonds is WesBanco Bank, Inc. The following table shows the December 31, 2007 balance, interest paid, additional proceeds, disbursements, and account balance as of December 31, 2008.

Table IV-1
Account Balances

	Balance 12/31/07	Interest Paid	Additional Proceeds	Disbursements	Balance as of 12/31/08
Reserve Fund	\$279,391	\$7,009	\$0	\$8,050	\$278,350
Debt Service Fund	\$602	\$110	\$277,458	\$278,064	\$106
TIF Revenue Fund	\$214,230	\$5,267	\$370,156	\$589,534	\$119
Administrative Expenses	\$11,694	\$251	\$0	\$5,318	\$6,628
Total	\$505,917	\$12,636	\$647,614	\$880,965	\$285,202

- Reserve Fund disbursements include the amount distributed to the Debt Service Fund.
- Disbursements from the Debt Service Fund represent the transfer of interest income and tax increment revenues held by the city and used to pay debt service.
- Disbursements from the TIF Revenue Fund represent a transfer of sufficient moneys to pay debt service, reserve fund, and administrative expenditures.
- Administrative Expense Fund disbursements include payments for administrative costs associated with the TIF District.

Proceeds in the Reserve Fund, Debt Service Fund, TIF Revenue Fund and Administrative Expense Fund are primarily invested in federated prime obligation money market funds that pay interest of approximately 1.76 percent. Table IV-2 below shows the rate of return on the investments as of December 31, 2008.

Investment income in the Reserve Fund in excess of the reserve requirement will be transferred to the Debt Service Fund and therein applied to payment of the next interest due on the Series 2005 A Bonds. Interest income in the Debt Service Fund, TIF Revenue Fund and Administrative Expense Fund will remain in their respective fund and used for the purposes of that respective fund.

Table IV-2

Account	Rate of Return
Reserve Fund	1.76%
Debt Service Fund	1.76%
TIF Revenue Fund	1.76%
Administrative Expense Fund	1.76%

V. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the annual report as provided for in Section 2(a) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2008, unless otherwise stated.

A. FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

B. CHANGES IN THE AD VALOREM TAX RATES

There have been no changes in the ad valorem tax rates of the City of Wheeling, West Virginia, the Board of Education of Ohio County, West Virginia, or Ohio County, West Virginia. The current levy rate for Class 2 property is \$1.4584 per \$100 of assessed value. The current levy rate for Class 4 property is \$2.9168 per \$100 of assessed value.

C. INCREASE IN THE DISTRICT SIZE

According to the City of Wheeling, West Virginia, there has been no increase in the size of the TIF District as of December 31, 2008.

D. CHANGES IN ASSESSED VALUE OF REAL PROPERTY

As shown in Table V-1 below, the base year assessed value of the real and personal property within the TIF District was \$100,706,506. The current fiscal year assessed value of the real and personal property in the TIF District is \$141,503,157. As a result, there has been an increase in assessed value of \$40,796,651, or 41 percent, of the real and personal property within the TIF District. (Assessed value is equal to 60 percent of appraised value.)

Table V-1
Phased-In Assessed Value of Property

Property Type	Base Year Assessed Value	FY 07/08 Assessed Value	Incremental Assessed Value
Class 2 (Real & Personal Property)	\$1,270,510	\$1,301,610	\$31,100
Class 4 (Real & Personal Property)	\$99,435,996	\$140,201,547	\$40,765,551
Total Incremental Value	\$100,706,506	\$141,503,157	\$40,796,651

E. TOTAL AD VALOREM TAXES LEVIED

As shown in Table V-2 on the following page, the total ad valorem tax levied on property within the TIF District for fiscal year 2007-2008 is equal to \$4,108,381.

Table V-2
Phased-In Assessed Value of Property

Property Type	FY 08 Assessed Value	Total Levy Rate (Per \$100 AV)*	Total Levy
Class 2 (Real & Personal Property)	\$1,301,610	\$1.46	\$18,983
Class 4 (Real & Personal Property)	\$140,201,547	\$2.92	\$4,089,399
Total Taxes Levied (FY 08)	\$141,503,157		\$4,108,381

*Levy rate includes City of Wheeling, Ohio County, Ohio County Board of Education and State of West Virginia.

F. STATUS OF COLLECTION OF AD VALOREM TAXES

According to the City of Wheeling, \$4,108,382 in tax increment revenues were levied in fiscal year 2007-2008. As of December 31, 2008, the city has collected \$2,177,442 representing 53% of the tax increment revenues due for fiscal year 2007-2008. The city also reports the second half installment is due in March 2009 and the amount collected is not available at this time. Table V-3 below shows total ad valorem taxes collected for fiscal year 2007-2008.

Table V-3
Total Ad Valorem Taxes Collected

Property Type	Total Levy	Levy Collected	Percentage Collected
Class 2 (Personal Property)	\$18,983	\$10,061	53%
Class 4 (Real Property)	\$4,089,399	\$2,167,381	53%
Total Taxes Levied (FY 08)	\$4,108,382	\$2,177,442	53%

G. APPEALS TO ASSESSED VALUE

According to the City of Wheeling, there have not been any appeals of assessed value determinations for property within the TIF District at this time.

H. PRINCIPAL DISTRICT TAXPAYERS

A list of TIF District taxpayers responsible for levy of more than five percent of ad valorem taxes in the fiscal year 2007-08 is shown in Table V-4 on the following page.

**Table V-4
Principal District Taxpayers**

Property Owner	Assessed Value	Ad Valorem Taxes	Percentage
Wheeling Island Gaming	\$44,790,028	\$1,306,436	31.80%
Other taxpayers	\$96,713,129	\$2,801,946	68.20%
Total TIF District	\$141,503,157	\$4,108,381	100.00%

I. CHANGES TO LAND USE ENTITLEMENTS OR LEGAL CHALLENGES

As of December 31, 2008, the administrator has not received formal written notice from the city of any amendments to land use entitlements or legal challenges to the construction of the public improvements.

J. CHANGES TO PUBLIC IMPROVEMENTS AND STATUS OF DEVELOPMENT

According to the City of Wheeling, there have been no changes to the public improvements described in the Development Agreement.

K. OCCUPANCY PERMITS

According to the City of Wheeling, West Virginia, no additional occupancy permits were issued for the Stone Building as of December 31, 2008. The Lowe's project has an occupancy permit for the entire project.

L. DEBT SERVICE COVERAGE AND TAX INCREMENT REVENUES

Table V-5 on the following page provides the debt service coverage on the Series 2005 A Bonds for the immediate prior tax year, fiscal year 2007-2008.

**Table V-5
Debt Service Coverage**

Account Type	Amount
<i>Debt Service (bond year 2008)</i>	
Interest	\$100,738
Interest	\$100,738
Principal	\$75,000
Sub-total debt service	\$276,475
<i>Base Year Assessed Value</i>	
Class 2 Property	\$1,270,510
Class 4 Property	\$99,435,996
Sub-total	\$100,706,506
<i>Phased-in Assessed Value</i>	
Class 2 Property	\$1,301,610
Class 4 Property	\$140,201,547
Sub-total	\$141,503,157
<i>Increase in Assessed Value</i>	
Class 2 Property	\$31,100
Class 4 Property	\$40,765,551
Sub-total	\$40,796,651
<i>Levy Rate (Per \$100 AV)</i>	
Class 2 Property	\$1.4584
Class 4 Property	\$2.9168
<i>Tax Increment Revenues</i>	
Class 2 Property	\$454
Class 4 Property	\$1,189,050
Sub-total	\$1,189,503
Debt Service Coverage	430.24%

VI. LISTED EVENTS

A. LISTED EVENTS

Pursuant to the Continuing Disclosure Agreement, listed events include the following:

- (i) delinquency in payment when due of any principal of or interest on the Series 2005 A Bonds;
- (ii) occurrence of any material default under the Indenture (other than as described in clause (i) above);
- (iii) draws on the Reserve Fund;
- (iv) substitution of a credit provider, or any failure of a credit provider to perform;
- (v) adverse tax opinions or events affecting the tax-status of interest on the Series 2005 A Bonds;
- (vi) amendment to the Indenture modifying the rights of the bondholders;
- (vii) giving of notice of optional of unscheduled redemption of the Series 2005 A Bonds;
- (viii) defeasance of the Series 2005 A Bonds or any portion thereof;
- (ix) the release or substitution of real property within the district other than as identified in the annual report pursuant to Section 2(a) hereof; and
- (x) any change in the rating, if any, on the Series 2005 A Bonds.

The administrator is not aware of the occurrence of any listed event as of the date of this report (May 12, 2009).