

At the Regular Meeting of the Greensville County Water and Sewer Authority, held on Monday, September 15, 2014, with Regular Session beginning at the conclusion of the Board of Supervisors meeting, in the Board Room of the Greensville County Government Building, 1781 Greensville County Circle, Emporia, Virginia

Present: Michael W. Ferguson, Chairman  
Dr. Margaret T. Lee, Vice Chairman  
James C. Vaughan  
Peggy R. Wiley

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Chairman Ferguson called the meeting to order.

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In Re: Closed Session

Mr. Whittington, Director, stated that Staff recommended the Board go into Closed Session, Section 2.2-3711 (a) 3) Acquisition and Disposition of Real Property Matters.

Dr. Lee moved, seconded by Mr. Vaughan, to go into Closed Session, as recommended by Staff. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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In Re: Regular Session

Dr. Lee moved, seconded by Mr. Vaughan, to go into Regular Session. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson,.

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In Re: Certification of Closed Meeting – Resolution #WS-14-58

Mrs. Wiley moved, seconded by Dr. Lee, to adopt the following Resolution. A roll call vote was taken, as follows: Dr. Lee, aye; Mr. Vaughan, aye Mrs. Wiley, aye and Chairman Ferguson, aye.

**RESOLUTION #15-26  
CERTIFICATION OF CLOSED MEETING**

**WHEREAS**, the Greensville Water and Sewer Authority has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act; and

**WHEREAS**, Section 2.2-3712 of the Code of Virginia requires a certification by the Greensville County Water and Sewer Authority that such closed meeting was conducted in conformity with Virginia law:

**NOW, THEREFORE, BE IT RESOLVED** that the Greensville County Water and Sewer Authority hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Greensville County Water and Sewer Authority.

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Chairman Ferguson recessed the meeting until the Conclusion of the Board of Supervisors Meeting.

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Chairman Ferguson reconvened the meeting.

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In Re: Approval of Agenda

Mr. Whittington stated that Staff recommended approval of the Agenda with no added items.

Dr. Lee moved, seconded by Mr. Vaughan, to approve the Agenda as submitted. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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In Re: Approval of the Consent Agenda

Mr. Whittington stated that Staff recommended approval of the Consent Agenda.

Mr. Vaughan moved, seconded by Dr. Lee, to approve the Consent Agenda consisting of the following items. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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Minutes from the meeting of September 2, 2014

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Budgetary Matters consisting of the following: Fund #001 – Journal Voucher #25, in the amount of \$53,455.00 and Budget Amendment Resolution #WS-14-59, in the amount of \$8,311.85, both of which are incorporated herein by reference.

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Warrants:

Approval of Accounts Payable for September 15, 2014, in the amount of \$903,659.02

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In Re: Public Hearing – Proposed Increase in Water and Sewer Rates

Mr. Whittington stated that Staff recommended the Authority go into Public to solicit public comments regarding the Proposed Increase in Water and Sewer Rates.

Mrs. Wiley moved, seconded by Mr. Vaughan, to go into Public Hearing. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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In Re: Proposed Increase in Water and Sewer Rates

Mrs. Kathie Little addressed the Authority stating that Staff was proposing a rate increase of 1% on water and sewer rates. She stated that if the rate increase was approved, it would increase the residential customer’s water and sewer bill by \$.50 per month for the minimum bill. She then read the proposed rates into record as follows:

**WATER RATES**

<b>Residential</b>	<b><u>Existing</u></b>	<b><u>Proposed</u></b>
First 3,000 gallons per month	\$16.77	\$ 16.95
Each additional 1,000 gallons per month	5.59	5.65
Non-user rate per month	5.90	5.90
 <b>Commercial</b>		
First 3,000 gallons per month	\$17.66	\$ 17.85
Each additional 1,000 gallons per month	5.87	5.95

**Industrial**

Usage less than 1,000,000 gpm rate per 1,000	5.87	5.93
Usage between 1.0 million gpm and 15 million gpm rate per 1,000	4.83	4.88
Usage more than 15 million gpm rate per 1000		4.50

**Institutional**

Usage less than 1,000,000 gpm rate per 1,000	6.52	6.59
Usage more than 1,000,000 gpm rate per 1,000	5.39	5.44

**SEWER RATES**

**Residential**

	<u>Existing</u>	<u>Proposed</u>
First 4,000 gallons per month	\$32.03	\$ 32.35
Each additional 1,000 gallons per month	6.41	6.47
Non-user rate per month	9.63	9.63

**Commercial**

First 4,000 gallons per month	\$37.36	\$ 37.73
Each additional 1,000 gallons per month	7.47	7.54

**Industrial**

Usage less than 1,000,000 gpm rate per 1,000	7.47	7.54
Usage more than 1,000,000 gpm rate per 1,000	6.79	6.85

**Institutional**

Usage less than 1,000,000 gpm rate per 1,000	8.29	8.37
Usage more than 1,000,000 gpm rate per 1,000	9.31	9.40

Chairman Ferguson asked the Authority and the public if there were any comments. There were none.

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In Re: Return to Regular Session

Mr. Whittington stated that Staff recommended the Authority return to Regular Session.

Dr. Lee moved, seconded by Mrs. Wiley, to return to Regular Session. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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In Re: Approval of the Proposed Resolution #WS-14-60

**RESOLUTION #WS-14-60  
INCREASE IN WATER & SEWER RATES**

**WHEREAS**, the Greenville County Water and Sewer Authority must establish rates for the provision of potable water and treatment and disposal of wastewater to cover the expenses necessary or properly attributable to furnishing the services; and

**WHEREAS**, the expenses of the Authority have increased as to warrant a rate increase of one percent in the Authority's water and sewer rates for residential, commercial, industrial, and institutional for FY2015; and

**NOW, THEREFORE BE IT RESOLVED** that the Greenville County Water and Sewer Authority adopts the following rates for water and sewer effective immediately, as proposed at the public hearing held on September 15, 2014.

**WATER RATES**

<b>Residential</b>	<b><u>Existing</u></b>	<b><u>Proposed</u></b>
First 3,000 gallons per month	\$16.77	\$ 16.95
Each additional 1,000 gallons per month	5.59	5.65
Non-user rate per month	5.90	5.90
<b>Commercial</b>		
First 3,000 gallons per month	\$17.66	\$ 17.85
Each additional 1,000 gallons per month	5.87	5.95
<b>Industrial</b>		
Usage less than 1,000,000 gpm rate per 1,000	5.87	5.93
Usage between 1.0 million gpm and 15 million gpm rate per 1,000	4.83	4.88
Usage more than 15 million gpm rate per 1000		4.50
<b>Institutional</b>		
Usage less than 1,000,000 gpm rate per 1,000	6.52	6.59
Usage more than 1,000,000 gpm rate per 1,000	5.39	5.44

**SEWER RATES**

<b>Residential</b>	<b><u>Existing</u></b>	<b><u>Proposed</u></b>
First 4,000 gallons per month	\$32.03	\$ 32.35
Each additional 1,000 gallons per month	6.41	6.47
Non-user rate per month	9.63	9.63
<b>Commercial</b>		
First 4,000 gallons per month	\$37.36	\$ 37.73
Each additional 1,000 gallons per month	7.47	7.54

**Industrial**

Usage less than 1,000,000 gpm rate per 1,000	7.47	7.54
Usage more than 1,000,000 gpm rate per 1,000	6.79	6.85

**Institutional**

Usage less than 1,000,000 gpm rate per 1,000	8.29	8.37
Usage more than 1,000,000 gpm rate per 1,000	9.31	9.40

Mrs. Wiley moved, seconded by Dr. Lee, to approve Resolution #WS-14-60. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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In Re: Approval of the Fiscal Year 2014-2015 Budget Resolution #WS-14-61

Mrs. Little read the resolution into record and requested approval the following resolution.

**RESOLUTION # WS 14-61  
APPROVAL OF FISCAL YEAR 2014-2015 BUDGET**

**WHEREAS**, the Recommended Operating Budget for the Fiscal Year 2015 has been duly presented to the Authority and revisions made;

**NOW, THEREFORE, BE IT RESOLVED** that for informational and fiscal planning purposes, the Greenville County Water and Sewer Authority adopts, as incorporated herein by reference, an Operating Budget of \$ 6,301,147.00.

**FURTHER, BE IT RESOLVED**, that no expenditure shall be made or money shall be paid out until an appropriation is made by this governing body.

Mrs. Wiley moved, seconded by Dr. Lee, to approve Resolution #WS-14-61. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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In Re: Well Integration Project – I-95, Exit 4

Mr. Moses Clements addressed the Authority stating that Staff had been working to increase the potable water capacity at Interstate Exit #4. He stated that the Authority was adding well #3 at the location and in order to obtain the Department of Health approval, the well dedication and certification document must be approved by the Authority. He also stated that it had to be recorded in the Circuit Court Clerk’s Office. He then summarized the well dedication document stating that it designated a piece of property and set forth that it would be used for a well lot only with no other uses and if at

some point and time, the lot reverted and was no longer needed for a potable water source, then the dedication document could be withdrawn. Mr. Clements stated that Staff recommended approval of the document and authorization that it be recorded in the Circuit Clerk's Office.

Mrs. Wiley moved, seconded by Mr. Vaughan, to approve the Well Integration Project at I-95, Exit 4. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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In Re: VRA Financing Documents

Mrs. Parson stated that Resolution #WS-14-62 approved the issuance of water and sewer revenue and refunding bond for series 2014. She stated that the monies would be used to finance land acquisition, various improvements, replacements on the current system and the refunding of a 2004 series bond. She stated that Staff recommended approval of the financing documents.

**RESOLUTION#WS-14-62AUTHORIZING THE  
ISSUANCE, SALE AND AWARD OF A WATER AND  
SEWER SYSTEM REVENUE AND REFUNDING BOND,  
SERIES 2014, IN AN AGGREGATE PRINCIPAL  
AMOUNT NOT TO EXCEED \$5,000,000 OF  
GREENSVILLE COUNTY WATER AND SEWER  
AUTHORITY AND PROVIDING FOR THE FORM,  
DETAILS AND PAYMENT THEREOF**

**WHEREAS**, the Greenville County Water and Sewer Authority (the "Authority") is a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the "Act") by the Board of Supervisors of Greenville County, Virginia (the "County"), and presently owns, operates and maintains water and sewer facilities to provide for the water and sewer needs of the residents and businesses of the County; and

**WHEREAS**, the Board of the Authority (the "Authority Board") desires to finance (a) (i) acquisition of land for the construction of a raw water reservoir, new intake and pump station on the Nottoway River, (ii) improvements to the pump station and sludge dewatering system at Jarratt Water Treatment Plant, (iii) replacement of the pump station at High Hills, (iv) replacement of the control panel at Falling Run Wastewater Treatment Plant, (v) upgrades to various manholes, (vi) connection of Well #4, (vii) acquisition of various equipment, and (viii) other related and ancillary improvements to facilities of the System (as hereinafter defined) (collectively, the "Project"), together with capitalized interest, (b) the refunding of all or a portion of the outstanding balance of its

\$515,000 Water and Sewer System Revenue Bond, Series of 2004 (the “Refunded Bond”), that financed the acquisition, construction and equipping of certain improvements to the System, (c) a debt service reserve fund and (d) issuance costs in connection with such financing; and

**WHEREAS**, it is in the best interests of the Authority and the residents of its service areas to issue its water and sewer system revenue and refunding bond (the “2014 Bond”) to be secured by a pledge of the revenues of the Authority’s water and sewer system (the “System”) in a maximum principal amount not to exceed \$5,000,000 to (a) finance all or a portion of the Project, (b) refinance all or a portion of the Refunded Bond in order to realize debt service savings and (c) finance the costs of issuing the 2014 Bond; and

**WHEREAS**, the Virginia Resources Authority (“VRA”) has indicated its willingness to purchase the 2014 Bond from the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2014C (the “VRA Bonds”) and to provide a portion of the proceeds thereof to the Authority to finance all or a portion of the Project, refund the Refunded Bond, fund capitalized interest and a debt service reserve fund in connection with the 2014 Bond and pay certain costs of issuance of the 2014 Bond, in accordance with the terms of a Local Bond Sale and Financing Agreement to be dated a date specified by VRA, between VRA and the Authority (the “Financing Agreement”), the form of which has been presented to this meeting; and

**WHEREAS**, the Financing Agreement shall indicate the amount of \$3,783,052 plus an amount sufficient to refund the the Refunded Bond and fund capitalized interest through October 1, 2015 and a debt service reserve fund is the amount of proceeds requested, or such other amount requested in writing by the Authority and approved by VRA in advance of pricing of the VRA Bonds (the “Proceeds Requested”), from VRA from the VRA Bonds; and

**WHEREAS**, VRA has advised the Authority that the sale date of the VRA Bonds is tentatively scheduled for November 5, 2014, but may occur, subject to market conditions, at any time between October 20, 2014 and November 20, 2014, and that VRA’s objective is to pay the Authority a purchase price for the 2014 Bond which, in VRA’s judgment, reflects the market value of the 2014 Bond (the “Purchase Price Objective”), taking into consideration the maximum authorized par amount of the 2014 Bond, the Proceeds Requested, the Targeted Savings (as hereinafter defined) and such factors as the purchase price to be received by VRA for the VRA Bonds, the underwriters’ discount and the other issuance costs of the VRA Bonds (collectively, the “VRA Costs”), and other market conditions relating to the sale of the VRA Bonds; and

**WHEREAS**, such factors may result in the Authority receiving a purchase price other than the par amount of the 2014 Bond with respect to the Proceeds Requested from the VRA Bonds and consequently the par amount of the 2014 Bond may be greater than

the Proceeds Requested in order to receive an amount of proceeds that is not less than the Proceeds Requested; and

**WHEREAS**, the Authority Board has requested the County to facilitate the issuance and sale of the 2014 Bond by entering into a Support Agreement to be dated a date specified by VRA, among the Authority, the County and VRA (the “Support Agreement”), the form of which has been presented to this meeting; and

**NOW, THEREFORE, BE IT RESOLVED BY THE GREENSVILLE COUNTY WATER AND SEWER AUTHORITY:**

**1. Authorization of Bond and Use of Proceeds.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Act, the Authority Board authorizes the issuance and sale to VRA of the 2014 Bond of the Authority to finance all or a portion of the Project, refund all or a portion of the Refunded Bond, fund capitalized interest and a debt service reserve fund in connection with the 2014 Bond and pay issuance and financing costs incurred in issuing the 2014 Bond. The 2014 Bond shall be delivered to or upon the order of VRA upon VRA’s payment of the purchase price therefor.

**2. Authorization of Financing Agreement and Support Agreement.** The forms of the Financing Agreement and the Support Agreement submitted to this meeting are approved. The Chairman, Vice Chairman and Director (the “Director”) of the Authority, any of whom may act, are authorized to execute the Financing Agreement and the Support Agreement in substantially such forms, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman, Vice Chairman and/or Director, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Authority’s 2014 Bond to VRA shall be upon the terms and conditions of the Financing Agreement and any related tax documents. The proceeds of the 2014 Bond shall be applied in the manner set forth in the Financing Agreement. All capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Financing Agreement.

**3. Bond Details.** The 2014 Bond shall be issued as a single, registered bond and shall be designated “Water and Sewer System Revenue and Refunding Bond, Series 2014”, shall be numbered R-1, shall be in a principal amount not to exceed \$5,000,000 and shall mature no later than December 31, 2046. The Authority authorizes the issuance and sale of the 2014 Bond to VRA. The final pricing terms contained in the Financing Agreement shall be determined by VRA subject to VRA’s Purchase Price Objective and the market conditions described in the Recitals hereof; provided, however, that the 2014 Bond shall have a “true” interest cost not to exceed 5.5% (exclusive of “Supplemental Interest” as provided in the Financing Agreement), and, with respect to the refunding of the Refunded Bond, shall achieve an aggregate net present value debt service savings of not less than 3.0% (the “Targeted Savings”). Subject to the preceding terms, the Authority further authorizes the Chairman, Vice Chairman or Director, any of whom may act, to

accept the final terms presented by VRA including (a) the final principal amount of the 2014 Bond, (b) the interest rate, and (c) the amortization schedule (including the principal installment dates and amounts) for the 2014 Bond all in accordance with the provisions hereof. The actions of the Chairman, Vice Chairman and/or Director in accepting the final terms of the 2014 Bond shall be conclusive, and no further action shall be necessary on the part of the Authority Board.

If the limitation on the maximum aggregate principal amount of the 2014 Bond set forth in this paragraph 3 restricts VRA's ability to generate the Proceeds Requested, taking into account the VRA Costs, the VRA Purchase Price Objective and market conditions, the Chairman, Vice Chairman and Director, any of whom may act, are authorized to accept a purchase price for the 2014 Bond at an amount less than the Proceeds Requested. The actions of the Chairman, Vice Chairman and Director, any of whom may act, in accepting the final terms of the 2014 Bond shall be conclusive, and no further action shall be necessary on the part of the Authority.

As set forth in the Financing Agreement, the Authority agrees to pay such "Supplemental Interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve. The principal of and premium, if any, and interest on the 2014 Bond shall be payable in lawful money of the United States of America.

**4. Payment and Redemption Provisions of 2014 Bond.** The principal of and premium, if any, and interest on the 2014 Bond shall be payable as set forth in the 2014 Bond and the Financing Agreement. The 2014 Bond may not be defeased, redeemed, prepaid or refunded except upon the terms set forth in the Financing Agreement.

**5. Execution and Form of 2014 Bond.** The 2014 Bond shall be executed by the Chairman or Vice Chairman of the Authority and attested by the Director or Secretary-Treasurer of the Authority and its seal shall be affixed thereon. The 2014 Bond shall be in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions, and changes not inconsistent with this Resolution as may be approved by the officers signing the 2014 Bond, whose approval shall be evidenced conclusively by the execution and delivery of the 2014 Bond.

**6. Pledge of Revenues.** Principal of and premium, if any, and interest on the 2014 Bond shall be payable solely from the Net Revenues Available for Debt Service and other sources which are pledged therefore herein and in the Financing Agreement, including amounts held from time to time in the Local Debt Service Reserve Fund (as defined in paragraph 7 below), and nothing in the Financing Agreement, the 2014 Bond or in this Resolution shall be deemed to create or constitute an indebtedness of or a pledge of faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth, including the Authority and the County. It is intended that such pledge shall be on a parity with the similar pledge securing the Authority's outstanding water and sewer system revenue bonds, including its

\$235,629 Water and Sewer System Revenue Bond, Series 2003, \$515,000 Water and Sewer System Revenue Bond, Series of 2004 (as and if required), \$4,435,000 Water and Sewer System Revenue Refunding Bond, Series 2010, \$1,640,000 Water and Sewer System Revenue Bond, Series of 2011, and \$2,105,000 Water and Sewer System Revenue Refunding Bond, Series 2013 (collectively, the “Existing Parity Bonds”).

It is hereby covenanted and agreed with the holder of the 2014 Bond that so long as the 2014 Bond is outstanding and unpaid, the Authority shall:

(a) fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and from time to time revise such rates, fees and other charges in such manner that in each Fiscal Year the Net Revenues Available for Debt Service (which includes any amount that may be appropriated for and paid to the Authority by the County under the Support Agreement) will equal at least 115% of the amount required during the Fiscal Year to pay the principal of and interest due on the 2014 Bond, the Existing Parity Bonds, the Supplemental Interest, and all other indebtedness of the Authority payable from Revenues; and

(b) apply the Revenues in each Fiscal Year first to pay Operation and Maintenance Expense, and then to pay principal of and interest on the 2014 Bond, the Existing Parity Bonds and all other bonds hereafter issued on account of the System and secured by a pledge of Revenues becoming due and payable in such Fiscal Year.

If, for any reason, Revenues are insufficient to satisfy the foregoing covenant, the Authority shall within 90 days adjust and increase its rates, fees and other charges or reduce Operation and Maintenance Expense, so as to provide sufficient Revenues to satisfy such requirement.

**7. Local Debt Service Reserve Fund.** The 2014 Bond shall be secured by a local debt service reserve fund established pursuant to the terms of the Financing Agreement (the “Local Debt Service Reserve Fund”). The Local Debt Service Reserve Fund shall be held by the Trustee for the benefit of VRA for as long as the 2014 Bond is outstanding. The amount held in the Local Debt Service Reserve Fund shall be equal to the maximum annual principal and interest payment on the 2014 Bond as of the Closing Date as set forth in the Financing Agreement.

**8. Preparation of Printed 2014 Bond.** The Authority shall initially issue the 2014 Bond in typewritten form. Upon request of the registered owner and upon presentation of the 2014 Bond at the office of the Registrar (as hereinafter defined), the Authority shall arrange to have prepared, executed and delivered in exchange as soon as practicable the 2014 Bond in printed form in an aggregate principal amount equal to the unpaid principal of the 2014 Bond in typewritten form, in denominations of \$5,000 and multiples thereof, of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed 2014 Bond may be executed by manual or facsimile signature of the Chairman or Vice Chairman of the Authority and attested by the manual

or facsimile signature of the Director or Secretary-Treasurer of the Authority and a facsimile of its seal printed thereon; provided, however, that if both such signatures are facsimiles, no 2014 Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten 2014 Bond surrendered in any such exchange shall be canceled.

**9. Registration and Transfer of 2014 Bond.** The Authority appoints its Secretary-Treasurer as paying agent and registrar (the “Registrar”) for the 2014 Bond. If deemed to be in its best interest, the Authority may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the 2014 Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Authority shall execute, and the Registrar shall authenticate and deliver in exchange, a new 2014 Bond or 2014 Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Authority, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner of the 2014 Bond as the person or entity exclusively entitled to payment of principal thereof, and premium, if any, and interest thereon, and the exercise of all other rights and powers of the owner, except that payments shall be paid to the person or entity shown as owner on the registration books on the 15<sup>th</sup> day of the month preceding each such payment date.

**10. Mutilated, Lost or Destroyed Bond.** If the 2014 Bond has been mutilated, lost or destroyed, the Authority shall execute and deliver a new 2014 Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated 2014 Bond or in lieu of and in substitution for such lost or destroyed 2014 Bond; provided, however, that the Authority shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the Authority in connection therewith and, in the case of a lost or destroyed 2014 Bond, (a) has filed with the Authority evidence satisfactory to the Authority that such 2014 Bond was lost or destroyed, and (b) has furnished to the Authority satisfactory indemnity.

**11. Preparation and Delivery of 2014 Bond.** The Chairman, Vice Chairman and Director, any of whom may act, are authorized and directed to take all proper steps to have the 2014 Bond prepared and executed in accordance with its terms and to deliver the 2014 Bond to VRA as the purchaser thereof upon receipt of the Purchase Price from VRA as set forth in the Financing Agreement.

**12. Arbitrage Covenants.** The Authority Board covenants that it shall not take or omit to take any action the taking or omission of which will cause any VRA Bonds to be an “arbitrage bond,” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, (the “Code”), including regulations applicable to the

VRA Bonds, or otherwise cause interest on the VRA Bonds to be includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the Authority shall comply with any provision of law that may require the Authority at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the VRA Bonds, unless the Authority receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the VRA Bonds from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Authority shall pay any such required rebate from Net Revenues Available for Debt Service or other legally available funds.

**13. Tax Compliance Agreement.** Such officers of the Authority as may be requested are authorized and directed to execute and deliver a nonarbitrage certificate and tax compliance agreement in a form not inconsistent with this Resolution as may be approved by the officers of the Authority executing such document, whose approval shall be evidenced conclusively by the execution and delivery thereof.

**14. Private Activity Bond Covenant.** The Authority Board covenants that it shall not permit the proceeds of the 2014 Bond to be used in any manner that would result in (a) 5% or more of such proceeds or facilities being financed or refinanced with such proceeds being used in any trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or facilities being financed or refinanced being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds or facilities being financed or refinanced with such proceeds being used directly or indirectly to make or finance loans to any person other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Authority receives an opinion of nationally recognized bond counsel that compliance with any such covenant is not required to prevent the interest on the VRA Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the Authority need not comply with such covenant to the extent provided in such opinion.

**15. Official Statement.** The Authority Board authorizes and consents to the inclusion of information with respect to the Authority contained in VRA's Preliminary Official Statement and VRA's Official Statement in final form, both prepared in connection with the sale of the VRA Bonds.

**16. SNAP Investment Authorization.** The Authority Board has determined to authorize the Secretary-Treasurer of the Authority, if and as necessary, to utilize the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") in connection with the investment of the proceeds of the 2014 Bond.

**17. Other Actions.** All other actions of officers of the Authority in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the 2014 Bond are ratified, approved and confirmed. The officers of the Authority are authorized and directed to execute and deliver all certificates and other

instruments considered necessary or desirable in connection with the refunding of the Refunded Bond and the issuance, sale and delivery of the 2014 Bond pursuant to this Resolution, the Financing Agreement and the Support Agreement.

**18. Official Intent.** In adopting this resolution authorizing the issuance of the 2014 Bond, the Authority declares and reaffirms its official intent to issue the 2014 Bond and provide moneys to reimburse the Authority for expenditures with respect to the Project, as contemplated by Treasury Regulations 1.150-2 promulgated pursuant to the Code.

**19. Effective Date.** This Resolution shall become effective immediately. The Director of the Authority is hereby authorized and directed to file a certified copy of this Resolution in the office of the Authority and with the Clerk of the Circuit Court of Greensville County, Virginia.

Mrs. Wiley moved, seconded by Mr. Vaughan, to approve Resolution #WS-14-62. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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There being no further business to discuss, Mrs. Wiley moved, seconded by Dr. Lee, to adjourn the meeting. Voting aye: Dr. Lee, Mr. Vaughan, Mrs. Wiley and Chairman Ferguson.

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Michael W. Ferguson, Chairman  
Greensville County Water and Sewer Authority