

RUSSELL COUNTY
BOARD OF SUPERVISOR’S MEETING
AGENDA – AUGUST 18, 2020

Conference Room

Reconvened Meeting

6:00 PM

Russell County Governmental Center
Lebanon, Virginia 24266



The Russell County Board of Supervisors Meetings will be held pursuant to the Russell County Emergency Ordinance of April 6, 2020 to allow for the Continuity of Government Operations During the Pandemic, including Altering the Process for Conducting Public Meetings; Restricting the Use of Public Buildings or Facilities; Providing Additional Powers to the Director of Emergency Management to Incur Costs, Waive Procedures, and Take Other Temporary Actions; and Suspending Deadlines and Procedures.

CALL TO ORDER – Clerk of the Board

ROLL CALL – Clerk of the Board

INVOCATION – Chairperson

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

APPROVAL OF AGENDA

NEW BUSINESS

CITIZEN’S COMMENT PERIOD

CONSTITUTIONAL OFFICER REPORTS AND REQUESTS

COUNTY ATTORNEY REPORTS AND REQUESTS

- 1. RC PSA Consolidation.....B-1**

COUNTY ADMINISTRATOR REPORTS AND REQUESTS

REPORTS

- 1. Honaker & Castlewood Canneries.....C-1
- 2. RC Fitness Center.....C-2

REQUESTS

- 3. RC CARES Grant Application Form.....C-3
- 4. RC IDA and iGo Letter of Support.....C-4
- 5. CPPD and Point Broadband Letter of Support.....C-5

MATTERS PRESENTED BY THE BOARD

ADJOURNMENT

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A WATER AND SEWER REVENUE BOND OF THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY IN AN AMOUNT NOT TO EXCEED \$23,173.29 AND PROVIDING FOR THE FORM, DETAILS, AND PAYMENT OF THE BOND, AND AUTHORIZING RELATED ACTIONS

The Russell County Public Service Authority (the “Authority”) is a public body politic and corporate and a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Waste Authorities Act by the Board of Supervisors of Russell County, Virginia (the “Board of Supervisors”).

The Authority is authorized to acquire, construct, operate and maintain a water and sewer system in certain areas of Russell County and to borrow money and to issue its revenue bonds to pay all or part of the cost of such system.

The Authority has determined it necessary and expedient to authorize the assumption of the Castlewood Water and Sewage Authority’s \$142,481 Water and Sewer Revenue Bond, Series 2002-B (Dante Sewer Project), previously issued and sold to the Virginia Services Authority, as Administrator of the Virginia Water Facilities Revolving Fund, in consideration of the Castlewood Water and Sewage Authority’s transfer and conveyance to the Authority of the facilities financed by such debt, and to issue, as evidence of the assumption of such debt, a water and sewer revenue bond of the Authority in a maximum principal amount of \$23,173.29.

The Virginia Resources Authority (the “VRA”), as Administrator of the Virginia Water Facilities Revolving Fund, has agreed to the assumption by the Authority of the Castlewood Water and Sewage Authority’s \$142,481 Water and Sewer Revenue Bond, Series 2002-B (Dante Sewer Project) and the purchase of the Authority’s revenue bond upon certain terms and conditions, and the Authority, after mature consideration of the condition of the municipal bond market and other methods of selling its bonds, has determined to satisfy such terms and conditions and award the bond to the VRA.

BE IT RESOLVED BY THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY:

ARTICLE I

Definitions

Section 1.1. Definitions. Whenever used in this resolution, unless a different meaning clearly appears from the context:

“Act” means the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended).

“Authority” means The Russell County Public Service Authority, a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Act by the Board of Supervisors of Russell County, Virginia, and by a certificate of incorporation issued by the

State Corporation Commission of Virginia on April 4, 1986, as amended.

“Board of Supervisors” means the Board of Supervisors of the County.

“Bond” means the Authority's water and sewer revenue bond issued pursuant to this resolution.

“Closing Date” means the date on which the Bond is delivered to the VRA upon payment or partial payment of the purchase price for the Bond.

“Consulting Engineer” means the engineering firm or individual engineer as may be employed by the Authority as Consulting Engineer in accordance with the Financing Agreement.

“County” means Russell County, Virginia.

“Financing Assumption Agreement” means the financing agreement executed by the Authority and the VRA in accordance with Section 4.1 of this resolution.

“Fund” means the Virginia Water Facilities Revolving Fund acting by and through the Virginia Resources Authority, its successors and assigns.

“Government” means the United States of America, acting through Rural Utilities Service, United States Department of Agriculture.

“Master Parity Agreement” means the agreement executed by the Authority, the VRA, and the Government dated as of July 1, 2020.

“Maximum Amount” means \$23,179.29.

“Parity Bonds” means

1. \$672,000 Russell County Series 1988 Water Revenue Bond (RD Sword's Creek Project);
2. \$900,000 Russell County Sewer Revenue Bond, Series 1996 (RD Dante Project);
3. \$119,530 Russell County, Virginia, Water Revenue Bond, Series 1999 (RD Lynn Springs Project);
4. \$350,000 Water Revenue Bond, Series of 2000 (RD Castlewood Water Project);
5. \$937,300 Water Revenue Bond, Series of 2005 (Dante Rehabilitation Water Project);
6. \$2,200,000 Sewer Revenue Bond, Series of 2013 (Sewer Phase 1A);
7. \$6,157,089.73 Water and Sewer Revenue Bond, Series 2020B;
8. \$5,901,097.65 Water and Sewer Revenue Bond, Series 2020C; and
9. \$418,700 Water and Sewer Revenue Bond, Series 2020D.

“System” means all plants, systems, facilities, equipment or property, of which the Project constitutes the whole or is a part, owned, operated or maintained by the Authority and used in connection with the collection, storage, treatment or distribution of water or the collection or treatment of wastewater.

“Transfer Agreement” means the Transfer Agreement dated as of July 1, 2020 among the Authority, The Castlewood Water and Sewage Authority, and the County.

“VRA” means the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia, its successors and assigns, as Administrator of the Fund.

ARTICLE II

Authorization of Project

Section 2.1. The Project. It is determined to be advisable, necessary and expedient for the Authority to assume the obligation to pay the Castlewood Water and Sewage Authority’s \$142,481 Water and Sewer Revenue Bond, Series 2002-B (Dante Sewer Project), in consideration for the Authority’s acquisition of the facilities financed by such bond (the “Project”).

ARTICLE III

Authorization, Award, Details, Execution, Form, Registration and Delivery of Bond

Section 3.1. Authorization of Bond. Pursuant to the Act, there is authorized to be issued and sold a water and sewer revenue bond of the Authority in the principal amount not to exceed the Maximum Amount (the “Bond”), as evidence of the assumption by the Authority of the Castlewood Water and Sewage Authority’s \$142,481 Water and Sewer Revenue Bond, Series 2002-B (Dante Sewer Project).

Section 3.2. Award of Bond. After mature consideration of the methods of sale of such bond and current conditions of the municipal bond market, it is determined that it is in the best interest of the Authority for the Authority to deliver the Bond the VRA in exchange for the Castlewood Water and Sewage Authority (the “CWSA”), with the consent of VRA, transferring to the Authority certain facilities of the CWSA, in accordance with the Transfer Agreement and the Financing Assumption Agreement.

Section 3.3. Details of Bond.

(a) The Bond shall bear an appropriate designation as determined by either of the Chairman or Vice-Chairman of the Authority, each of whom is authorized to provide the designation for the Bond in order to appropriately identify it. The Bond shall be issued as a single, fully registered bond without coupons, shall be dated the Closing Date, shall be numbered R-1, shall bear interest at a rate not to exceed three percent (3.00%) per annum. The principal of and interest on the Bond shall be in the amount and shall be payable semi-annually in the amounts and on the dates established in accordance with subsection (b) below.

(b) Each of the Chairman or Vice-Chairman of the Authority is authorized and directed to determine the principal amount of the Bond and to accept the dates on which, and the amounts in which, principal of and interest on the Bond will be due, as established by the VRA before the Closing Date; provided, however, that the principal amount of the Bond shall not exceed the Maximum Amount, and the final maturity of the Bond shall be no greater than ten (10) years after the Closing Date. The execution and delivery of the Bond as described in Section 3.4 and Section 3.7 of this resolution shall conclusively evidence such principal amount and payment dates and amounts established by VRA as having been so accepted as authorized by this Resolution. Principal of and interest on the Bond shall be payable in lawful money of the United States of America.

Section 3.4. Execution of Bond. The Bond shall be signed by the Chairman or Vice Chairman of the Authority, and the Authority's seal shall be affixed to the Bond and attested by the Authority's Secretary.

Section 3.5. Form of Bond. The Bond shall be in substantially the following form, with such variations, insertions and omissions as shall be consistent with this resolution, the execution and delivery of the Bond constituting conclusive evidence that any variations, insertions and omissions are so consistent:

[To be completed at Closing—Form of Bond only]

No. R-1

#[amount]

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

Water and Sewer Revenue Bond, Series 2020A

Dated [date]

The Russell County Public Service Authority, a political subdivision of the Commonwealth of Virginia (the "Authority"), for value received, promises to pay, solely from the revenues described and pledged in the Financing Agreement, as defined below, to the payment of this Bond, to the order of the Virginia Resources Authority (the "VRA"), as Administrator of the Virginia Water Facilities

Revolving Fund (the “Fund”), or registered assigns, the principal sum equal to the aggregate amount of principal advances shown on the attached Schedule of Principal Advances, but not to exceed the sum of

[amount] DOLLARS
(\$[amount])

with interest on the unpaid principal from the date of each principal advance shown on the attached Certificate of Principal Advances until payment of the entire principal sum at the annual rate of three percent (3.00%).

The principal of and interest on this Bond shall be due and payable as follows:

Interest only on all amounts disbursed under the Bond shall be due and payable on [date]. Commencing [date], and continuing semi-annually thereafter on [month] 1 and [month] 1 in each year, principal and interest due under the Bond shall be due and payable in equal installments of \$[amount], with a final installment of \$[amount] due and payable on [date], when if not sooner paid, all amounts due under this Bond shall be due and payable in full. Each installment shall be applied first to payment of interest accrued and unpaid to the payment date and then to principal. If principal advances up to the maximum authorized amount are not made, the principal amount due on this Bond shall not include such undisbursed amount. However, unless the Authority and VRA agree otherwise in writing, until all payments due hereunder shall have been paid in full, less than full disbursement of the maximum authorized amount of this Bond shall not postpone the due date of any semi-annual installment due hereunder or change the amount of such installment unless the principal amount due under this Bond is less than the amount of such installment.

In addition, if any installment of principal of or interest on this Bond is not received by the registered owner of this Bond within ten (10) days from its due date, the Authority shall pay to the registered owner of this Bond a late payment charge in the amount equal to five percent (5.00%) of such overdue installment. Principal of and interest on this Bond are payable in lawful money of the United States.

Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other political subdivision of the Commonwealth of Virginia are pledged to the payment of the principal of or interest on this Bond.

This Bond has been authorized by a resolution duly adopted by the Authority on July 21, 2020 (the “Bond Resolution”) and is issued pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the “Act”), and pursuant to the terms of a Financing Assumption Agreement dated as of July 1, 2020 between the VRA, as Administrator of the Virginia Water Facilities Revolving Fund, and the Authority (the “Financing Assumption Agreement”) to evidence the assumption of a loan made by the VRA to the Castlewood Water and Sewage Authority (the “CWSA”) in consideration of the transfer to the Authority of the CWSA’s facilities originally financed by such loan. Reference is made to the Bond Resolution and the Financing Assumption Agreement and any amendments to it for the provisions, among others, describing the pledge and covenants securing this Bond, the nature and extent of the security, the

terms and conditions upon which this Bond is issued, the rights and obligations of the Authority and the rights of the bondholder. Capitalized terms used in this Bond and not otherwise defined have the meanings given them in the Financing Assumption Agreement.

Principal of and interest on this Bond are payable solely from the revenues of the System pledged to the payment of them in the Financing Assumption Agreement and from amounts, if any, received pursuant to the Support Agreement, as defined in the Bond Resolution.

In accordance with the Financing Assumption Agreement, the lien of the pledge of revenues securing the payment of the principal of and interest on this Bond is and shall be on parity with the lien of any pledge of revenues securing the Existing Parity Bonds as defined in the Financing Assumption Agreement.

No notation is required to be made on this Bond of the payment of any principal on normal installment payment dates or of any prepayments of principal. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.

Transfer of this Bond may be registered upon the registration books of the Bond Registrar. Prior to due presentment for registration of transfer the Bond Registrar shall treat the registered owner as the person exclusively entitled to payment of principal of and interest on this Bond and the exercise of all other rights and powers of the owner.

This Bond is subject to optional prepayment to the extent and on the terms set forth in the Financing Agreement.

If an Event of Default (as defined in the Financing Assumption Agreement) occurs, the principal of and interest on this Bond may be declared immediately due and payable by the holder by written notice to the Authority.

Notwithstanding anything in this Bond to the contrary, in addition to the payments of the principal and interest provided for by this Bond, the Authority shall also pay such additional amounts, if any, which may be necessary to provide for payment in full of all amounts due under the Financing Assumption Agreement.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by the Chairman of the Authority, its seal to be affixed this Bond and attested by the Secretary of the Authority, and this Bond to be dated the date first shown above.

(SEAL)

ATTEST:

[NOT FOR SIGNATURE]

[NOT FOR SIGNATURE]

Secretary, The Russell County Public Service
Authority

Chairman, The Russell County Public Service
Authority

SCHEDULE OF PRINCIPAL ADVANCES

The amount and date of principal advances not to exceed the face amount hereof shall be entered hereon by an authorized officer of the VRA, when the proceeds of each such principal advance are delivered to the Authority.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

[End of Bond Form]

Upon request of the VRA, the Authority shall arrange to have prepared, executed, authenticated and delivered in exchange as soon as practicable bonds in printed form in an aggregate principal amount equal to the unpaid principal of the Bond in typewritten form, in denominations of \$5,000 and multiples of \$5,000, except for one bond which may be issued in an odd denomination of not less than \$5,000, of the same form and maturity and registered in such names as requested by the VRA or its duly authorized attorney or legal representative. The typewritten bond surrendered in any such exchange shall be canceled.

Section 3.6. Registration and Exchange of Bond. Transfer of the Bond may be registered upon books maintained for that purpose at the office of the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and the exercise of all other rights and powers of the owner.

Section 3.7. Delivery of Bond. The Chairman and Vice Chairman and the Secretary of the Authority are authorized and directed to take all proper steps to have the Bond prepared and executed in accordance with its terms and to deliver the Bond to the VRA in accordance with the terms of the Financing Assumption Agreement.

Section 3.8. Mutilated, Lost, Stolen or Destroyed Bond. If the Bond has been mutilated, lost, stolen, or destroyed, the Authority shall execute and deliver a new Bond of like date and tenor

in exchange and substitution for, and upon delivery to the Treasurer and cancellation of, such mutilated Bond, or in lieu of and in substitution for such lost, stolen, or destroyed Bond; provided, however, that the Authority shall execute, authenticate, and deliver a new Bond only if its registered owner has paid the reasonable expenses and charges of the Authority in connection therewith and, in the case of a lost, stolen, or destroyed Bond (i) has filed with the Registrar evidence satisfactory to him or her that such Bond was lost, stolen, or destroyed and that the holder of the Bond was its registered owner and (ii) has furnished to the Authority indemnity satisfactory to the Registrar. If the Bond has matured, instead of issuing a new Bond, the Authority may pay the Bond without surrender upon receipt of the aforesaid evidence and indemnity.

ARTICLE IV

Financing Agreement, Support Agreement, Master Parity Agreement, and Revenues

Section 4.1. Authorization of Financing Agreement, Support Agreement, Master Parity Agreement, and Other Matters. The Financing Assumption Agreement between the VRA and the Authority (the “Financing Assumption Agreement”), the Support Agreement among the Authority, the County, and the VRA, and the Master Parity Agreement (collectively, the “Financing Documents”), the forms of which have been presented to the Authority at this meeting and filed with the records of the Authority, are approved. Each of the Chairman and Vice-Chairman of the Authority is authorized to execute and deliver on behalf of the Authority the Financing Documents in substantially the forms submitted to the Authority, with such changes, insertions or omissions as may be approved by the Chairman or Vice-Chairman, whose approval shall be evidenced conclusively by the execution and delivery of each of the Financing Documents. The Chairman, the Vice-Chairman, the Secretary and any other officer of the Authority are authorized to execute and deliver on behalf of the Authority such other instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this resolution or contemplated by the Bond, and the Financing Documents, and all of the foregoing, previously done or performed by such officers of the Authority, are in all respects approved, ratified and confirmed.

Section 4.2. Pledge of Revenues. To the extent and on the terms provided in the Financing Assumption Agreement, revenues derived from the System shall be pledged to the payment of the principal of and interest on the Bond. Such pledge shall be on parity with the pledge of such revenues securing the payment of the Parity Bonds.

Section 4.3 Transfer Agreement. The Authority confirms its approval of the Transfer Agreement, the form of which has been presented to the Authority at this meeting and filed with the records of the Authority. Each of the Chairman and Vice-Chairman of the Authority is authorized to execute and deliver on behalf of the Authority the Transfer Agreement in substantially the form submitted to the Authority, with such changes, insertions or omissions as may be approved by the Chairman or Vice-Chairman, whose approval shall be evidenced conclusively by the execution and delivery of the Transfer Agreement. The Chairman, the Vice-Chairman, the Secretary and any other officer of the Authority are authorized to execute and deliver on behalf of the Authority such other instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this resolution or contemplated by the Transfer Agreement, and all of the foregoing, previously done or performed by

such officers of the Authority, are in all respects approved, ratified and confirmed.

ARTICLE V

Miscellaneous

Section 5.1. Contract with Bondholder. The provisions of this resolution shall constitute a contract between the Authority and the holder of the Bond for so long as the Bond is outstanding.

Section 5.2. Authority of Officers and Agents. The officers and agents of the Authority shall do all acts and things required of them by this resolution, the Bond, the Financing Agreement, the Support Agreement, and the Act for the complete and punctual performance of all the terms, covenants and agreements contained therein.

Section 5.3. Limitation of Rights. Nothing expressed or mentioned in or to be implied from this resolution or the Bond is intended or shall be construed to give to any person or company other than the parties hereto and the holder of the Bond any legal or equitable right, remedy or claim under or in respect to this resolution or any covenants, conditions and agreements herein contained; this resolution and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holder of the Bond as herein provided.

Section 5.4. Limitation of Liability of Officials of Authority. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of a present or future member, officer, employee or agent of the Authority in his individual capacity, and neither the members of the Authority nor any officer thereof executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of the authority shall incur any personal liability with respect to any other action taken by him pursuant to this resolution or the Act, provided he acts in good faith.

Section 5.5. Trust Funds. In accordance with Section 15.2-5140 of the Act, any officer to whom, or any bank, trust company or other fiscal agent to which, moneys received pursuant to the Act are paid shall act as trustee of such moneys and shall hold and apply the same for the purposes provided in the Act, subject to such regulations as this resolution or the Financing Agreement may provide.

Section 5.6. Conditions Precedent. Upon the issuance of the Bond, all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this resolution to happen, exist and to be performed precedent to or in the issuance of such Bond shall have happened, exist and have been performed.

Section 5.7. Severability. If any court of competent jurisdiction shall hold any provision of this resolution to be invalid or unenforceable, such holding shall not invalidate any other provision of this resolution.

Section 5.8. Successors and Assigns. All the covenants, stipulations, promises and agreements of the Authority contained in this resolution shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 5.9. Headings. Any headings in this resolution are solely for convenience of reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

Section 5.10 Filing of Resolution. The Secretary of the Authority is directed to file a certified copy of this resolution with the Circuit Court of Russell County, Virginia, pursuant to Section 15.2-5126 of the Act.

Section 5.11. Effective Date. This resolution shall take effect immediately.

* * *

The undersigned Secretary of The Russell County Public Service Authority (the “Authority”), certifies that the foregoing constitutes a true and correct copy of a resolution duly adopted at a meeting of the Authority held on July __, 2020. I further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present. I further certify that the minutes of such meeting reflect the attendance of the members and the voting on the foregoing resolution as follows:

Member	Attendance	Vote
Carter McGlothlin, Chair		
Clifford Hess, Vice-Chair		
Chris Dye		
Terry Powers		
Joe Huff		
David Edmonds, Jr.		

WITNESS MY HAND and the seal of The Russell County Public Service Authority, this __ day of July, 2020.

(SEAL)

Secretary, The Russell County Public Service Authority

#13164201
016049.0009

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF WATER AND SEWER REVENUE BONDS OF THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY IN AN AMOUNT NOT TO EXCEED \$12,058,187.38 AND PROVIDING FOR THE FORM, DETAILS, AND PAYMENT OF THE BOND, AND AUTHORIZING RELATED ACTIONS

The Russell County Public Service Authority (the “Authority”) is a public body politic and corporate and a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Waste Authorities Act by the Board of Supervisors of Russell County, Virginia (the “Board of Supervisors”).

The Authority is authorized to acquire, construct, operate and maintain a water and sewer system in certain areas of Russell County (the “County”) and to borrow money and to issue its revenue bonds to pay all or part of the cost of such system.

The Authority has determined it necessary and expedient to authorize the assumption of certain bonds of the Castlewood Water and Sewage Authority previously issued and sold to the United States of America, acting through Rural Utilities Service, United States Department of Agriculture (the “Government”) and to the Virginia Services Authority (the “VRA”), as Administrator of the Virginia Water Supply Revolving Fund (the “Fund”), in consideration of the Castlewood Water and Sewage Authority’s transfer and conveyance to the Authority of the facilities financed by such bonds.

The Authority has determined it necessary and expedient to authorize the assumption of certain bonds of the County previously issued and sold to the Government and to the VRA, as Administrator of the Fund, in consideration of the County’s transfer and conveyance to the Authority of the facilities financed by such bonds.

The Authority, as part of the assumption of these bonds of the Castlewood Water and Sewage Authority and the County, has requested that the loans to the Authority from the VRA, as Administrator of the Fund, be amended and restated.

The VRA, as Administrator of the Fund, has agreed to the assumption by the Authority of the County’s bonds sold to VRA and the Castlewood Water and Sewage Authority’s bonds sold to VRA and to the amendments and restatements of its loans to the Authority upon the issuance of new revenue bonds of the Authority and to purchase these revenue bonds upon certain terms and conditions, and the Authority, after mature consideration of the condition of the municipal bond market and other methods of selling its bonds, has determined to satisfy such terms and conditions and award the bonds to the VRA.

The Government has agreed to the assumption by the Authority of the County’s bonds sold to the Government and the Castlewood Water and Sewage Authority’s bonds sold to the Government upon certain terms and conditions set forth in the Government’s letter dated July ____, 2020.

BE IT RESOLVED BY THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY:

ARTICLE I

Definitions

Section 1.1. Definitions. Whenever used in this resolution, unless a different meaning clearly appears from the context:

“Act” means the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended).

“Authority” means The Russell County Public Service Authority, a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Act by the Board of Supervisors of Russell County, Virginia, and by a certificate of incorporation issued by the State Corporation Commission of Virginia on April 4, 1986, as amended.

“Authority VRA Bonds” means, collectively, the bonds and any allonges thereto issued by the Authority to the VRA, as Administrator of the Fund, that are described in Exhibit F of the Master Financing Agreement.

“Authority Financing Agreements” means, collectively, the financing agreements between the Authority and the VRA as further described on Exhibit G of the Master Financing Agreement.

“Board of Supervisors” means the Board of Supervisors of the County.

“Bonds” means the Authority's water and sewer revenue bonds issued pursuant to this resolution.

“Castlewood WSA” means The Castlewood Water and Sewage Authority.

“Castlewood WSA RD Bonds” means the following bonds issued by the Castlewood WSA:

1. \$350,000 Water Revenue Bond, Series of 2000 (RD Castlewood Water Project),
2. \$937,300 Water Revenue Bond, Series of 2005 (Dante Rehabilitation Water Project), and
3. \$2,200,000 Sewer Revenue Bond, Series of 2013 (Sewer Phase 1A).

“Castlewood WSA Bonds” means the Castlewood WSA RD Bonds and the Castlewood WSA VRA Bonds.

“Castlewood WSA VRA Bonds” means, collectively, the bonds and any allonges thereto issued by the Castlewood WSA to the VRA, as Administrator of the Fund, that are described in Exhibit F of the Master Financing Agreement.

“Castlewood WSA Financing Agreements” means, collectively, the financing agreements between the Authority and Castlewood WSA as further described on Exhibit G of the Master Financing Agreement.

“Closing Date” means the date on which the Bonds are delivered to the VRA upon payment or partial payment of the purchase price for the Bonds.

“County” means Russell County, Virginia.

“County Bonds” means the County RD Bonds and the County VRA Bonds.

“County RD Bonds” means the following bonds issued by the County:

1. \$672,000 Russell County Series 1988 Water Revenue Bond (RD Sword’s Creek Project);
2. \$900,000 Russell County Sewer Revenue Bond, Series 1996 (RD Dante Project);
3. \$119,530 Russell County, Virginia, Water Revenue Bond, Series 1999 (RD Lynn Springs Project);

“County VRA Bonds” means, collectively, the bonds and any allonges thereto issued by the County to the VRA, as Administrator of the Fund, that are described in Exhibit F of the Master Financing Agreement.

“County Financing Agreements” means, collectively, the financing agreements between the Authority and the County as further described on Exhibit G of the Master Financing Agreement.

“Master Financing Agreement” means the financing agreement executed by the Authority and the VRA in accordance with Section 4.1 of this resolution.

“Fund” means the Virginia Water Supply Revolving Fund acting by and through the Virginia Resources Authority, its successors and assigns.

“Government” means the United States of America, acting through Rural Utilities Service, United States Department of Agriculture.

“Master Parity Agreement” means the agreement executed by the Authority, the VRA, and the Government dated as of July 1, 2020.

“Maximum Amount” means \$12,058,187.38.

“Parity Bonds” means

1. \$672,000 Russell County Series 1988 Water Revenue Bond (RD Sword’s

- Creek Project);
2. \$900,000 Russell County Sewer Revenue Bond, Series 1996 (RD Dante Project);
3. \$119,530 Russell County, Virginia, Water Revenue Bond, Series 1999 (RD Lynn Springs Project);
4. \$350,000 Water Revenue Bond, Series of 2000 (RD Castlewood Water Project);
5. \$937,300 Water Revenue Bond, Series of 2005 (Dante Rehabilitation Water Project);
6. \$2,200,000 Sewer Revenue Bond, Series of 2013 (Sewer Phase 1A);
7. \$23,179.29 Water and Sewer Revenue Bond, Series 2020A;
8. \$418,700 Water and Sewer Revenue Bond, Series 2020D;

and shall include each of the Bonds issued pursuant to this resolution and the Master Financing Agreement.

“System” means all plants, systems, facilities, equipment or property, of which the Project constitutes the whole or is a part, owned, operated or maintained by the Authority and used in connection with the collection, storage, treatment or distribution of water or the collection or treatment of wastewater.

“Transfer Agreement” means the Transfer Agreement dated as of July 1, 2020 among the Authority, The Castlewood Water and Sewage Authority, and the County.

“VRA” means the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia, its successors and assigns, as Administrator of the Fund.

ARTICLE II

Authorization of Project

Section 2.1. The Project. It is determined to be advisable, necessary, and expedient for the Authority to assume the obligation to pay the Castlewood WSA Bonds and the County Bonds, in consideration for the Authority’s acquisition of the facilities financed by such bonds, and the amendments of and restatements to the Authority Financing Agreements related to the Authority Bonds (the “Project”).

Section 2.2 Government Letter of Conditions. It is determined that it is in the best interest of the Authority for the Authority to accept the Government’s terms and conditions set forth in the Government’s letter dated July ____, 2020 related to the Authority’s assumption of the Castlewood WSA RD Bonds and the County RD Bonds (the “Assumption LOC”).

ARTICLE III

Authorization, Award, Details, Execution, Form,

Registration and Delivery of Bonds

Section 3.1. Authorization of Bonds. Pursuant to the Act, there is authorized to be issued and sold water and sewer revenue bonds of the Authority in the principal amount not to exceed the Maximum Amount (the “Bonds”), as evidence of the assumption by the Authority of the Castlewood WSA VRA Bonds and the County VRA Bonds and as evidence of the amendments and restatements of the Authority Financing Agreements.

Section 3.2. Award of Bonds. After mature consideration of the methods of sale of such bond and current conditions of the municipal bond market, it is determined that it is in the best interest of the Authority for the Authority to deliver the Bonds to the VRA in exchange, in part, for (i) the Castlewood WSA and the County, with the consent of VRA, transferring to the Authority certain facilities of the Castlewood WSA and the County, in accordance with the Transfer Agreement and the Master Financing Agreement, and (ii) the amendments and restatements of the Authority Financing Agreements in accordance with the Master Financing Agreement.

Section 3.3. Details of Bonds.

(a) The Bonds shall bear an appropriate designation as determined by either of the Chairman or Vice-Chairman of the Authority, each of whom is authorized to provide the designation for the Bonds in order to appropriately identify it. The Bonds shall be issued as two separate fully registered bonds without coupons, shall each be dated the Closing Date, shall be numbered R-1 and R-2, respectively, one of the Bonds shall bear a Cost of Funds at a rate not to exceed two and twenty-five hundredths percent (2.25%) per annum (referred to in this resolution and in the Financing Agreement as the “Cost of Funds” on the Bond), composed of interest to the Fund of 0.75% and a fee of 1.50% for administrative management services, and the other shall bear no interest. The principal of and, if applicable, Cost of Funds on the Bonds shall be in the amount and shall be payable semi-annually in the amounts and on the dates established in accordance with subsection (b) below.

(b) Each of the Chairman or Vice-Chairman of the Authority is authorized and directed to determine the principal amount of the Bonds and to accept the dates on which, and the amounts in which, principal of and, if applicable, Cost of Funds on the Bonds will be due, as established by the VRA before the Closing Date; provided, however, that the principal amount of the Bonds shall not exceed the Maximum Amount, and the final maturity of the Bonds shall be no greater than thirty (30) years after the Closing Date. The execution and delivery of the Bonds as described in Section 3.4 and Section 3.7 of this resolution shall conclusively evidence such principal amount and payment dates and amounts established by VRA as having been so accepted as authorized by this Resolution. Principal of and, if applicable, Cost of Funds on the Bonds shall be payable in lawful money of the United States of America.

Section 3.4. Execution of Bonds. Each of the Bonds shall be signed by the Chairman or Vice Chairman of the Authority, and the Authority's seal shall be affixed to the Bonds and attested by the Authority's Secretary.

Section 3.5. Form of Bonds. The Bonds shall be in substantially the following form, with

such variations, insertions and omissions as shall be consistent with this resolution, the execution and delivery of the Bonds constituting conclusive evidence that any variations, insertions and omissions are so consistent:

[To be completed at Closing—Form of Bond only]

No. R-1

[\$amount]

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

Water and Sewer Revenue Bond, Series 2020[B][C]

Dated [date]

The Russell County Public Service Authority, a political subdivision of the Commonwealth of Virginia (the “Authority”), for value received, promises to pay, solely from the revenues described and pledged in the Financing Agreement, as defined below, to the payment of this Bond, to the order of the Virginia Resources Authority (the “VRA”), as Administrator of the Virginia Water Supply Revolving Fund (the “Fund”), or registered assigns, the principal sum [equal to the aggregate amount of principal advances shown on the attached Schedule of Principal Advances, but not to exceed the sum of]

[amount] DOLLARS
(\$[amount])

[with interest (the “Cost of Funds”), including the portion allocable to the annual administrative fee payable as set forth in Section 6.1 of the “Financing Agreement”) defined below, on the unpaid principal from the date [hereof] [of each principal advance shown on the attached Certificate of Principal Advances] until payment of the entire principal sum at the annual rate of two and twenty-five hundredths percent 2.25%), composed of interest to the Fund of 0.75% and a fee of 1.50% for administrative management services][without interest].

The principal of and Cost of Funds on this Bond shall be due and payable as set forth on the attached payment schedule.

[Each installment shall be applied first to payment of Cost of Funds accrued and unpaid to the payment date and then to principal.] If principal advances up to the maximum authorized amount are not made, the principal amount due on this Bond shall not include such undisbursed amount. However, unless the Authority and VRA agree otherwise in writing, until all payments due hereunder shall have been paid in full, less than full disbursement of the maximum authorized amount of this Bond shall not postpone the due date of any semi-annual installment due hereunder or change the amount of such installment unless the principal amount due under this Bond is less than

the amount of such installment.

In addition, if any installment of principal of or Cost of Funds on this Bond is not received by the registered owner of this Bond within ten (10) days from its due date, the Authority shall pay to the registered owner of this Bond a late payment charge in the amount equal to five percent (5.00%) of such overdue installment. Principal of and Cost of Funds on this Bond are payable in lawful money of the United States.

Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other political subdivision of the Commonwealth of Virginia are pledged to the payment of the principal of or Cost of Funds on this Bond.

This Bond is one of an issue of bonds in the aggregate amount of \$12,058,187.38 authorized by a resolution duly adopted by the Authority on July 21, 2020 (the “Bond Resolution”) and is issued pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the “Act”), and pursuant to the terms of a Master Financing Agreement dated as of July 1, 2020 between the VRA, as Administrator of the Virginia Water Supply Revolving Fund, and the Authority (the “Master Financing Agreement”) to evidence the assumption of certain loans made by the VRA to the Castlewood Water and Sewage Authority and to the County of Russell, Virginia in consideration of the transfer to the Authority of the facilities originally financed by such loans and to evidence amendments and restatements of certain loans made by the VRA to the Authority. Reference is made to the Bond Resolution and the Master Financing Agreement and any amendments to it for the provisions, among others, describing the pledge and covenants securing this Bond, the nature and extent of the security, the terms and conditions upon which this Bond is issued, the rights and obligations of the Authority and the rights of the bondholder. Capitalized terms used in this Bond and not otherwise defined have the meanings given them in the Master Financing Agreement.

Principal of [and Cost of Funds on] this Bond [is] [are] payable solely from the revenues of the System pledged to the payment of them in the Master Financing Agreement and from amounts, if any, received pursuant to the Support Agreement, as defined in the Bond Resolution.

In accordance with the Master Financing Agreement, the lien of the pledge of revenues securing the payment of the principal of and Cost of Funds on this Bond is and shall be on parity with the lien of any pledge of revenues securing the following bonds issued by the Authority:

\$672,000 Russell County Series 1988 Water Revenue Bond (RD Sword’s Creek Project);

\$900,000 Russell County Sewer Revenue Bond, Series 1996 (RD Dante Project);

\$119,530 Russell County, Virginia, Water Revenue Bond, Series 1999 (RD Lynn Springs Project);

\$350,000 Water Revenue Bond, Series of 2000 (RD Castlewood Water Project);

\$937,300 Water Revenue Bond, Series of 2005 (Dante Rehabilitation Water Project);

\$2,200,000 Sewer Revenue Bond, Series of 2013 (Sewer Phase 1A);
\$23,173.29 Water and Sewer Revenue Bond, Series 2020A; and
[\$6,157,089.73 Water and Sewer Revenue Bond, Series 2020B;]
[\$5,901,097.65 Water and Sewer Revenue Bond, Series 2020C.]

No notation is required to be made on this Bond of the payment of any principal on normal installment payment dates or of any prepayments of principal. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.

Transfer of this Bond may be registered upon the registration books of the Bond Registrar. Prior to due presentment for registration of transfer the Bond Registrar shall treat the registered owner as the person exclusively entitled to payment of principal of and Cost of Funds on this Bond and the exercise of all other rights and powers of the owner.

This Bond is subject to optional prepayment to the extent and on the terms set forth in the Financing Agreement.

If an Event of Default (as defined in the Financing Assumption Agreement) occurs, the principal of and Cost of Funds on this Bond may be declared immediately due and payable by the holder by written notice to the Authority.

Notwithstanding anything in this Bond to the contrary, in addition to the payments of the principal and Cost of Funds provided for by this Bond, the Authority shall also pay such additional amounts, if any, which may be necessary to provide for payment in full of all amounts due under the Master Financing Agreement.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by the Chairman of the Authority, its seal to be affixed this Bond and attested by the Secretary of the Authority, and this Bond to be dated the date first shown above.

(SEAL)

ATTEST:

[NOT FOR SIGNATURE]

[NOT FOR SIGNATURE]

Secretary, The Russell County Public Service
Authority

Chairman, The Russell County Public Service
Authority

SCHEDULE OF PRINCIPAL ADVANCES

The amount and date of principal advances not to exceed the face amount hereof shall be entered hereon by an authorized officer of the VRA, when the proceeds of each such principal advance are delivered to the Authority.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

[End of Bond Form]

Upon request of the VRA, the Authority shall arrange to have prepared, executed, authenticated and delivered in exchange as soon as practicable bonds in printed form in an aggregate principal amount equal to the unpaid principal of the Bonds in typewritten form, in denominations of \$5,000 and multiples of \$5,000, except for one bond which may be issued in an odd denomination of not less than \$5,000, of the same form and maturity and registered in such names as requested by the VRA or its duly authorized attorney or legal representative. The typewritten bond surrendered in any such exchange shall be canceled.

Section 3.6. Registration and Exchange of Bonds. Transfer of the Bonds may be registered upon books maintained for that purpose at the office of the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and the exercise of all other rights and powers of the owner.

Section 3.7. Delivery of Bonds. The Chairman and Vice Chairman and the Secretary of the Authority are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with its terms and to deliver the Bonds to the VRA in accordance with the terms of the Master Financing Agreement.

Section 3.8. Mutilated, Lost, Stolen or Destroyed Bond. If either of the Bonds has been mutilated, lost, stolen, or destroyed, the Authority shall execute and deliver a new bond of like date and tenor in exchange and substitution for, and upon delivery to the Treasurer and cancellation of, such mutilated bond, or in lieu of and in substitution for such lost, stolen, or destroyed bond; provided, however, that the Authority shall execute, authenticate, and deliver a new bond only if its registered owner has paid the reasonable expenses and charges of the Authority in connection therewith and, in the case of a lost, stolen, or destroyed bond (i) has filed with the Registrar evidence satisfactory to him or her that such bond was lost, stolen, or destroyed and that the holder of the bond was its registered owner and (ii) has furnished to the Authority indemnity satisfactory to the Registrar. If either of the Bonds has matured, instead of issuing a new bond, the Authority may pay such bond without surrender upon receipt of the aforesaid evidence and indemnity.

ARTICLE IV

Financing Documents and Revenues

Section 4.1. Authorization of Assumption LOC, Financing Agreement, Support Agreement, Master Parity Agreement, and Other Matters. The Assumption LOC, the Master Financing Agreement between the VRA and the Authority (the “Master Financing Agreement”), the Amended and Restated Support Agreement among the Authority, the County and the VRA (the “Support Agreement”), the Amended and Restated Funding Agreement between the VRA and the Authority (the “Funding Agreement”), and the Master Parity Agreement (collectively, the “Financing Documents”), the forms of which have been presented to the Authority at this meeting and filed with the records of the Authority, are approved. Each of the Chairman and Vice-Chairman of the Authority is authorized to execute and deliver on behalf of the Authority the Financing Documents in substantially the forms submitted to the Authority, with such changes, insertions or omissions as may be approved by the Chairman or Vice-Chairman, whose approval shall be evidenced conclusively by the execution and delivery of each of the Financing Documents. The Chairman, the Vice-Chairman, the Secretary and any other officer of the Authority are authorized to execute and deliver on behalf of the Authority such other instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this resolution or contemplated by the Bonds, and the Financing Documents, and all of the foregoing, previously done or performed by such officers of the Authority, are in all respects approved, ratified and confirmed.

Section 4.2. Pledge of Revenues. To the extent and on the terms provided in the Assumption LOC, revenues derived from the System shall be pledged to the payment of the principal of and interest on the Castlewood WSA RD Bonds and the County Bonds. To the extent and on the terms provided in the Master Financing Agreement, revenues derived from the System shall be pledged to the payment of the principal of and, if applicable, Cost of Funds on the Bonds. these pledges shall be on parity with the pledge of such revenues securing the payment of the Parity Bonds.

Section 4.3 Transfer Agreement. The Authority confirms its approval of the Transfer Agreement, the form of which has been presented to the Authority at this meeting and filed with the records of the Authority. Each of the Chairman and Vice-Chairman of the Authority is authorized to execute and deliver on behalf of the Authority the Transfer Agreement in substantially the form submitted to the Authority, with such changes, insertions or omissions as may be approved by the Chairman or Vice-Chairman, whose approval shall be evidenced conclusively by the execution and delivery of the Transfer Agreement. The Chairman, the Vice-Chairman, the Secretary and any other officer of the Authority are authorized to execute and deliver on behalf of the Authority such other instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this resolution or contemplated by the Transfer Agreement, and all of the foregoing, previously done or performed by such officers of the Authority, are in all respects approved, ratified and confirmed.

ARTICLE V

Miscellaneous

Section 5.1. Contract with Bondholder. The provisions of this resolution shall constitute a contract between the Authority and the holder of the Bonds for so long as the Bonds are outstanding.

Section 5.2. Authority of Officers and Agents. The officers and agents of the Authority shall do all acts and things required of them by this resolution, the Bonds, the Master Financing Agreement, the Support Agreement, and the Act for the complete and punctual performance of all the terms, covenants and agreements contained therein.

Section 5.3. Limitation of Rights. Nothing expressed or mentioned in or to be implied from this resolution or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the holder of the Bonds any legal or equitable right, remedy or claim under or in respect to this resolution or any covenants, conditions and agreements herein contained; this resolution and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holder of the Bonds as herein provided.

Section 5.4. Limitation of Liability of Officials of Authority. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of a present or future member, officer, employee or agent of the Authority in his individual capacity, and neither the members of the Authority nor any officer thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of the authority shall incur any personal liability with respect to any other action taken by him pursuant to this resolution or the Act, provided he acts in good faith.

Section 5.5. Trust Funds. In accordance with Section 15.2-5140 of the Act, any officer to whom, or any bank, trust company or other fiscal agent to which, moneys received pursuant to the Act are paid shall act as trustee of such moneys and shall hold and apply the same for the purposes provided in the Act, subject to such regulations as this resolution or the Financing Agreement may provide.

Section 5.6. Conditions Precedent. Upon the issuance of the Bonds, all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this resolution to happen, exist and to be performed precedent to or in the issuance of such Bonds shall have happened, exist and have been performed.

Section 5.7. Severability. If any court of competent jurisdiction shall hold any provision of this resolution to be invalid or unenforceable, such holding shall not invalidate any other provision of this resolution.

Section 5.8. Successors and Assigns. All the covenants, stipulations, promises and agreements of the Authority contained in this resolution shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 5.9. Headings. Any headings in this resolution are solely for convenience of

reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

Section 5.10 Filing of Resolution. The Secretary of the Authority is directed to file a certified copy of this resolution with the Circuit Court of Russell County, Virginia, pursuant to Section 15.2-5126 of the Act.

Section 5.11. Effective Date. This resolution shall take effect immediately.

* * *

The undersigned Secretary of The Russell County Public Service Authority (the "Authority"), certifies that the foregoing constitutes a true and correct copy of a resolution duly adopted at a meeting of the Authority held on July 21, 2020. I further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present. I further certify that the minutes of such meeting reflect the attendance of the members and the voting on the foregoing resolution as follows:

Member	Attendance	Vote
Carter McGlothlin, Chair		
Clifford Hess, Vice-Chair		
Chris Dye		
Terry Powers		
Joe Huff		
David Edmonds, Jr.		

WITNESS MY HAND and the seal of The Russell County Public Service Authority, this ___ day of July, 2020.

(SEAL)

Secretary, The Russell County Public Service
Authority

#13168379
016049.0009

MASTER FINANCING AGREEMENT

dated as of _____ 1, 2020

BETWEEN

VIRGINIA RESOURCES AUTHORITY,

**as Administrator of the
Virginia Water Supply Revolving Fund**

AND

THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

Virginia Resources Authority
Virginia Water Supply Revolving Fund

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[To Be Updated]

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MASTER FINANCING AGREEMENT

THIS MASTER FINANCING AGREEMENT is made as of this first day of _____, 2020, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia (the “Authority”), as Administrator of the **VIRGINIA WATER SUPPLY REVOLVING FUND** (the “Fund”), and **THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY**, a body politic and corporate and a political subdivision of the Commonwealth of Virginia (the “Borrower”).

Pursuant to Chapter 23, Title 62.1 of the Code of Virginia (1950), as amended (the “Act”), the General Assembly created a permanent and perpetual fund known as the “Virginia Water Supply Revolving Fund” (the “Fund”). In conjunction with the Board of Health, the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance or refinance the costs of water supply facilities within the meaning of Section 62.1-233 of the Act.

The Borrower has requested certain loans from the Fund and has evidenced its obligation to repay such loans by its bonds as described on Exhibit F (the “Russell PSA Bonds”) pursuant to Financing Agreements as described on Exhibit G, between the Authority, as Administrator of the Fund, and the Borrower. The Borrower has requested that the Authority agree to amendments to and restatements of the Financing Agreements as described on Exhibit G (the “Russell PSA Financing Agreement”), between the Authority and the Borrower, with respect to the Russell PSA Bonds.

The Castlewood Water and Sewage Authority (“Castlewood WSA”) has previously issued its bonds as described on Exhibit F (the “Castlewood WSA Bonds”) pursuant to Financing Agreements as described on Exhibit G, between the Authority, as Administrator of the Fund, and Castlewood WSA (the “Castlewood WSA Financing Agreements”). Castlewood WSA has agreed to transfer to the Borrower the facilities financed by the Castlewood WSA Bonds and the Borrower has agreed to assume the Castlewood WSA Bonds. The parties desire to provide for the assumption by the Borrower of the obligations of the Castlewood WSA with respect to the Castlewood WSA Bonds, on the terms and conditions stated in this Agreement.

The County of Russell, Virginia (the “County”) has previously issued its bonds as described on Exhibit F (the “County Bonds”) pursuant to Financing Agreements as described on Exhibit G, between the Authority, as Administrator of the Fund, and the County (the “County Financing Agreements”). The County has agreed to transfer to the Borrower the facilities financed by the County Bonds and the Borrower has agreed to assume the County Bonds. The parties desire to provide for the assumption by the Borrower of the obligations of the County with respect to the County Bonds, on the terms and conditions stated in this Agreement.

ARTICLE I **DEFINITIONS**

Section 1.1. Definitions. The capitalized terms contained in this Agreement and not defined above shall have the meanings set forth below unless the context requires otherwise and

any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Act:

“Additional Payments” means the payments required by Section 6.2.

“Agreement” means this Master Financing Agreement between the Authority and the Borrower, together with any amendments or supplements hereto.

“Annual Administrative Fee” means the portion of the Cost of Funds specified in Section 6.1 and Exhibit I payable as an annual fee for administrative and management services attributable to certain of the Local Bonds.

“Authorized Representative” means any member, official or employee of the Borrower authorized by resolution, ordinance or other official act of the governing body of the Borrower to perform the act or sign the document in question.

“Board” means the Virginia Board of Health.

“Castlewood WSA” means The Castlewood Water and Sewage Authority.

“Castlewood WSA Bonds” means, collectively, the bonds and any allonges thereto described in Exhibit F issued by Castlewood WSA to the Authority, as Administrator of the Fund.

“Castlewood WSA Financing Agreements” means, collectively, the financing agreements between the Authority and Castlewood WSA as further described on Exhibit G.

“Closing Date” means the date of delivery of the Local Bonds to the Authority, as Administrator of the Fund.

“Consulting Engineer” means the engineer or firm of independent consulting engineers of recognized standing and experienced in the field of sanitary engineering and registered to do business in Virginia which is designated by the Borrower from time to time as the Borrower’s consulting engineer in accordance with Section 4.5 in a written notice to the Authority. Such individual or firm shall be subject to the reasonable approval of the Authority. Unless and until the Authority notifies the Borrower otherwise, any of the Borrower’s employees that are licensed and registered as professional engineers in the Commonwealth of Virginia may serve as Consulting Engineer under this Agreement.

“Cost of Funds” means interest, including the part thereof allocable to the Annual Administrative Fee, if any, payable as set forth in Section 6.1 and Exhibit I.

“County” means the County of Russell, Virginia.

“County Bonds” means, collectively, the bonds and any allonges thereto described in Exhibit F issued by the County to the Authority, as Administrator of the Fund.

“County Financing Agreements” means, collectively, the financing agreements between the Authority and the County as further described on Exhibit G.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Department” means the Virginia Department of Health.

“Event of Default” shall have the meaning set forth in Section 11.1.

“Existing Parity Bonds” means any of the Borrower’s bonds, notes or other evidences of indebtedness, as further described on Exhibit H, that on the respective dates of the Local Bonds’ issuance and delivery were secured by or payable from a pledge of Revenues on a parity with the pledge of Revenues securing the Local Bonds.

“Fiscal Year” means the period of twelve months established by the Borrower as its annual accounting period.

“Financing Agreements” means, collectively, the Castlewood WSA Financing Agreements, the County Financing Agreements and the Russell PSA Financing Agreements.

[**“Funding Agreement”** means the Funding Agreement, dated as of the date hereof, between the Authority, as Administrator of the Fund, and the Borrower.]

“Local Bonds” means the bonds relating to the assumption of the Castlewood WSA Bonds and the County Bonds and the amendment and restatement of the Russell PSA Bonds, substantially in the forms attached to this Financing Agreement as Exhibit A, issued by the Borrower to the Authority, as Administrator of the Fund, pursuant to this Agreement.

“Local Bond Proceeds” means the aggregate proceeds from the sale of the Local Bonds pursuant to this Agreement.

“Local Resolution” means all resolutions or ordinances adopted by the governing body of the Borrower approving the transactions contemplated by and authorizing the execution and delivery of this Agreement, the Master Parity Agreement and the Transfer Agreement and the execution, issuance and delivery of the Local Bonds.

“Master Parity Agreement” means the Master Parity Agreement dated as of _____, 2020, among the Authority, the Borrower and United States of America, acting by and through the Rural Utilities Service, an agency of the United States Department of Agriculture.

“Net Proceeds” means the gross proceeds from any insurance recovery or condemnation award remaining after payment of attorneys’ fees and expenses of the Authority and all other expenses incurred in the collection of such gross proceeds.

“Net Revenues Available for Debt Service” means the Revenues less amounts necessary to pay Operation and Maintenance Expense.

“Operation and Maintenance Expense” means the costs of operating and maintaining the System determined pursuant to generally accepted accounting principles, exclusive of (i) interest on any debt secured by or payable from Revenues, (ii) depreciation and any other items not requiring the expenditure of cash, (iii) any amounts expended for capital replacements, repairs and maintenance not recurring annually or reserves therefor, and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

“Opinion of Counsel” means a written opinion of recognized bond counsel, acceptable to the Authority.

“Original Bonds” means, collectively, the Castlewood WSA Bonds, the County Bonds and the Russell PSA Bonds.

“Original Financing Agreements” means, collectively, the Castlewood WSA Financing Agreements, the County Financing Agreements and the Russell PSA Financing Agreements.

“Parity Bonds” means bonds, notes or other evidences of indebtedness of the Borrower issued under Section 10.5.

“Prior Bonds” means bonds, notes or other evidences of indebtedness of the Borrower secured by or payable from a pledge of Revenues all or any portion of which was superior to the pledge of Revenues securing the Local Bonds.

“Project” means, collectively, the particular projects described in Exhibit B, the costs of the construction, acquisition or equipping of which were financed or financing in whole or in part with the Local Bond Proceeds.

“Project Budgets” means, collectively, the budgets for the financing or the refinancing of each Project, copies of which are attached to this Agreement as Exhibit C.

“Project Costs” means the costs of the construction, acquisition or equipping of each Project, as further described in the Project Budgets, and such other costs as may be approved in writing by the Authority, provided such costs are permitted by the Act.

“Qualified Independent Consultant” shall mean an independent professional consultant having the skill and experience necessary to provide the particular certificate, report or approval required by the provision of this Agreement in which such requirement appears, including without limitation a Consulting Engineer, so long as such individual is not an employee of the Borrower, and an independent certified public accountant or firm of independent certified public accountants. Such individual or firm shall be subject to the reasonable approval of the Authority.

“Revenues” means (i) all rates, fees, rentals, charges and income properly allocable to the System in accordance with generally accepted accounting principles or resulting from the

Borrower's ownership or operation of the System, excluding customer and other deposits subject to refund until such deposits have become the Borrower's property, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) interest on any money or securities related to the System held by or on behalf of the Borrower, (iv) amounts that may be appropriated for and paid to the Borrower by the County under the Support Agreement or otherwise, and (v) any other income from other sources pledged by the Borrower to the payment of its Local Bonds.

"Russell PSA Bonds" means, collectively, the bonds and any allonges thereto described in Exhibit F issued by the Borrower to the Authority, as Administrator of the Fund.

"Russell PSA Financing Agreements" means, collectively, the financing agreements between the Authority and Borrower as further described on Exhibit G.

"Service Contracts" means the Agreement for Sale and Purchase of Water dated May 6, 2014, between the Borrower and the Buchanan County Public Service Authority; Water Sale Agreement dated July 8, 2015, between the Borrower and the Town of Honaker, Virginia; Agreement for the Bulk Sales of Water dated March 14, 2002, between the Borrower and the Town of Lebanon, Virginia; Agreement for the Bulk Sale of Water dated June 11, 2001, between the Borrower and the Tazewell County Public Service Authority; and Contract for Sale of Water dated October 3, 2013, between the Borrower and the Washington County Service Authority *[Add any service contracts transferred from Castlewood WSA and Russell County]*.

"Subordinate Bonds" means bonds, notes or other evidences of indebtedness of the Borrower secured by or payable from a pledge of Revenues expressly made subordinate to the pledge of Revenues securing the Local Bonds.

"Support Agreement" means the Amended and Restated Support Agreement, dated the date hereof, among the Borrower, the Authority and the County, substantially in the form of Exhibit K hereto.

"System" means all plants, systems, facilities, equipment or property, including but not limited to the Project, owned, operated or maintained by the Borrower and used in connection with the collection, supply, treatment, storage or distribution of water or the collection or treatment of wastewater as the same may from time to time exist.

"Transfer Agreement" means the Transfer Agreement dated as of _____, 2020, among the Borrower, the County and The Castlewood Water and Sewage Authority.

Section 1.2. Rules of Construction. The following rules shall apply to the construction of this Agreement unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) All references in this Agreement to particular Sections or Exhibits are references to Sections or Exhibits of this Agreement unless otherwise indicated.

(c) The headings and table of contents as used in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II **REPRESENTATIONS**

Section 2.1. Representations by Borrower. The Borrower makes the following representations as the basis for its undertakings under this Agreement:

(a) The Borrower is a duly created and validly existing “local government” (as defined in Section 62.1-233 of the Act) of the Commonwealth of Virginia and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Borrower has full right, power and authority to (i) adopt the Local Resolution and execute and deliver this Agreement, the Master Parity Agreement, the Support Agreement, the Transfer Agreement and the other documents related thereto, (ii) issue, sell and deliver the Local Bonds to the Authority, as Administrator of the Fund, (iii) own and operate the System, (iv) fix, charge and collect charges for the use of and for the services furnished by the System, (v) construct, acquire or equip the Project (as described in Exhibit B) and finance or refinance the Project Costs by borrowing money for such purpose pursuant to this Agreement and the issuance of the Local Bonds, (vi) pledge the Revenues of the System to the payment of the Local Bonds, and (vii) carry out and consummate all of the transactions contemplated by the Local Resolution, this Agreement, the Support Agreement and the Local Bonds.

(c) This Agreement, the Master Parity Agreement, the Support Agreement, the Transfer Agreement and the Local Bonds were duly authorized by the Local Resolution and are in substantially the same form as presented to the governing body of the Borrower at its meeting at which the Local Resolution was adopted.

(d) All governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of the delivery of this Agreement have been obtained for (i) the Borrower’s adoption of the Local Resolution, (ii) the execution and delivery by the Borrower of this Agreement, the Master Parity Agreement, the Support Agreement, the Transfer Agreement and the Local Bonds, (iii) the performance and enforcement of the obligations of the Borrower thereunder, (iv) the acquisition, construction, equipping, occupation, operation and use of the Project, and (v) the operation and use of the System. The Borrower knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals not obtained as of the date hereof cannot be obtained as needed.

(e) This Agreement, the Master Parity Agreement, the Support Agreement and the Transfer Agreement have been executed and delivered by duly authorized officials of the

Borrower and constitute a legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms.

(f) When executed and delivered in accordance with the Local Resolution and this Agreement, the Local Bonds will have been executed and delivered by duly authorized officials of the Borrower and will constitute a legal, valid and binding limited obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(g) The issuance of the Local Bonds and the execution and delivery of this Agreement, the Master Parity Agreement, the Support Agreement and the Transfer Agreement and the performance by the Borrower of its obligations thereunder are within the powers of the Borrower and will not conflict with, or constitute a breach or result in a violation of, (i) to the best of the Borrower's knowledge, any Federal, or Virginia constitutional or statutory provision, including the Borrower's charter or articles of incorporation, if any, (ii) any agreement or other instrument to which the Borrower is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property.

(h) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. No event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to this Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

(i) The Borrower (i) to the best of the Borrower's knowledge, is not in violation of any existing law, rule or regulation applicable to it in any way which would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement, the Support Agreement or the Local Bonds and (ii) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Borrower is a party or by which it is bound or to which any of its assets is subject, which would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement, the Support Agreement or the Local Bonds. The execution and delivery by the Borrower of this Agreement, the Support Agreement or the Local Bonds and the compliance with the terms and conditions thereof will not conflict with or result in a breach of or constitute a default under any of the foregoing.

(j) There are not pending nor, to the best of the Borrower's knowledge, threatened against the Borrower, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, (i) affecting the creation, organization or existence of the Borrower or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery or performance of the Local Resolution, this Agreement, the Support Agreement or the Local Bonds or the issuance or delivery of the Local Bonds, (iii) in any way contesting or affecting the validity or enforceability of the Local Resolution, this Agreement, the Support Agreement, the Local Bonds or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or

resolution may have a material adverse effect on the Borrower or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Resolution, this Agreement, the Support Agreement or the Local Bonds, (v) in any way affecting or contesting the undertaking of the Project, or (vi) contesting or challenging the power of the Borrower to pledge the Revenues to the payment of the Local Bonds.

(k) No material adverse change has occurred in the financial condition of the Borrower as indicated in the financial statements, applications and other information furnished to the Authority.

(l) Except as may otherwise be approved by the Authority or permitted by the terms of this Agreement, the System at all times is and will be owned by the Borrower and will not be operated or controlled by any other entity or person.

(m) There is no indebtedness of the Borrower secured by or payable from a pledge of Revenues on a parity with or prior to the lien of the pledge of Revenues securing the Local Bonds except any Existing Parity Bonds set forth on Exhibit H.

(n) The Service Contracts are in full force and effect; no default or event of default has occurred and is continuing under the Service Contracts; and the Borrower is not currently aware of any fact or circumstance that would have an adverse impact on the Borrower's ability to set rates, to receive payments, or to exercise any other rights and remedies available to the Borrower, under or pursuant to the Service Contracts.

(o) No Event of Default or Default has occurred and is continuing.

(p) All of the representations and warranties of the Borrower contained in the Master Parity Agreement and the Transfer Agreement are true and correct and all terms of the Master Parity Agreement and the Transfer Agreement are reaffirmed, ratified and confirmed.

ARTICLE III

AMENDMENT AND RESTATEMENT OF FINANCING AGREEMENTS

Section 3.1. Amendment and Restatement of Financing Agreements; Assumption of Local Bonds. (a) This Agreement in part constitutes an amendment and restatement of the Financing Agreements with respect to the Local Bonds; however, this Agreement shall not constitute a novation of the original debt evidenced by the respective Local Bonds.

(b) The Borrower agrees to assume each of Castlewood WSA's and the County's obligations to make payments of the principal and other sums that become due under its respective Local Bonds after the Closing Date. The Authority agrees to release Castlewood WSA and the County from their respective obligations under its respective Local Bonds, in accordance with the terms of this Agreement.

Section 3.2. Conditions Precedent to Entering into the Master Financing Agreement. This Agreement shall not be effective until the Authority shall have received the

following, all in form and substance satisfactory to the Authority:

- (a) The Local Bonds, [the Funding Agreement,] the Master Parity Agreement, the Support Agreement and the Transfer Agreement.
- (b) A certified copy of the Local Resolution.
- (c) A certificate of appropriate officials of the Borrower as to the matters set forth in Section 2.1 and such other matters as the Authority may reasonably require.
- (d) Evidence satisfactory to the Authority that the Borrower has performed and satisfied all of the terms and conditions contained in this Agreement to be performed and satisfied by it as of such date.
- (e) An Opinion of Counsel, substantially in the form of Exhibit D, addressed to the Fund and the Authority.
- (f) An opinion of counsel to the Borrower in form and substance reasonably satisfactory to the Authority.
- (g) Such other documentation, certificates and opinions as the Authority, the Board or the Department may reasonably require, including an opinion from counsel acceptable to the Authority that the Master Parity Agreement, the Support Agreement and the Transfer Agreement are valid and enforceable against the Borrower, subject to usual and customary qualifications.

ARTICLE IV

USE OF LOCAL BOND PROCEEDS AND CONSTRUCTION OF PROJECT

Section 4.1. Application of Proceeds.

(a) The Borrower agrees to apply the Local Bond Proceeds solely and exclusively to the payment, or the reimbursement of the Borrower for the payment, of Project Costs and further agrees to exhibit to the Department or the Authority receipts, vouchers, statements, bills of sale or other evidence of the actual payment of such Project Costs. The Authority shall disburse money from the Fund to or for the account of the Borrower not more frequently than once each calendar month (unless otherwise agreed by the Authority and the Borrower) upon receipt by the Authority (with a copy to be furnished to the Department) of the following:

- (1) A requisition (upon which the Authority, the Board and the Department shall be entitled to rely) signed by an Authorized Representative and containing all information called for by, and otherwise being in the form of, Exhibit E to this Agreement;
- (2) If any requisition includes an item for payment for labor or to contractors, builders or materialmen,

- (i) a certificate, signed by the Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and
- (ii) a certificate, signed by an Authorized Representative, stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Upon receipt of each such requisition and accompanying certificate or certificates and approval thereof by the Department, the Authority shall disburse Local Bond Proceeds hereunder to or for the account of the Borrower in accordance with such requisition in an amount and to the extent approved by the Department and shall note the date and amount of each such disbursement on a schedule of principal disbursements to be included on the Local Bond. The Authority shall have no obligation to disburse any such Local Bond Proceeds if the Borrower is in default hereunder nor shall the Department have any obligation to approve any requisition if the Borrower is not in compliance with the terms of this Agreement.

(b) The Borrower shall comply with all applicable laws of the Commonwealth of Virginia, including but not limited to, the Virginia Public Procurement Act, as amended, regarding the awarding and performance of public construction contracts related to the Project. Except as may otherwise be approved by the Department, disbursements shall be held at ninety-five percent (95%) of the maximum authorized amount of the Local Bond to ensure satisfactory completion of the Project. Upon receipt from the Borrower of the certificate specified in Section 4.2 and a final requisition detailing all retainages to which the Borrower is then entitled, the Authority, to the extent approved by the Department and subject to the provisions of this Section and Section 4.2, will disburse to or for the account of the Borrower Local Bond Proceeds to the extent of such approval.

The Authority shall have no obligation to disburse Local Bond Proceeds in excess of the amount necessary to pay for approved Project Costs. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, principal installments due on the Local Bond shall be reduced only in accordance with Section 6.1.

Section 4.2. Agreement to Accomplish Project. The Borrower agrees to cause the Project to be acquired, constructed, expanded, renovated or equipped as described in Exhibit B and in accordance with the Project Budget and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Department. All plans, specifications and designs shall be approved by all applicable regulatory agencies. The Borrower agrees to maintain complete and accurate books and records of the Project Costs and permit the Authority and the Department through their duly authorized representatives to inspect such books and records at any reasonable time. The Borrower and the Authority, with the consent of the Department, may amend the description of the Project set forth in Exhibit B.

When the Project has been completed, the Borrower shall promptly deliver to the Authority and the Department a certificate signed by an Authorized Representative of the Borrower and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Section, the plans and specifications as amended from time to time, as approved by the Department, and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion, (iii) that all certificates of occupancy or other material permits necessary for the Project's use, occupancy and operation have been issued or obtained, and (iv) the amount, if any, to be reserved for payment of Project Costs.

Section 4.3. Permits. The Borrower, at its sole cost and expense, shall comply with and shall obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the Project. The Borrower shall, upon request, promptly furnish to the Authority and the Department copies of all such permits, consents and approvals. The Borrower shall also comply with all applicable lawful program or procedural guidelines or requirements duly promulgated and amended from time to time by the Department in connection with the acquisition, construction, equipping, occupation, operation or use of projects financed from the Fund under the Act. The Borrower shall also comply in all respects with all applicable federal laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding thereof from the Fund. Where noncompliance with such requirements is determined by the Authority or the Department, the issue shall be referred to the proper governmental authority or agency for consultation or enforcement action.

Section 4.4. Construction Contractors. Each construction contractor employed in the accomplishment of the Project shall be required in the construction contract to furnish a performance bond and a payment bond each in an amount equal to one hundred percent (100%) of the particular contract price. Such bonds shall list the Borrower, the Fund, the Authority, the Department and the Board as beneficiaries. Each contractor shall be required to maintain during the construction period covered by the particular construction contract builder's risk insurance, workers' compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer. Upon request of the Authority, the Department or the Board, the Borrower shall cause each contractor to furnish evidence of such bonds and insurance to the Authority, the Department and the Board.

Section 4.5. Engineering Services. The Borrower shall retain a Consulting Engineer to provide engineering services covering the operation of the System and the supervision and inspection of the construction of the Project. The Consulting Engineer shall certify to the Fund, the Authority and the Department as to the various stages of the completion of the Project as disbursements of Local Bond Proceeds are requested and shall upon completion of the Project provide to the Fund, the Authority and the Department the certificates required by Sections 4.1 and 4.2.

Section 4.6. Borrower Required to Complete Project. If the Local Bond Proceeds are not sufficient to pay in full the cost of the Project, the Borrower will complete the Project at its own expense and shall not be entitled to any reimbursement therefor from the Fund, the Authority, the Department or the Board or any abatement, diminution or postponement of the Borrower's payments under the Local Bond or this Agreement.

ARTICLE V **PLEDGE, REVENUES AND RATES**

Section 5.1. Pledge of Revenues; Rate Covenant. Subject to the Borrower's right to apply Revenues to the payment of Operation and Maintenance Expense, the Revenues are hereby pledged to the Authority, as Administrator of the Fund, to secure the payment of the principal of and Cost of Funds, if any, on the Local Bonds and the payment and performance of the Borrower's obligations under this Agreement. This pledge shall be valid and binding from and after the execution and delivery of this Agreement. The Revenues, as received by the Borrower, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. The lien of this pledge of the Revenues is on a parity with the lien of the pledge of the Revenues securing the Existing Parity Bonds. The lien of this pledge shall, subject to the right of the Borrower to apply Revenues to the payment of Operation and Maintenance Expense, have priority over all other obligations and liabilities of the Borrower, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the Borrower regardless of whether such parties have notice of this pledge.

(a) The Borrower covenants and agrees that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues Available for Debt Service will equal at least 100% of the amount required during the Fiscal Year to pay the principal of and Cost of Funds, if any, on the Local Bonds, the Additional Payments and all other indebtedness of the Borrower secured by or payable from Revenues including without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles (the "Rate Covenant"). If, for any reason, the Revenues are insufficient to satisfy the foregoing covenant, the Borrower shall within ninety (90) days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expense so as to provide sufficient Revenues to satisfy such requirement.

(b) On or before the last day of each Fiscal Year, the Borrower shall review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the Borrower's rates, fees and other charges are insufficient to satisfy the Rate Covenant, the Borrower shall promptly take appropriate action to increase its rates, fees and other charges or reduce its Operations and Maintenance Expense to cure any deficiency.

Section 5.2. Annual Budget. The Borrower agrees before the first day of each Fiscal Year to adopt a budget for such Fiscal Year containing all information called for by, and otherwise being in the form of, Exhibit J to this Agreement, for such Fiscal Year setting forth a schedule of the rates, fees and other charges to be imposed by the Borrower, the Revenues estimated to be

generated thereby, the expenditures anticipated by the Borrower for operations, maintenance, repairs, replacements, improvements, debt service and other purposes, and specifically identifying any amounts made available by the County pursuant to the Support Agreement. Such budget as approved by the Borrower's governing body is referred to in this Agreement as the Annual Budget. The Borrower may at any time during any Fiscal Year amend the Annual Budget for such Fiscal Year so long as such amendment does not result in a Default. The Borrower shall submit a copy of the Annual Budget and any amendments thereto to the Authority.

Section 5.3. Qualified Independent Consultant's Report. (a) If at the end of any Fiscal Year, the Borrower is not in compliance with the Rate Covenant, within two hundred ten (210) days after the end of such Fiscal Year, the Borrower shall obtain a report from the Qualified Independent Consultant giving advice and making recommendations as to the proper maintenance, repair, replacement and operation of the System for the next ensuing Fiscal Year and estimating the costs thereof as to the rates, fees, and other charges which should be established by the Borrower to satisfy the Rate Covenant. The Borrower shall promptly furnish a copy of such report to the Authority and, subject to Section 5.3(b), take measures to implement the recommendations of the Qualified Independent Consultant within ninety (90) days of obtaining such report.

(b) If the Borrower determines that the Qualified Independent Consultant's recommendations are impractical or inappropriate, the Borrower may in lieu thereof adopt other procedures which the Borrower believes will bring it into compliance with the Rate Covenant when such measures have been implemented and become fully effective. Such alternative plan shall be filed with the Authority not later than thirty (30) days after receipt of the Qualified Independent Consultant's report along with a detailed explanation of the Borrower's reason for rejecting the Qualified Independent Consultant's recommendations. Notwithstanding anything herein to the contrary, the Authority reserves the right, in its sole discretion, to reject such alternate procedures and require the Borrower to comply with the Qualified Independent Consultant's recommendations.

ARTICLE VI **PAYMENTS**

Section 6.1. Payment of Local Bonds. The Local Bonds shall be dated as of the Closing Date. The Cost of Funds, if any, of each of the Local Bonds shall be computed on the disbursed principal balance thereof from the date of each disbursement at the rate set forth on Exhibit I with respect to each of the Local Bonds. Principal and the Cost of Funds, if any, due under each of the Local Bonds shall be payable in equal installments as set forth on Exhibit I with respect to each of the Local Bonds. All amounts due hereunder and under each of the Local Bonds shall be due and payable in full with the final installment of principal and Cost of Funds, if any, due as set forth on Exhibit I with respect to each of the Local Bonds. Each installment shall be applied first to payment of the Cost of Funds, if any, accrued and unpaid to the payment date and then to principal. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, the principal amount due on the Local Bond shall not include such undisbursed amount. However, unless the Borrower and the Authority agree otherwise in writing, until all

amounts due hereunder and under the Local Bond shall have been paid in full, less than full disbursement of the maximum authorized amount of the Local Bond shall not postpone the due date of any semi-annual installment due on the Local Bond, or change the amount of such installment. If any installment of principal of or the Cost of Funds, if any, on any of the Local Bonds is not paid within ten (10) days after its due date, the Borrower agrees to pay the Authority a late payment charge in an amount equal to five percent (5.0%) of the overdue installment on such Local Bonds.

Section 6.2. Payment of Additional Payments. In addition to the payments of principal of and Cost of Funds, if any, on the Local Bonds, the Borrower agrees to pay on demand of the Authority the following Additional Payments:

(1) The costs of the Fund, the Authority, the Department or the Board in connection with the enforcement of this Agreement, including the reasonable fees and expenses of any attorneys used by any of them; and

(2) All expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof.

The Borrower agrees to pay interest on any Additional Payments enumerated in (1) or (2) above not received by the Authority within ten (10) days after demand therefor at a rate of five percent (5.0%) per annum of the overdue installment from its due date until the date it is paid.

ARTICLE VII **PREPAYMENTS**

Section 7.1. Prepayment of Local Bonds. At its option and after giving at least ten (10) days' written notice to the Authority, the Borrower may prepay the Local Bonds at any time, in whole or in part and without penalty. Such written notice shall specify the date on which the Borrower will make such prepayment and whether the Local Bonds will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such partial prepayment shall be applied against the principal amount outstanding under the Local Bonds but shall not postpone the due date of any subsequent payment on the Local Bonds, or change the amount of such installment, unless the Borrower and the Authority agree otherwise in writing.

ARTICLE VIII **OWNERSHIP, OPERATION AND USE OF SYSTEM**

Section 8.1. Ownership and Operation of Project and System. Except as may otherwise be approved by the Authority or permitted by the terms hereof, the Project and the System at all times shall be owned by the Borrower and shall not be operated or controlled by any other entity or person.

Section 8.2. Maintenance. At its own cost and expense, the Borrower shall operate the System in a proper, sound and economical manner and in compliance with all legal requirements, shall maintain the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

Section 8.3. Additions and Modifications. At its own expense, the Borrower from time to time may make any additions, modifications or improvements to the System which it deems desirable and which do not materially reduce the value of the System or the structural or operational integrity of any part of the System, provided that all such additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the System.

Section 8.4. Use of System. The Borrower shall comply with all lawful requirements of any governmental authority regarding the System, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational and other changes to the System, irrespective of the cost of making the same.

Section 8.5. Inspection of System and Borrower's Books and Records. The Authority and the Board and their duly authorized representatives and agents shall have such reasonable rights of access to the System as may be necessary to determine whether the Borrower is in compliance with the requirements of this Agreement and shall have the right at all reasonable times and upon reasonable prior notice to the Borrower to examine and copy the books and records of the Borrower insofar as such books and records relate to the System.

Section 8.6. Ownership of Land. The Borrower shall not construct, reconstruct or install any part of the System on lands other than those which the Borrower owns or can acquire title to or a perpetual easement over, in either case sufficient for the Borrower's purposes, unless such part of the System is lawfully located in a public street or highway or is a main, conduit, pipeline, main connection or facility located on land in which the Borrower has acquired a right or interest less than a fee simple or perpetual easement and such lesser right or interest has been approved by written opinion of counsel to the Borrower as sufficient for the Borrower's purposes.

Section 8.7. Sale or Encumbrance. No part of the System shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except as provided in any one of the following subsections, or as may be otherwise consented and agreed to by the Authority in writing:

(a) The Borrower may grant easements, licenses or permits across, over or under parts of the System for streets, roads and utilities as will not adversely affect the use of the System;

(b) The Borrower may sell or otherwise dispose of property constituting part of the System if it uses the proceeds of such disposition and any other necessary funds to replace such property with property serving the same or a similar function; and

(c) The Borrower may sell or otherwise dispose of property constituting part of the System; provided, however, (i) no such property shall be sold or otherwise disposed of unless there is filed with the Authority a certificate of the Borrower, signed by an Authorized Representative, stating that such property is no longer needed or useful in the operation of the System, and, if the proceeds of such sale or disposition, together with the aggregate value of any other property sold or otherwise disposed of during the Fiscal Year, shall exceed \$125,000, there shall also be filed with the Borrower and the Authority a certificate of the Consulting Engineer stating that such property is not necessary or useful to the operation of the System, and (ii) the proceeds to be received from any sale or disposition shall be applied first to cure any default that may exist in the payment of the principal of and Cost of Funds, if any, on the Local Bonds, and then, if such property constitutes part of the Project, to the prepayment of the Local Bonds under Article VII hereof.

Section 8.8. Collection of Revenues. The Borrower shall use its best efforts to collect all rates, fees and other charges due to it, including, when appropriate, by perfecting liens on premises served by the System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Borrower shall, to the full extent permitted by law, discontinue and shut off, or cause to be discontinued and shut off, services and facilities of the System, and use its best efforts to cause to be shut off water service furnished otherwise than through the System, to customers of the System who are delinquent beyond any customary grace periods in the payment of rates, fees and other charges due to the Borrower.

Section 8.9. No Free Service. The Borrower shall not permit connections with or the use of the System, or furnish any services afforded by the System, without making a charge therefor based on the Borrower's uniform schedule of rates, fees and charges.

Section 8.10. No Competing Service. The Borrower shall not provide, grant any franchise to provide or give consent for anyone else to provide, any services which would compete with the System.

Section 8.11. Mandatory Connection. The Borrower shall, consistent with applicable law, require the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by the System and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building to the System; provided, however, the Borrower may permit the continued use of private systems, meeting the standards of the Board, by any such building already in existence at the time the services of the System become available to it upon such conditions as may be specified by the Borrower.

Section 8.12. Lawful Charges. The Borrower shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against the System or the Borrower's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the

System. The Borrower shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the System or the Revenues (collectively, the "Mechanics' Charges"). The Borrower, however, after giving the Authority ten (10) days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the Borrower may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in the reasonable opinion of the Authority, such action may impair the lien on Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Authority or an appropriate court a bond in form and amount reasonably satisfactory to the Authority. Upon request, the Borrower shall furnish to the Authority proof of payment of all Governmental Charges and the Mechanics' Charges required to be paid by the Borrower under this Agreement.

ARTICLE IX

INSURANCE, DAMAGE AND DESTRUCTION

Section 9.1. Insurance. Unless the Authority otherwise agrees in writing, the Borrower continuously shall maintain or cause to be maintained insurance against such risks as are customarily insured against by public bodies operating systems similar in size and character to the System, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the System's insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia); provided that during the construction of the Project, the Borrower may provide or cause to be provided, in lieu of the insurance in the amount of the full replacement cost of the Project, builders' risk or similar types of insurance in the amount of the full replacement cost thereof. The determination of replacement cost shall be made by a recognized appraiser or insurer selected by the Borrower and reasonably acceptable to the Authority.

(b) Comprehensive general liability insurance with a combined single limit of \$2,000,000 per year against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership, maintenance, operation or use of the System.

(c) Unless the Borrower qualifies as a self-insurer under the laws of Virginia, workers' compensation insurance.

The Authority shall not have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance, or (ii) the application of the proceeds of insurance.

The Borrower shall provide no less often than annually and upon the written request of the Authority a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in full force and effect.

Section 9.2. Requirements of Policies. All insurance required by Section 9.1 shall be maintained with generally recognized, responsible insurance companies selected by the Borrower and reasonably acceptable to the Authority. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other utility systems of like size and character to the System and shall contain an undertaking by the insurer that such policy shall not be modified adversely to the interests of, or canceled without at least thirty (30) days' prior notice to, the Authority. If any such insurance is not maintained with an insurer licensed to do business in Virginia or placed pursuant to the requirements of the Virginia Surplus Lines Insurance Law (Chapter 48, Title 38.2, Code of Virginia of 1950, as amended) or any successor provision of law, the Borrower shall provide evidence reasonably satisfactory to the Authority that such insurance is enforceable under Virginia law.

Section 9.3. Notice of Damage, Destruction and Condemnation. In the case of (i) any damage to or destruction of any material part of the System, (ii) a taking of all or any part of the System or any right therein under the exercise of the power of eminent domain, (iii) any loss of the System because of failure of title, or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, the Borrower shall give prompt notice thereof to the Authority describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 9.4. Damage and Destruction. If all or any part of the System is destroyed or damaged by fire or other casualty, and the Borrower shall not have exercised its option to prepay in full the Local Bonds pursuant to Article VII, the Borrower shall restore promptly the property damaged or destroyed to substantially the same condition as before such damage or destruction, with such alterations and additions as the Borrower may determine and which will not impair the capacity or character of the System for the purpose for which it then is being used or is intended to be used. The Borrower may apply so much as may be necessary of the Net Proceeds of insurance received on account of any such damage or destruction to payment of the cost of such restoration, either on completion or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Borrower shall pay so much of the cost as may be in excess of such Net Proceeds. If the Net Proceeds are derived from property constituting part of the Project, any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to prepayment of the Local Bonds pursuant to Article VII.

Section 9.5. Condemnation and Loss of Title. If title to or the temporary use of all or any part of the System shall be taken under the exercise of the power of eminent domain or lost because of failure of title, and the Borrower shall not have exercised its option to prepay in full the Local Bonds pursuant to Article VII, the Borrower shall cause the Net Proceeds from any such condemnation award or from title insurance to be applied to the restoration of the System to substantially its condition before the exercise of such power of eminent domain or failure of title. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Borrower

shall pay so much of the cost as may be in excess of such Net Proceeds. If the Net Proceeds are derived from property constituting part of the Project, any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to prepayment of the Local Bonds pursuant to Article VII.

ARTICLE X

SPECIAL COVENANTS

Section 10.1. Maintenance of Existence. The Borrower shall maintain its existence as a “local government” (as defined in the Act) of the Commonwealth of Virginia and, without consent of the Authority and the Board, shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity. Notwithstanding the foregoing, the Borrower may consolidate or merge with or into, or sell or otherwise transfer all or substantially all of its assets to a political subdivision of the Commonwealth of Virginia, and the Borrower thereafter may dissolve, if the surviving, resulting or transferee political subdivision, if other than the Borrower, assumes, in written form acceptable to the Authority and the Board, all of the obligations of the Borrower contained in the Local Bonds and this Agreement, and there is furnished to the Authority and the Board an Opinion of Counsel acceptable to the Authority and the Board subject to customary exceptions and qualifications, to the effect that such assumption constitutes the legal, valid and binding obligation of the surviving, resulting or transferee political subdivision enforceable against it in accordance with its terms.

Section 10.2. Financial Records and Statements. The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs related to the System. The Borrower shall have an annual audit of the financial condition of the Borrower (and at the reasonable request of the Authority, of the System) made by an independent certified public accountant, within one hundred and eighty (180) days after the end of each Fiscal Year. The annual audit shall include a supplemental schedule demonstrating whether the Borrower during such Fiscal Year satisfied the Rate Covenant. The Borrower shall furnish to the Authority copies of such report immediately after it is accepted by the Borrower. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the Borrower’s financial position as of the end of such Fiscal Year and the results of the Borrower’s operations and changes in the financial position of its funds for the Fiscal Year.

Section 10.3. Certificate as to No Default. The Borrower shall deliver to the Authority, within one hundred and eighty (180) days after the close of each Fiscal Year, a certificate signed by an Authorized Representative stating that, during such year and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes an Event of Default or a Default, or if such an event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Borrower has taken, is taking or proposes to take to rectify it.

Section 10.4. Additional Indebtedness. The Borrower shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by or payable from a pledge of Revenues, except Subordinate Bonds or Parity Bonds.

Section 10.5. Parity Bonds. Provided the Borrower is not in default hereunder, the Borrower may issue bonds, notes or other evidences of indebtedness (“Parity Bonds”) ranking on parity with the Local Bonds with respect to the pledge of Revenues to (i) pay Project Costs to complete the Project, (ii) pay the cost of improvements, additions, extensions, replacements, equipment or betterments and of any property, rights or easements deemed by the Borrower to be necessary, useful or convenient for the System, (iii) refund some or all of the Local Bonds, Parity Bonds or Existing Parity Bonds, or (iv) effect some combination of (i), (ii) and (iii); provided in each case the following conditions are satisfied. Except to the extent otherwise consented and agreed to by the Authority in writing, before any Parity Bonds are issued or delivered, the Borrower shall deliver to the Authority the following:

(a) Certified copies of all resolutions and ordinances of the Borrower authorizing the issuance of the Parity Bonds.

(b) A certificate of an appropriate official of the Borrower setting forth the purposes for which the Parity Bonds are to be issued and the manner in which the Borrower will apply the proceeds from the issuance and sale of the Parity Bonds.

(c) If the Parity Bonds are authorized for any purpose other than the refunding of the Local Bonds, Parity Bonds or Existing Parity Bonds, in form and substance satisfactory to the Authority, a certificate of the Consulting Engineer-, or with respect to subsection (iv)(C) below, a certificate, including supporting documentation, of the Qualified Independent Consultant, to the effect that in the opinion of the Consulting Engineer or Qualified Independent Consultant, as applicable, (i) the improvements or property to which the proceeds from the issuance of the Parity Bonds are to be applied will be a part of the System, (ii) the funds available to the Borrower from the issuance of the Parity Bonds and other specified sources will be sufficient to pay the estimated cost of such improvements or property, (iii) the period of time which will be required to complete such improvements or acquire such property, and (iv) (A) the Parity Bond proceeds are necessary to complete the Project, (B) the failure to make such improvements or acquire or construct such property will result in an interruption or reduction of Revenues, or (C) during the first two complete Fiscal Years following completion of the improvements or the acquisition of the property financed with the proceeds of the Parity Bonds, the projected Net Revenues Available for Debt Service (excluding any amounts made available by the County pursuant to the Support Agreement) will equal at least 100% of the amount required during each such Fiscal Year to pay any and all amounts due under the Local Bonds, this Agreement, the Parity Bonds or Existing Parity Bonds, and all other indebtedness of the Borrower secured by or payable from Revenues, including without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles. In providing this certificate, as applicable, the Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the governing body of the Borrower and any other person and entity required to give approval for the rate increase to become effective. In addition, the Qualified Independent Consultant may take into consideration

additional future revenues of the System to be derived under then existing contractual agreements entered into by the Borrower and from reasonable estimates of growth in the customer base of the Borrower.

(d) If the Parity Bonds are authorized solely to refund the Local Bonds (with the consent of the Authority), Existing Parity Bonds or Parity Bonds, either (i) a certificate, including supporting documentation, of a Qualified Independent Consultant satisfactory to the Authority that the refunding Parity Bonds will have annual debt service requirements in each of the years the Local Bonds, Existing Parity Bonds or Parity Bonds to be refunded would have been outstanding which are lower than the annual debt service requirements in each such year on the Local Bonds, Existing Parity Bonds or Parity Bonds to be refunded, or (ii) a certificate, including supporting documentation, of the Qualified Independent Consultant to the effect that during the first two complete Fiscal Years following the issuance of the refunding Parity Bonds, the projected Net Revenues Available for Debt Service (excluding any amounts made available by the County pursuant to the Support Agreement) will equal at least 100% of the amount required during each such Fiscal Year to pay any and all amounts due under the Local Bonds, this Agreement, the Parity Bonds or Existing Parity Bonds, and all other indebtedness of the Borrower secured by or payable from Revenues, including without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles. In providing the certificate described in clause (ii), the Qualified Independent Consultant may take into account the factors described in the last two sentences of subsection (c) of this Section.

(e) An Opinion of Counsel satisfactory to the Authority subject to customary exceptions and qualifications, approving the form of the resolution authorizing the issuance of the Parity Bonds and stating that its terms and provisions conform with the requirements of this Agreement and that the certificates and documents delivered to the Authority constitute compliance with the provisions of this Section.

Section 10.6. Further Assurances. The Borrower shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights, Revenues and other funds pledged or assigned by this Agreement, or as may be required to carry out the purposes of this Agreement. The Borrower shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledge of the Revenues and other funds pledged under this Agreement and all rights of the Authority and the Board under this Agreement against all claims and demands of all persons.

Section 10.7. Other Indebtedness. The Borrower agrees to pay when due all amounts required by any other bonded indebtedness and to perform all of its obligations in connection therewith.

Section 10.8. Assignment by Borrower. The Borrower may not assign its rights under this Agreement without the prior written consent of the Authority and the Board. If the Borrower desires to assign its rights under this Agreement to another "local government" (as defined in the Act), the Borrower shall give notice of such fact to the Authority and the Board. If

the Authority and the Board consent to the proposed assignment, the Borrower may proceed with the proposed assignment, but such assignment shall not become effective until the Authority and the Board are furnished (i) an assumption agreement in form and substance satisfactory to the Authority and the Board by which the assignee agrees to assume all of the Borrower's obligations under the Local Bonds and this Agreement, and (ii) an Opinion of Counsel to the assignee, subject to customary exceptions and qualifications, that the assumption agreement, the Local Bonds and this Agreement constitute legal, valid and binding obligations of the assignee enforceable against the assignee in accordance with their terms and that the assignment and assumption comply in all respects with the provisions of this Agreement. Notwithstanding the foregoing, the assignment of the rights of the Borrower under the Local Bonds and this Agreement or the assumption of the obligations thereunder by the assignee shall in no way be construed as releasing the Borrower's obligations.

Section 10.9. Davis-Bacon Act. The Borrower agrees to comply with the Davis-Bacon Act and related acts, as amended, with respect to the Project and require that all laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character, as determined by the United States Secretary of Labor in accordance with Section 1450(e) of the Safe Drinking Water Act and related acts, as amended.

Section 10.10. American Iron and Steel. The Borrower agrees to comply with all federal requirements, including those imposed by the Consolidated Appropriations Act, 2014, P.L. 113-76, and related Drinking Water State Revolving Fund Policy Guidelines, as amended and supplemented and in effect from time to time, with respect to the Project. Such requirements include, among other things, that all iron and steel products used for the Project are to be produced in the United States. The term "iron and steel products" is defined to mean the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete and construction materials.

Section 10.11. Recordkeeping and Reporting. The Borrower agrees to comply with all recordkeeping and reporting requirements under the Safe Drinking Water Act and related acts, as amended, including any reports required by a federal agency or the Authority, such as performance indicators of program deliverables, information on costs and progress with respect to the Project. The Borrower acknowledges that each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities.

Section 10.12. Service Contracts. The Borrower shall give prompt notice to the Authority of any renewal, extension, amendment, default or termination of any of the Service Contracts. The Borrower shall enforce the terms of such agreements and use its best efforts to ensure that such agreements remain in full force and effect during the term of this Agreement.

Section 10.13. [Waterworks Business Operations Plan and Rate Study. The Borrower shall provide evidence satisfactory to the Authority and the Department that the Borrower on or before _____, 2020 has presented a final rate study to the Board of Directors of the Borrower and the County Administrator, which rate study shall project and recommend rates

for a five-year period commencing with the Fiscal Year ending June 30, 2021 (the “Rate Study”) that satisfy the Rate Covenant. The Rate Study shall take into account any proposed debt and future projects of the Borrower. The Borrower shall also promptly provide a copy of the Rate Study to the Authority and the Department. Furthermore, the Borrower shall submit a Waterworks Business Operations Plan to the Department as required by Section 32.1-172 of the Code of Virginia of 1950, as amended, on or before _____, 2020 for review.]

[Add language regarding debt service and/or operating reserve]

[Add language regarding control over PSA and County leachate]

ARTICLE XI

DEFAULTS AND REMEDIES

Section 11.1. Events of Default. Each of the following events shall be an “Event of Default”:

(a) The failure to pay when due any payment of principal or Cost of Funds, if any, due hereunder or to make any other payment required to be made under the Local Bonds or this Agreement;

(b) The Borrower’s failure to perform or observe any of the other covenants, agreements or conditions of the Local Bonds, the Support Agreement or this Agreement and the continuation of such failure for a period of thirty (30) days after the Authority gives the Borrower written notice specifying such failure and requesting that it be cured, unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;

(c) Any warranty, representation or other statement by or on behalf of Borrower contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement or in connection with the issuance and sale of the Local Bonds is false or misleading in any material respect;

(d) [The early termination of the Funding Agreement pursuant to Sections 5.3(b) and (c) thereof;]

(e) The occurrence of a default by the Borrower under the terms of any Subordinate Bonds, Parity Bonds, Existing Parity Bonds or Prior Bonds and the failure to cure such default or obtain a waiver thereof within any period of time permitted thereunder;

(f) An order or decree shall be entered, with the Borrower’s consent or acquiescence, appointing a receiver or receivers of the System or any part thereof or of the

Revenues thereof, or if such order or decree, having been entered without the Borrower's consent or acquiescence, shall not be vacated, discharged or stayed on appeal within sixty (60) days after the entry thereof;

(g) Any proceeding shall be instituted, with the Borrower's consent or acquiescence, for the purpose of effecting a composition between the Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances secured by or payable from Revenues; or

(h) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Borrower under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the Borrower, is not dismissed within sixty (60) days after filing.

Section 11.2. Notice of Default. The Borrower agrees to give the Authority prompt written notice if any order, decree or proceeding referred to in Section 11.1(f), (g) or (h) is entered or instituted against the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default immediately upon becoming aware of the existence thereof.

Section 11.3. Remedies on Default. Whenever any Event of Default referred to in Section 11.1 shall have happened and be continuing, the Authority shall, in addition to any other remedies provided herein or by law, including rights specified in Section 62.1-237 of the Act, have the right, at its option without any further demand or notice, to take one or both of the following remedial steps:

(a) Declare immediately due and payable all payments due or to become due on the Local Bonds and under this Agreement, and upon notice to the Borrower, the same shall become immediately due and payable by the Borrower without further notice or demand; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due on the Local Bonds and under this Agreement, to enforce any other of the Fund's, the Authority's or the Board's rights under this Agreement, or to enforce performance by the Borrower of its covenants, agreements or undertakings contained herein or in the Local Bonds, which the Borrower hereby agrees are assigned to the Authority upon the occurrence of an Event of Default.

Section 11.4. Delay and Waiver. 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 or 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 under this Agreement shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 11.5. State Aid Intercept. The Borrower acknowledges that the Authority may take any and all actions available to it under the laws of the Commonwealth of Virginia, including Section 62.1-216.1 of the Virginia Code, to secure payment of the principal of and Cost of Funds, if any, on the Local Bonds, if payment of such principal or Cost of Funds, if any, shall not be paid when the same shall become due and payable.

ARTICLE XII **MISCELLANEOUS**

Section 12.1. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 12.2. Amendments. The Authority and the Borrower, with the written consent of the Department, shall have the right to amend from time to time any of the terms and conditions of this Agreement, provided that all amendments shall be in writing and shall be signed by or on behalf of the Authority and the Borrower; provided, however, that the written consent of the Department shall not be required for the Authority and the Borrower to amend Articles I, V, IX and XI or Sections 10.4 and 10.5 of this Agreement.

Section 12.3. Limitation of Borrower's Liability. Notwithstanding anything in the Local Bonds or this Agreement to the contrary, the Borrower's obligations are not its general obligations, but are limited obligations payable solely from the Revenues which are specifically pledged for such purpose. Neither the Local Bonds nor this Agreement shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Borrower and the Borrower shall not be obligated to pay the principal of or Cost of Funds, if any, on the Local Bonds or other costs incident thereto except from the Revenues and other funds pledged therefor. In the absence of fraud, no present or future director, official, officer, employee or agent of the Borrower shall be liable personally in respect of this Agreement or the Local Bonds or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement or the Local Bonds.

Section 12.4. Applicable Law. This Agreement shall be governed by the applicable laws of Virginia.

Section 12.5. Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or Section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Authority and the Borrower, as the case may be, only to the extent permitted by law.

Section 12.6. Notices. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Local Bonds or this

Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

Fund: Virginia Water Supply Revolving Fund
c/o Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219
Attention: Executive Director

Authority: Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219
Attention: Executive Director

Board: Virginia Department of Health
109 Governor Street
Richmond, VA 23219
Attention: State Health Commissioner

Borrower: The Russell County Public Service Authority

_____, Virginia _____
Attention: Chairman

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. The Authority, the Board and the Borrower may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 12.7. Right to Cure Default. If the Borrower shall fail to make any payment or to perform any act required by it under the Local Bonds or this Agreement, the Authority without prior notice to or demand upon the Borrower and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Authority and all costs, fees and expenses so incurred shall be payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the rate of interest of five percent (5.0%) per annum until paid. The Borrower's obligation under this Section shall survive the payment of the Local Bonds.

Section 12.8. Headings. The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

Section 12.9. Term of Agreement. This Agreement shall be effective upon its execution and delivery, provided that the Local Bonds previously or simultaneously shall have

been executed and delivered. Except as otherwise specified, the Borrower's obligations under the Local Bonds and this Agreement shall expire upon payment in full of the Local Bonds and all other amounts payable by the Borrower under this Agreement.

Section 12.10. Termination of Original Financing Agreements. The Original Financing Agreements heretofore executed between the parties thereto is cancelled and terminated as of the Closing Date, provided that such cancellation and termination shall not be construed as a waiver, relinquishment or release of any claims, damages, liability, rights of action or causes of action that the parties thereto may have against the other thereunder and that have accrued before the effective date of this Agreement.

Section 12.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature Page Follows]

WITNESS the following signatures, all duly authorized.

**VIRGINIA RESOURCES AUTHORITY, as
Administrator of the Virginia Water Supply Revolving
Fund**

By: _____

Title: _____

**THE RUSSELL COUNTY PUBLIC SERVICE
AUTHORITY**

By: _____

Title: _____

EXHIBIT A
LOCAL BONDS
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

[To Be Provided]

EXHIBIT B

**PROJECT DESCRIPTIONS
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY**

[To Be Provided]

EXHIBIT C
PROJECT BUDGETS
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

[To Be Provided]

EXHIBIT D

**OPINION OF BORROWER'S BOND COUNSEL
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY**

[To Come from Borrower's Bond Counsel]

EXHIBIT E
FORM OF REQUISITION
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

[To Come]

EXHIBIT F

ORIGINAL BONDS THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

“Original Bonds” means, collectively, (a) the following bonds issued by the Borrower (the “Russell PSA Bonds”):

- (1) \$99,775 The Russell County Public Service Authority Water Revenue Bond, Series 2006 (Green Valley Project);
- (2) \$1,534,941 The Russell County Public Service Authority Revenue Bond, Series 2008A (Big A Mountain Phase II Project);
- (3) \$325,227 The Russell County Public Service Authority Water Revenue Bond, Series 2010-A (Back Valley—Big A Mountain Interconnection Project);
- (4) \$1,059,765 The Russell County Public Service Authority Water Revenue Bond, Series 2011-A (Green Valley West Water Line Extension Project);
- (5) \$103,783 The Russell County Public Service Authority Water Revenue Bond, Series 2011-B (Long Branch/Strouth Creek/Fuller Mt. Water Line Extension Project);
- (6) \$700,843 The Russell County Public Service Authority Water Revenue Bond, Series 2012-A (New Garden/Finney Water Line Extension Project);
- (7) \$3,537,000 Water Revenue Refunding Bond, Series 2014;
- (8) \$93,071 Water Revenue Bond, Series 2015 (Mountain Meadows Line Extension Project);
- (9) \$294,202 Water Revenue Bond, Series 2016 (iPerl Radio Read Meter Replacement Project);
- (10) \$445,925 Water Revenue Bond, Series 2016 (Route 656 East Water Line Extension Project);
- (11) \$197,027 Water Revenue Bond, Series 2017 (Thompson Creek/Tunnel Road Waterline Extension Project); and
- (12) \$512,023 Water Revenue Bond, Series 2017 (Fincastle Estates Waterline Extension Project);

and (b) the following bonds issued by the County that have been assumed by the Borrower (the “County Bonds”):

- (13) \$672,000 Russell County Series 1988 Water Revenue Bond (RD Sword's Creek Project);
- (14) \$900,000 Russell County Sewer Revenue Bond, Series 1996 (RD Dante Project);
- (15) \$119,530 Russell County, Virginia, Water Revenue Bond, Series 1999 (RD Lynn Springs Project);
- (16) \$935,690 Russell County Revenue Bond, Series 2001A (Big A Mountain Project);
- (17) \$1,678,400 Russell County Revenue Bond, Series 2001B (Belfast Project);
- (18) \$344,477 Russell County Revenue Bond, Series 2001C (Pine Creek Project);
- (19) \$822,366 Russell County Revenue Bond, Series 2002A (Swords Creek Public Service Authority) (Clark's Valley Project);
- (20) \$556,538 Russell County Revenue Bond, Series 2005A (Drill Mountain Project);
- (21) \$91,439 Russell County Revenue Bond, Series 2005B (Clark's Valley—South Extension Water Project);
- (22) \$1,906,717 Russell County Revenue Bond, Series 2005E (Belfast –Rosedale Project);
- (23) \$415,518 Russell County Revenue Bond, Series 2006A (Miller Creek/Frank's Hollow/Honeysuckle Lane Project); and
- (24) \$197,170 Russell County Revenue Bond, Series 2007A (Belfast—Highlands and Yates Project);

and (c) the following bonds issued by Castlewood WSA that have been assumed by the Borrower (the "Castlewood WSA Bonds"):

~~(25) — \$350,000 Water Revenue Bond, Series of 2000 (Castlewood Water Project);~~

~~(26)~~(25) \$640,000 Water and Sewer Revenue Bond, Series 2001 (Red Oak Ridge Water Project);

~~(27)~~(26) \$653,250 Water and Sewer Revenue Bond, Series 2002 (Mew Road Water Project);

~~(28)~~(27) \$142,481 Water and Sewer Revenue Bond, Series 2002-B (Dante Sewer Project);

~~(29)~~(28) _____ \$661,019 Water and Sewer Revenue Bond, Series 2004 (Carbo/Back Valley Water Project);

~~(30)~~—\$937,300 ~~Water Revenue Bond, Series of 2005 (Dante Rehabilitation Water Project);~~

~~(31)~~(29) _____ \$299,409 Water and Sewer Revenue Bond, Series 2006 (Seven Springs Water Project);

~~(32)~~(30) _____ \$359,813 Water and Sewer Revenue Bond, Series 2008A (Castlewood Heights Water Project);

~~(33)~~(31) _____ \$200,400 Water and Sewer Revenue Bond, Series 2008B (Blue Devil Water Project);

~~(34)~~(32) _____ \$167,012 Water and Sewer Revenue Bond, Series 2010 (Kingland Heights Water Project);

~~(35)~~(33) _____ \$100,000 Water and Sewer Revenue Bond, Series 2011 (Castlewood Phase One Water Project);

~~(36)~~(34) _____ \$325,473 Water and Sewer Revenue Bond, Series 2012 (Route 58/Memorial Drive/Greystone Water Project);

~~(37)~~—\$2,200,000 ~~Sewer Revenue Bond, Series of 2013 (Sewer Phase 1A);~~

~~(38)~~(35) _____ \$163,680 Water and Sewer Revenue Bond, Series 2015 (Upper Bear Wallow Water Project); and

~~(39)~~(36) _____ \$317,151 Water and Sewer Revenue Bond, Series 2016 (Radio Read Meter Replacement and Telemetry Installation Project).

EXHIBIT G
ORIGINAL FINANCING AGREEMENTS
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

[To Be Provided]

EXHIBIT H

**PRIOR BONDS AND EXISTING PARITY BONDS
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY**

[To Be Completed by Borrower's Bond Counsel]

Prior Bonds:

None

Existing Parity Bonds:

EXHIBIT I

**DEBT SERVICE SCHEDULES
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY**

[To Be Provided]

EXHIBIT J
FORM OF BUDGET
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

(To Be on Borrower's Letterhead)

[Date]

Executive Director
 Virginia Resources Authority
 1111 East Main Street, Suite 1920
 Richmond, VA 23219

Dear Mr./Ms. _____:

Pursuant to the Financing Agreement[s] between Virginia Resources Authority and The Russell County Public Service Authority, a copy of the fiscal year [20xx] annual budget is enclosed. Such annual budget provides for the satisfaction of the rate covenant as demonstrated below.

Revenues ¹	Operation & Maintenance Expense	Net Revenues Available for Debt Service (Revenues – O&M Expense)	Debt Service	Coverage (Net Revenues Available for Debt Service/Debt Service)

¹ Of the amount set forth here as Revenues, \$_____ is derived from a transfer from the County of Russell, Virginia's general fund pursuant to the Support Agreement.

All capitalized terms used herein shall have the meaning set forth in the Financing Agreement[s].

Very truly yours,

By: _____

Its: _____

EXHIBIT K

AMENDED AND RESTATED SUPPORT AGREEMENT THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

THIS AMENDED AND RESTATED SUPPORT AGREEMENT is made as of the first day of _____, 2020, by and among the **BOARD OF SUPERVISORS OF RUSSELL COUNTY, VIRGINIA** (the “Board”), acting as the governing body of Russell County, Virginia (the “County”), **THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY** (the “Borrower”), and the **VIRGINIA RESOURCES AUTHORITY** (the “Authority”), as Administrator of the **VIRGINIA WATER SUPPLY REVOLVING FUND** (the “Fund”) and as purchaser of the Local Bonds, as hereinafter defined, pursuant to a Master Financing Agreement dated as of the date hereof (the “Master Financing Agreement”), between the Authority and the Borrower.

RECITALS:

WHEREAS, the Borrower was created by the Board pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) and owns and operates the System in the County;

WHEREAS, the Borrower has previously issued its bonds as described on Exhibit A (the “Russell PSA Bonds”) pursuant to certain financing agreements, between the Authority, as Administrator of the Fund, and the Borrower;

WHEREAS, The Castlewood Water and Sewage Authority (“Castlewood WSA”) has previously issued its bonds as described on Exhibit A (the “Castlewood WSA Bonds”) pursuant to certain financing agreements, between the Authority, as Administrator of the Fund, and Castlewood WSA;

WHEREAS, the County of Russell, Virginia (the “County”) has previously issued its bonds as described on Exhibit A (the “County Bonds”) pursuant to certain financing agreements, between the Authority, as Administrator of the Fund, and Castlewood WSA;

WHEREAS, the Borrower desires to amend and restate its obligations with respect to the Russell PSA Bonds, assume the obligations of Castlewood WSA with respect to the Castlewood WSA Bonds and assume the obligations of the County with respect to the County Bonds;

WHEREAS, the Board adopted on _____, 2020, a resolution authorizing, among other things, the execution of an agreement providing for a non-binding obligation of the Board to consider certain appropriations in support of the Castlewood WSA Bonds, the County Bonds and the Russell PSA Bonds (collectively, the “Local Bonds”).

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. Unless otherwise defined, each capitalized term used in this Support Agreement shall have the meaning given it in the Master Financing Agreement.

2. No later than May 15 of each year, beginning May 15, 20__, the Borrower shall notify the Board of the amount (the "Annual Deficiency Amount") by which the Borrower reasonably expects the Revenues to be insufficient to pay (i) the debt service obligations under the Master Financing Agreement, the Local Bonds and any other indebtedness secured by or payable from the Revenues, including the Existing Parity Bonds set forth on Exhibit H to the Master Financing Agreement, (ii) the Operation and Maintenance Expense, and (iii) the Additional Payments in full as and when due during the County's fiscal year beginning the following July 1.

3. The County Administrator of the County (the "County Administrator") shall include the Annual Deficiency Amount in his budget submitted to the Board for the following fiscal year as an amount to be appropriated to or on behalf of the Borrower. The County Administrator shall deliver to the Authority within ten days after the adoption of the County's budget for each fiscal year, but not later than July 15 of each year, a certificate stating whether the Board has appropriated to or on behalf of the Borrower an amount equal to the Annual Deficiency Amount.

4. If at any time Revenues shall be insufficient to make any of the payments referred to in paragraph 3 hereof, the Borrower shall notify the County Administrator of the amount of such insufficiency and the County Administrator shall request a supplemental appropriation from the Board in the amount necessary to make such payment.

5. The County Administrator shall present each request for appropriation pursuant to paragraph 5 above to the Board, and the Board shall consider such request, at the Board's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify the Authority as to whether the amount so requested was appropriated. If the Board shall fail to make any such appropriation, the County Administrator shall add the amount of such requested appropriation to the Annual Deficiency Amount reported to the County by the County Administrator for the County's next fiscal year.

6. The Board hereby undertakes a non-binding obligation to appropriate such amounts as may be requested from time to time pursuant to paragraphs 4 and 5 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The Board, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards of Supervisors do likewise.

7. The Board acknowledges that (i) the Authority would not purchase the Local Bonds without the security and credit enhancement provided by this Agreement, and (ii) the Authority is treating this Agreement as a “local obligation” within the meaning of Section 62.1-199 of the Code of Virginia of 1950, as amended (the “Virginia Code”), which in the event of a nonpayment hereunder authorizes the Authority to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Virginia Code. In purchasing the Local Bonds, the Authority is further relying on Section 62.1-216.1 of the Virginia Code, providing that if the Governor is satisfied that the nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the County of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the County for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to the Authority, so as to cure, or cure insofar as possible, such nonpayment.

8. Nothing herein contained is or shall be deemed to be a lending of the credit of the County to the Borrower, the Authority or to any holder of the Local Bonds or to any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County, nor shall anything herein contained legally bind or obligate the Board to appropriate funds for the purposes described herein.

9. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to _____, Attention: County Administrator, (ii) if to the Borrower, to _____, Attention: Chairman, and (iii) if to the Authority, to 1111 East Main Street, Suite 1920, Richmond, Virginia, 23219, Attention: Executive Director. Any party may designate any other address for notices or requests by giving notice.

10. It is the intent of the parties hereto that this Agreement shall be governed by the laws of the Commonwealth of Virginia.

11. This Agreement shall remain in full force and effect until the Local Bonds and all other amounts payable by the Borrower under the Master Financing Agreement have been paid in full.

12. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

**BOARD OF SUPERVISORS OF RUSSELL COUNTY,
VIRGINIA**

By: _____

Title: _____

**THE RUSSELL COUNTY PUBLIC SERVICE
AUTHORITY**

By: _____

Title: _____

**VIRGINIA RESOURCES AUTHORITY, as
Administrator of the Virginia Water Supply Revolving
Fund**

By: _____

Title: _____

EXHIBIT A

LOCAL BONDS

THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

[To Be Provided]

FINANCING AGREEMENT

dated as of _____ 1, 2019

BETWEEN

VIRGINIA RESOURCES AUTHORITY,

**as Administrator of the
Virginia Water Supply Revolving Fund**

AND

THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

Virginia Resources Authority
Virginia Water Supply Revolving Fund

Loan No. WSL-020-18

Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT is made as of this first day of _____, 2019, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia (the “Authority”), as Administrator of the **VIRGINIA WATER SUPPLY REVOLVING FUND**, and **THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY**, a body politic and corporate and a political subdivision of the Commonwealth of Virginia (the “Borrower”).

Pursuant to Chapter 23, Title 62.1 of the Code of Virginia (1950), as amended (the “Act”), the General Assembly created a permanent and perpetual fund known as the “Virginia Water Supply Revolving Fund” (the “Fund”). In conjunction with the Board of Health, the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance or refinance the costs of water supply facilities within the meaning of Section 62.1-233 of the Act.

The Borrower has requested a loan from the Fund and will evidence its obligation to repay such loan by the Local Bond the Borrower will issue and sell to the Authority, as Administrator of the Fund. The Borrower will use the proceeds of the sale of the Local Bond to the Authority to finance that portion of the Project Costs not being paid from other sources, all as further set forth in the Project Budget.

ARTICLE I **DEFINITIONS**

Section 1.1. Definitions. The capitalized terms contained in this Agreement and not defined above shall have the meanings set forth below unless the context requires otherwise and any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Act:

“**Additional Payments**” means the payments required by Section 6.2.

“**Agreement**” means this Financing Agreement between the Authority and the Borrower, together with any amendments or supplements hereto.

“**Annual Administrative Fee**” means the portion of the Cost of Funds specified in Section 6.1(a)(ii) payable as an annual fee for administrative and management services attributable to the Local Bond.

“**Authorized Representative**” means any member, official or employee of the Borrower authorized by resolution, ordinance or other official act of the governing body of the Borrower to perform the act or sign the document in question.

“**Board**” means the Virginia Board of Health.

“Closing Date” means the date of the delivery of the Local Bond to the Authority, as Administrator of the Fund.

“Commitment Letter” means the commitment letter from the Authority to the Borrower, dated _____, 2019, and all extensions and amendments thereto.

“Consulting Engineer” means the engineer or firm of independent consulting engineers of recognized standing and experienced in the field of sanitary engineering and registered to do business in Virginia which is designated by the Borrower from time to time as the Borrower’s consulting engineer in accordance with Section 4.5 in a written notice to the Authority. Such individual or firm shall be subject to the reasonable approval of the Authority. Unless and until the Authority notifies the Borrower otherwise, any of the Borrower’s employees that are licensed and registered as professional engineers in the Commonwealth of Virginia may serve as Consulting Engineer under this Agreement.

“Cost of Funds” means interest, including the part thereof allocable to the Annual Administrative Fee, payable as set forth in Section 6.1.

“County” means the County of Russell, Virginia.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Department” means the Virginia Department of Health.

“Event of Default” shall have the meaning set forth in Section 11.1.

“Existing Parity Bonds” means any of the Borrower’s bonds, notes or other evidences of indebtedness, as further described on Exhibit F, that on the date of the Local Bond’s issuance and delivery were secured by or payable from a pledge of Revenues on a parity with the pledge of Revenues securing the Local Bond.

“Fiscal Year” means the period of twelve months established by the Borrower as its annual accounting period.

“Funding Agreement” means the Funding Agreement, dated as of the date hereof, between the Authority, as Administrator of the Fund, and the Borrower.

“Local Bond” means the bond in substantially the form attached to this Financing Agreement as Exhibit A issued by the Borrower to the Authority, as Administrator of the Fund, pursuant to this Agreement.

“Local Bond Proceeds” means the proceeds of the sale of the Local Bond to the Authority, as Administrator of the Fund, pursuant to this Agreement.

“Local Resolution” means all resolutions or ordinances adopted by the governing body of the Borrower approving the transactions contemplated by and authorizing the execution and delivery of this Agreement and the Transfer Agreement and the execution, issuance and delivery of the Local Bond.

“Net Proceeds” means the gross proceeds from any insurance recovery or condemnation award remaining after payment of attorneys’ fees and expenses of the Authority and all other expenses incurred in the collection of such gross proceeds.

“Net Revenues Available for Debt Service” means the Revenues less amounts necessary to pay Operation and Maintenance Expense.

“Operation and Maintenance Expense” means the costs of operating and maintaining the System determined pursuant to generally accepted accounting principles, exclusive of (i) interest on any debt secured by or payable from Revenues, (ii) depreciation and any other items not requiring the expenditure of cash, (iii) any amounts expended for capital replacements, repairs and maintenance not recurring annually or reserves therefor, and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

“Opinion of Counsel” means a written opinion of recognized bond counsel, acceptable to the Authority.

“Parity Bonds” means bonds, notes or other evidences of indebtedness of the Borrower issued under Section 10.5.

“Prior Bonds” means any of the Borrower’s bonds, notes or other evidences of indebtedness, as further described in Exhibit F, that on the date of the Local Bond’s issuance and delivery were secured by or payable from a pledge of Revenues all or any portion of which was superior to the pledge of Revenues securing the Local Bond.

“Project” means the particular project described in Exhibit B, the costs of the construction, acquisition or equipping of which are to be financed or refinanced in whole or in part with the Local Bond Proceeds.

“Project Budget” means the budget for the financing or the refinancing of the Project, a copy of which is attached to this Agreement as Exhibit C, with such changes therein as may be approved in writing by the Authority.

“Project Costs” means the costs of the construction, acquisition or equipping of the Project, as further described in the Project Budget, and such other costs as may be approved in writing by the Authority, provided such costs are permitted by the Act.

“Qualified Independent Consultant” shall mean an independent professional consultant having the skill and experience necessary to provide the particular certificate, report or approval required by the provision of this Agreement in which such requirement appears, including without limitation a Consulting Engineer, so long as such individual is not an employee of the

Borrower, and an independent certified public accountant or firm of independent certified public accountants. Such individual or firm shall be subject to the reasonable approval of the Authority.

“Revenues” means (i) all rates, fees, rentals, charges and income properly allocable to the System in accordance with generally accepted accounting principles or resulting from the Borrower’s ownership or operation of the System, excluding customer and other deposits subject to refund until such deposits have become the Borrower’s property, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) interest on any money or securities related to the System held by or on behalf of the Borrower, (iv) amounts that may be appropriated for and paid to the Borrower by the County under the Support Agreement or otherwise, and (v) any other income from other sources pledged by the Borrower to the payment of its Local Bond.

“Service Contracts” means the Agreement for Sale and Purchase of Water dated May 6, 2014, between the Borrower and the Buchanan County Public Service Authority; Water Sale Agreement dated July 8, 2015, between the Borrower and the Town of Honaker, Virginia; Agreement for the Bulk Sales of Water dated March 14, 2002, between the Borrower and the Town of Lebanon, Virginia; Agreement for the Bulk Sale of Water dated June 11, 2001, between the Borrower and the Tazewell County Public Service Authority; and Contract for Sale of Water dated October 3, 2013, between the Borrower and the Washington County Service Authority [ADD ANY SERVICE CONTRACTS TRANSFERRED FROM CASTLEWOOD WSA].

“Subordinate Bonds” means bonds, notes or other evidences of indebtedness of the Borrower described on Exhibit F, secured by or payable from a pledge of Revenues expressly made subordinate to the pledge of Revenues securing the payment of the Local Bond.

“Support Agreement” means the Support Agreement, dated the date hereof, among the Borrower, the Authority and the County, substantially in the form of Exhibit H hereto.

“System” means all plants, systems, facilities, equipment or property, including but not limited to the Project, owned, operated or maintained by the Borrower and used in connection with the collection, supply, treatment, storage or distribution of water or the collection or treatment of wastewater as the same may from time to time exist.

“Transfer Agreement” means the Transfer Agreement dated as of _____, 2019, between the Borrower and _____.

Section 1.2. Rules of Construction. The following rules shall apply to the construction of this Agreement unless the context requires otherwise:

- (a) Singular words shall connote the plural number as well as the singular and vice versa.
- (b) All references in this Agreement to particular Sections or Exhibits are references to Sections or Exhibits of this Agreement unless otherwise indicated.

(c) The headings and table of contents as used in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by Borrower. The Borrower makes the following representations as the basis for its undertakings under this Agreement:

(a) The Borrower is a duly created and validly existing “local government” (as defined in Section 62.1-233 of the Act) of the Commonwealth of Virginia and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Borrower has full right, power and authority to (i) adopt the Local Resolution and execute and deliver this Agreement, the Support Agreement, the Transfer Agreement and the other documents related thereto, (ii) issue, sell and deliver the Local Bond to the Authority, as Administrator of the Fund, (iii) own and operate the System, (iv) fix, charge and collect charges for the use of and for the services furnished by the System, (v) construct, acquire or equip the Project (as described in Exhibit B) and finance or refinance the Project Costs by borrowing money for such purpose pursuant to this Agreement and the issuance of the Local Bond, (vi) pledge the Revenues of the System to the payment of the Local Bond, and (vii) carry out and consummate all of the transactions contemplated by the Local Resolution, this Agreement, the Support Agreement and the Local Bond.

(c) This Agreement, the Support Agreement, the Transfer Agreement and the Local Bond were duly authorized by the Local Resolution and are in substantially the same form as presented to the governing body of the Borrower at its meeting at which the Local Resolution was adopted.

(d) All governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of the delivery of this Agreement have been obtained for (i) the Borrower’s adoption of the Local Resolution, (ii) the execution and delivery by the Borrower of this Agreement, the Support Agreement, the Transfer Agreement and the Local Bond, (iii) the performance and enforcement of the obligations of the Borrower thereunder, (iv) the acquisition, construction, equipping, occupation, operation and use of the Project, and (v) the operation and use of the System. The Borrower knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals not obtained as of the date hereof cannot be obtained as needed.

(e) This Agreement, the Support Agreement and the Transfer Agreement have been executed and delivered by duly authorized officials of the Borrower and constitute a legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms.

(f) When executed and delivered in accordance with the Local Resolution and this Agreement, the Local Bond will have been executed and delivered by duly authorized officials of the Borrower and will constitute a legal, valid and binding limited obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(g) The issuance of the Local Bond and the execution and delivery of this Agreement, the Support Agreement and the Transfer Agreement and the performance by the Borrower of its obligations thereunder are within the powers of the Borrower and will not conflict with, or constitute a breach or result in a violation of, (i) to the best of the Borrower's knowledge, any Federal, or Virginia constitutional or statutory provision, including the Borrower's charter or articles of incorporation, if any, (ii) any agreement or other instrument to which the Borrower is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property.

(h) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. No event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to this Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

(i) The Borrower (i) to the best of the Borrower's knowledge, is not in violation of any existing law, rule or regulation applicable to it in any way which would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement, the Support Agreement or the Local Bond and (ii) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Borrower is a party or by which it is bound or to which any of its assets is subject, which would have a material adverse effect on its financial condition or its ability to perform its obligations under this Agreement, the Support Agreement or the Local Bond. The execution and delivery by the Borrower of this Agreement, the Support Agreement or the Local Bond and the compliance with the terms and conditions thereof will not conflict with or result in a breach of or constitute a default under any of the foregoing.

(j) There are not pending nor, to the best of the Borrower's knowledge, threatened against the Borrower, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, (i) affecting the creation, organization or existence of the Borrower or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery or performance of the Local Resolution, this Agreement, the Support Agreement or the Local Bond or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Resolution, this Agreement, the Support Agreement, the Local Bond or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or resolution may have a material adverse effect on the Borrower or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Resolution, this Agreement, the Support Agreement or the Local Bond, (v) in any way

affecting or contesting the undertaking of the Project, or (vi) contesting or challenging the power of the Borrower to pledge the Revenues to the payment of the Local Bond.

(k) There have been no defaults by any contractor or subcontractor under any contract made by the Borrower in connection with the construction or equipping of the Project.

(l) No material adverse change has occurred in the financial condition of the Borrower as indicated in the financial statements, applications and other information furnished to the Authority.

(m) Except as may otherwise be approved by the Authority or permitted by the terms of this Agreement, the System at all times is and will be owned by the Borrower and will not be operated or controlled by any other entity or person.

(n) There is no indebtedness of the Borrower secured by or payable from a pledge of Revenues on a parity with or prior to the lien of the pledge of Revenues securing the Local Bond except any Existing Parity Bonds or Prior Bonds set forth on Exhibit F.

(o) The Service Contracts are in full force and effect; no default or event of default has occurred and is continuing under the Service Contracts; and the Borrower is not currently aware of any fact or circumstance that would have an adverse impact on the Borrower's ability to set rates, to receive payments, or to exercise any other rights and remedies available to the Borrower, under or pursuant to the Service Contracts.

(p) No Event of Default or Default has occurred and is continuing.

ARTICLE III

ISSUANCE AND DELIVERY OF THE LOCAL BOND

Section 3.1. Loan to Borrower and Purchase of the Local Bond. The Borrower agrees to borrow from the Authority and the Authority agrees to lend to the Borrower, from the Fund, the principal amount equal to the sum of the principal disbursements made pursuant to Section 4.1, but not to exceed \$_____ for the purposes herein set forth, a portion of which may be made from federal financial assistance. The Borrower's obligation shall be evidenced by the Local Bond, which shall be in substantially the form of Exhibit A attached hereto and made a part hereof and delivered to the Authority on the Closing Date. The Local Bond shall be in the original principal amount of the loan and shall mature, bear a Cost of Funds and be payable as hereinafter provided.

Section 3.2. Conditions Precedent to Purchase of the Local Bond. The Authority shall not be required to make the loan to Borrower and purchase the Local Bond unless the Authority shall have received the following, all in form and substance satisfactory to the Authority:

(a) The Local Bond, the Funding Agreement, the Support Agreement and the Transfer Agreement.

- (b) A certified copy of the Local Resolution.
- (c) A certificate of appropriate officials of the Borrower as to the matters set forth in Section 2.1 and such other matters as the Authority may reasonably require.
- (d) A closing certificate from the Department certifying that the Project is in compliance with all federal and state laws and project requirements applicable to the Fund.
- (e) A certificate of the Consulting Engineer estimating the total Project Costs to be financed with the Local Bond Proceeds, which estimate is in an amount and otherwise compatible with the financing plan described in the Project Budget.
- (f) A certificate of the Consulting Engineer to the effect that in the opinion of the Consulting Engineer (i) the Project will be a part of the System, and (ii) the Local Bond Proceeds and funds available from the other sources specified in the Project Budget will be sufficient to pay the estimated Project Costs.
- (g) A certificate, including supporting documentation, of a Qualified Independent Consultant that in the opinion of the Qualified Independent Consultant, during the first two complete Fiscal Years of the Borrower following completion of the Project, the projected Net Revenues Available for Debt Service will satisfy the rate covenant made by the Borrower in Section 5.1(a). In providing this certificate, the Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the governing body of the Borrower and any other person or entity required to give approval for the rate increase to become effective. In addition, the Qualified Independent Consultant may take into consideration additional future revenues to be derived under existing contractual arrangements entered into by the Borrower and from reasonable estimates of growth in the consumer base of the Borrower.
- (h) A certificate of the Consulting Engineer as to the date the Borrower is expected to complete the acquisition, construction and equipping of the Project.
- (i) Evidence satisfactory to the Authority that all governmental permits, licenses, registrations, certificates, authorizations and approvals for the Project required to have been obtained as of the date of the delivery of this Agreement have been obtained and a statement of the Consulting Engineer that he knows of no reason why any future required governmental permits, licenses, registrations, certificates, authorizations and approvals cannot be obtained as needed.
- (j) Evidence satisfactory to the Authority that the Borrower has obtained or has made arrangements satisfactory to the Authority to obtain any funds or other financing for the Project as contemplated in the Project Budget.

(k) Evidence satisfactory to the Authority that the Borrower has performed and satisfied all of the terms and conditions contained in this Agreement to be performed and satisfied by it as of such date.

(l) An Opinion of Counsel, substantially in the form of Exhibit D, addressed to the Fund and the Authority.

(m) An opinion of counsel to the Borrower in form and substance reasonably satisfactory to the Authority.

(n) Evidence satisfactory to the Authority that the Borrower has complied with the insurance provisions set forth in Sections 9.1 and 9.2 hereof.

(o) Evidence that the Borrower has satisfied all conditions precedent to the issuance of the Local Bond as a "Parity Bond" under the financing agreements for the Existing Parity Bonds.

(p) Evidence satisfactory to the Authority that the Service Contracts are in full force and effect and that they are binding and enforceable agreements as to each of the Borrower and the other parties to such agreements.

(q) Such other documentation, certificates and opinions as the Authority, the Board or the Department may reasonably require, including an opinion from counsel acceptable to the Authority that the Support Agreement and the Transfer Agreement are valid and enforceable against the Borrower, subject to usual and customary qualifications.

ARTICLE IV

USE OF LOCAL BOND PROCEEDS AND CONSTRUCTION OF PROJECT

Section 4.1. Application of Proceeds.

(a) The Borrower agrees to apply the Local Bond Proceeds solely and exclusively to the payment, or the reimbursement of the Borrower for the payment, of Project Costs and further agrees to exhibit to the Board or the Authority receipts, vouchers, statements, bills of sale or other evidence of the actual payment of such Project Costs. The Authority shall disburse money from the Fund to or for the account of the Borrower not more frequently than once each calendar month (unless otherwise agreed by the Authority and the Borrower) upon receipt by the Authority (with a copy to be furnished to the Board) of the following:

(1) A requisition (upon which the Authority, the Board and the Department shall be entitled to rely) signed by an Authorized Representative and containing all information called for by, and otherwise being in the form of, Exhibit E to this Agreement;

(2) If any requisition includes an item for payment for labor or to contractors, builders or materialmen,

(i) a certificate, signed by the Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and

(ii) a certificate, signed by an Authorized Representative, stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Upon receipt of each such requisition and accompanying certificate or certificates and approval thereof by the Board, the Authority shall disburse Local Bond Proceeds hereunder to or for the account of the Borrower in accordance with such requisition in an amount and to the extent approved by the Board and shall note the date and amount of each such disbursement on a schedule of principal disbursements to be included on the Local Bond. The Authority shall have no obligation to disburse any such Local Bond Proceeds if the Borrower is in default hereunder nor shall the Board have any obligation to approve any requisition if the Borrower is not in compliance with the terms of this Agreement.

(b) The Borrower shall comply with all applicable laws of the Commonwealth of Virginia, including but not limited to, the Virginia Public Procurement Act, as amended, regarding the awarding and performance of public construction contracts related to the Project. Except as may otherwise be approved by the Board, disbursements shall be held at ninety-five percent (95%) of the maximum authorized amount of the Local Bond to ensure satisfactory completion of the Project. Upon receipt from the Borrower of the certificate specified in Section 4.2 and a final requisition detailing all retainages to which the Borrower is then entitled, the Authority, to the extent approved by the Board and subject to the provisions of this Section and Section 4.2, will disburse to or for the account of the Borrower Local Bond Proceeds to the extent of such approval.

The Authority shall have no obligation to disburse Local Bond Proceeds in excess of the amount necessary to pay for approved Project Costs. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, principal installments due on the Local Bond shall be reduced only in accordance with Section 6.1.

Section 4.2. Agreement to Accomplish Project. The Borrower agrees to cause the Project to be acquired, constructed, expanded, renovated or equipped as described in Exhibit B and in accordance with the Project Budget and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Board. The Borrower shall use its best efforts to complete the Project by the date set forth in the certificate provided to the Authority pursuant to Section 3.2(h). All plans, specifications and designs shall be approved by all applicable regulatory agencies. The Borrower agrees to maintain complete and accurate books and records of the Project Costs and permit the Authority and the Board through their duly authorized representatives to inspect such books and records at any reasonable time. The Borrower and the

Authority, with the consent of the Board, may amend the description of the Project set forth in Exhibit B.

When the Project has been completed, the Borrower shall promptly deliver to the Authority and the Board a certificate signed by an Authorized Representative of the Borrower and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Section, the plans and specifications as amended from time to time, as approved by the Board, and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion, (iii) that all certificates of occupancy or other material permits necessary for the Project's use, occupancy and operation have been issued or obtained, and (iv) the amount, if any, to be reserved for payment of Project Costs.

Section 4.3. Permits. The Borrower, at its sole cost and expense, shall comply with, and shall obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the Project. The Borrower shall, upon request, promptly furnish to the Authority and the Board copies of all such permits, consents and approvals. The Borrower shall also comply with all lawful program or procedural guidelines or requirements duly promulgated and amended from time to time by the Board in connection with the acquisition, construction, equipping, occupation, operation or use of projects financed from the Fund under the Act. The Borrower shall also comply in all respects with all applicable federal laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding thereof from the Fund, including, but not limited to, the federal "crosscutting" requirements identified in Schedule A of the Commitment Letter. Where noncompliance with such requirements is determined by the Authority or the Board, the issue shall be referred to the proper federal authority or agency for consultation or enforcement action.

Section 4.4. Construction Contractors. Each construction contractor employed in the accomplishment of the Project shall be required in the construction contract to furnish a performance bond and a payment bond each in an amount equal to one hundred percent (100%) of the particular contract price. Such bonds shall list the Borrower, the Fund, the Authority and the Board as beneficiaries. Each contractor shall be required to maintain during the construction period covered by the particular construction contract builder's risk insurance, workers' compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer. Upon request of the Authority or the Board, the Borrower shall cause each contractor to furnish evidence of such bonds and insurance to the Authority and the Board.

Section 4.5. Engineering Services. The Borrower shall retain a Consulting Engineer to provide engineering services covering the operation of the System and the supervision and inspection of the construction of the Project. The Consulting Engineer shall certify to the Fund, the Authority and the Board as to the various stages of the completion of the Project as disbursements of Local Bond Proceeds are requested and shall upon completion of the Project provide to the Fund, the Authority and the Board the certificates required by Sections 4.1 and 4.2.

Section 4.6. Borrower Required to Complete Project. If the Local Bond Proceeds are not sufficient to pay in full the cost of the Project, the Borrower will complete the Project at its own expense and shall not be entitled to any reimbursement therefor from the Fund, the Authority or the Board or any abatement, diminution or postponement of the Borrower's payments under the Local Bond or this Agreement.

ARTICLE V

PLEDGE, REVENUES AND RATES

Section 5.1. Pledge of Revenues; Rate Covenant. Subject to the Borrower's right to apply Revenues to the payment of Operation and Maintenance Expense, the Revenues are hereby pledged to the Authority, as Administrator of the Fund, to secure the payment of the principal of and Cost of Funds on the Local Bond and the payment and performance of the Borrower's obligations under this Agreement. This pledge shall be valid and binding from and after the execution and delivery of this Agreement. The Revenues, as received by the Borrower, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. The lien of this pledge of the Revenues is on a parity with the lien of the pledge of the Revenues securing the Existing Parity Bonds. The lien of this pledge shall, subject to the right of the Borrower to apply Revenues to the payment of Operation and Maintenance Expense, have priority over all other obligations and liabilities of the Borrower, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the Borrower regardless of whether such parties have notice of this pledge.

(a) The Borrower covenants and agrees that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues Available for Debt Service will equal at least 100% of the amount required during the Fiscal Year to pay the principal of and Cost of Funds on the Local Bond, the Additional Payments and all other indebtedness of the Borrower secured by or payable from Revenues including without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles. If, for any reason, the Revenues are insufficient to satisfy the foregoing covenant, the Borrower shall within ninety (90) days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expense so as to provide sufficient Revenues to satisfy such requirement.

(b) On or before the last day of each Fiscal Year, the Borrower shall review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the Borrower's rates, fees and other charges are insufficient to satisfy the rate covenant in subsection (a) of this Section, the Borrower shall promptly take appropriate action to increase its rates, fees and other charges or reduce its Operations and Maintenance Expense to cure any deficiency.

Section 5.2. Annual Budget. The Borrower agrees before the first day of each Fiscal Year to adopt a budget for such Fiscal Year containing all information called for by, and otherwise

being in the form of, Exhibit H to this Agreement, for such Fiscal Year setting forth a schedule of the rates, fees and other charges to be imposed by the Borrower, the Revenues estimated to be generated thereby, the expenditures anticipated by the Borrower for operations, maintenance, repairs, replacements, improvements, debt service and other purposes, and specifically identifying any amounts made available by the County pursuant to the Support Agreement. Such budget as approved by the Borrower's governing body is referred to in this Agreement as the Annual Budget. The Borrower may at any time during any Fiscal Year amend the Annual Budget for such Fiscal Year so long as such amendment does not result in a Default. The Borrower shall submit a copy of the Annual Budget and any amendments thereto to the Authority.

Section 5.3. Qualified Independent Consultant's Report. (a) If at the end of any Fiscal Year, the Borrower is not in compliance with the rate covenant made by the Borrower in Section 5.1(a), within two hundred ten (210) days after the end of such Fiscal Year, the Borrower shall obtain a report from the Qualified Independent Consultant giving advice and making recommendations as to the proper maintenance, repair, replacement and operation of the System for the next ensuing Fiscal Year and estimating the costs thereof as to the rates, fees, and other charges which should be established by the Borrower to satisfy the rate covenant in Section 5.1(a). The Borrower shall promptly furnish a copy of such report to the Authority and, subject to Section 5.3(b), take measures to implement the recommendations of the Qualified Independent Consultant within ninety (90) days of obtaining such report.

(b) If the Borrower determines that the Qualified Independent Consultant's recommendations are impractical or inappropriate, the Borrower may in lieu thereof adopt other procedures which the Borrower believes will bring it into compliance with the rate covenant made by the Borrower in Section 5.1(a) when such measures have been implemented and become fully effective. Such alternative plan shall be filed with the Authority not later than thirty (30) days after receipt of the Qualified Independent Consultant's report along with a detailed explanation of the Borrower's reason for rejecting the Qualified Independent Consultant's recommendations. Notwithstanding anything herein to the contrary, the Authority reserves the right, in its sole discretion, to reject such alternate procedures and require the Borrower to comply with the Qualified Independent Consultant's recommendations.

ARTICLE VI **PAYMENTS**

Section 6.1. Payment of Local Bond. (a) The Local Bond shall be dated the date of its delivery to the Authority. The Cost of Funds on the Local Bond shall be computed on the disbursed principal balance thereof from the date of each disbursement at the rate of two and fifty one-hundredths percent (2.50%) per annum, consisting of the following:

- (i) interest of one percent (1.00%) per annum payable for the benefit of the Fund, and
- (ii) one and fifty one-hundredths percent (1.50%) per annum payable as an Annual Administrative Fee.

(b) The Cost of Funds only on all amounts disbursed under the Local Bond shall be due and payable on _____ 1, 20___. Commencing _____ 1, 20__ and continuing semi-annually thereafter on _____ 1 and _____ 1 in each year, principal and Cost of Funds due under the Local Bond shall be payable in equal installments of \$_____, with a final installment of \$_____ due and payable on _____ 1, 20___, when, if not sooner paid, all amounts due hereunder and under the Local Bond shall be due and payable in full. Each installment shall be applied first to payment of the Cost of Funds accrued and unpaid to the payment date and then to principal. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, the principal amount due on the Local Bond shall not include such undisbursed amount. However, unless the Borrower and the Authority agree otherwise in writing, until all amounts due hereunder and under the Local Bond shall have been paid in full, less than full disbursement of the maximum authorized amount of the Local Bond shall not postpone the due date of any semi-annual installment due on the Local Bond, or change the amount of such installment. If any installment of principal of or Cost of Funds on the Local Bond is not paid within ten (10) days after its due date, the Borrower agrees to pay to the Authority a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

Section 6.2. Payment of Additional Payments. In addition to the payments of principal of and Cost of Funds on the Local Bond, the Borrower agrees to pay on demand of the Authority the following Additional Payments:

(1) The costs of the Fund, the Authority, the Department or the Board in connection with the enforcement of this Agreement, including the reasonable fees and expenses of any attorneys used by any of them; and

(2) All expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof.

The Borrower agrees to pay interest on any Additional Payments enumerated in (1) or (2) above not received by the Authority within ten (10) days after demand therefor at a rate of five percent (5.0%) per annum of the overdue installment from its due date until the date it is paid.

ARTICLE VII **PREPAYMENTS**

Section 7.1. Prepayment of Local Bond. Upon completion of the Project and after giving at least ten (10) days' written notice to the Authority, the Borrower may prepay the Local Bond at any time, in whole or in part and without penalty. Such written notice shall specify the date on which the Borrower will make such prepayment and whether the Local Bond will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such partial prepayment shall be applied against the principal amount outstanding under the Local Bond but shall not postpone the due date of any subsequent payment on the Local Bond, or change the amount of such installment, unless the Borrower and the Authority agree otherwise in writing.

ARTICLE VIII
OPERATION AND USE OF SYSTEM

Section 8.1. Ownership and Operation of Project and System. Except as may otherwise be approved by the Authority or permitted by the terms hereof, the Project and the System at all times shall be owned by the Borrower and shall not be operated or controlled by any other entity or person.

Section 8.2. Maintenance. At its own cost and expense, the Borrower shall operate the System in a proper, sound and economical manner and in compliance with all legal requirements, shall maintain the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

Section 8.3. Additions and Modifications. At its own expense, the Borrower from time to time may make any additions, modifications or improvements to the System which it deems desirable and which do not materially reduce the value of the System or the structural or operational integrity of any part of the System, provided that all such additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the System.

Section 8.4. Use of System. The Borrower shall comply with all lawful requirements of any governmental authority regarding the System, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational and other changes to the System, irrespective of the cost of making the same.

Section 8.5. Inspection of System and Borrower's Books and Records. The Authority and the Board and their duly authorized representatives and agents shall have such reasonable rights of access to the System as may be necessary to determine whether the Borrower is in compliance with the requirements of this Agreement and shall have the right at all reasonable times and upon reasonable prior notice to the Borrower to examine and copy the books and records of the Borrower insofar as such books and records relate to the System.

Section 8.6. Ownership of Land. The Borrower shall not construct, reconstruct or install any part of the System on lands other than those which the Borrower owns or can acquire title to or a perpetual easement over, in either case sufficient for the Borrower's purposes, unless such part of the System is lawfully located in a public street or highway or is a main, conduit, pipeline, main connection or facility located on land in which the Borrower has acquired a right or interest less than a fee simple or perpetual easement and such lesser right or interest has been approved by written opinion of counsel to the Borrower as sufficient for the Borrower's purposes.

Section 8.7. Sale or Encumbrance. No part of the System shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except as provided in any one of the following subsections, or as may be otherwise consented and agreed to by the Authority in writing:

(a) The Borrower may grant easements, licenses or permits across, over or under parts of the System for streets, roads and utilities as will not adversely affect the use of the System;

(b) The Borrower may sell or otherwise dispose of property constituting part of the System if it uses the proceeds of such disposition and any other necessary funds to replace such property with property serving the same or a similar function; and

(c) The Borrower may sell or otherwise dispose of property constituting part of the System; provided, however, (i) no such property shall be sold or otherwise disposed of unless there is filed with the Authority a certificate of the Borrower, signed by an Authorized Representative, stating that such property is no longer needed or useful in the operation of the System, and, if the proceeds of such sale or disposition, together with the aggregate value of any other property sold or otherwise disposed of during the Fiscal Year, shall exceed \$125,000, there shall also be filed with the Borrower and the Authority a certificate of the Consulting Engineer stating that such property is not necessary or useful to the operation of the System, and (ii) the proceeds to be received from any sale or disposition shall be applied first to cure any default that may exist in the payment of the principal of and Cost of Funds on the Local Bond, and then, if such property constitutes part of the Project, to the prepayment of the Local Bond under Article VII hereof.

Section 8.8. Collection of Revenues. The Borrower shall use its best efforts to collect all rates, fees and other charges due to it, including, when appropriate, by perfecting liens on premises served by the System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Borrower shall, to the full extent permitted by law, discontinue and shut off, or cause to be discontinued and shut off, services and facilities of the System, and use its best efforts to cause to be shut off water service furnished otherwise than through the System, to customers of the System who are delinquent beyond any customary grace periods in the payment of rates, fees and other charges due to the Borrower.

Section 8.9. No Free Service. The Borrower shall not permit connections with or the use of the System, or furnish any services afforded by the System, without making a charge therefor based on the Borrower's uniform schedule of rates, fees and charges.

Section 8.10. No Competing Service. The Borrower shall not provide, grant any franchise to provide or give consent for anyone else to provide, any services which would compete with the System.

Section 8.11. Mandatory Connection. The Borrower shall, consistent with applicable law, require the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by the System and upon which lot or parcel a building shall have been

constructed for residential, commercial or industrial use, to connect such building to the System; provided, however, the Borrower may permit the continued use of private systems, meeting the standards of the Board, by any such building already in existence at the time the services of the System become available to it upon such conditions as may be specified by the Borrower.

Section 8.12. Lawful Charges. The Borrower shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the “Governmental Charges”) which are (i) assessed, levied or imposed against the System or the Borrower’s interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the System. The Borrower shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the System or the Revenues (collectively, the “Mechanics’ Charges”). The Borrower, however, after giving the Authority ten (10) days’ notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics’ Charges. If such a contest occurs, the Borrower may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in the reasonable opinion of the Authority, such action may impair the lien on Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics’ Charges promptly shall be satisfied or secured by posting with the Authority or an appropriate court a bond in form and amount reasonably satisfactory to the Authority. Upon request, the Borrower shall furnish to the Authority proof of payment of all Governmental Charges and the Mechanics’ Charges required to be paid by the Borrower under this Agreement.

ARTICLE IX

INSURANCE, DAMAGE AND DESTRUCTION

Section 9.1. Insurance. Unless the Authority otherwise agrees in writing, the Borrower continuously shall maintain or cause to be maintained insurance against such risks as are customarily insured against by public bodies operating systems similar in size and character to the System, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the System’s insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia); provided that during the construction of the Project, the Borrower may provide or cause to be provided, in lieu of the insurance in the amount of the full replacement cost of the Project, builders’ risk or similar types of insurance in the amount of the full replacement cost thereof. The determination of replacement cost shall be made by a recognized appraiser or insurer selected by the Borrower and reasonably acceptable to the Authority.

(b) Comprehensive general liability insurance with a combined single limit of \$2,000,000 per year against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership, maintenance, operation or use of the System.

(c) Unless the Borrower qualifies as a self-insurer under the laws of Virginia, workers' compensation insurance.

The Authority shall not have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance, or (ii) the application of the proceeds of insurance.

The Borrower shall provide no less often than annually and upon the written request of the Authority a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in full force and effect.

Section 9.2. Requirements of Policies. All insurance required by Section 9.1 shall be maintained with generally recognized, responsible insurance companies selected by the Borrower and reasonably acceptable to the Authority. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other utility systems of like size and character to the System and shall contain an undertaking by the insurer that such policy shall not be modified adversely to the interests of, or canceled without at least thirty (30) days' prior notice to, the Authority. If any such insurance is not maintained with an insurer licensed to do business in Virginia or placed pursuant to the requirements of the Virginia Surplus Lines Insurance Law (Chapter 48, Title 38.2, Code of Virginia of 1950, as amended) or any successor provision of law, the Borrower shall provide evidence reasonably satisfactory to the Authority that such insurance is enforceable under Virginia law.

Section 9.3. Notice of Damage, Destruction and Condemnation. In the case of (i) any damage to or destruction of any material part of the System, (ii) a taking of all or any part of the System or any right therein under the exercise of the power of eminent domain, (iii) any loss of the System because of failure of title, or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, the Borrower shall give prompt notice thereof to the Authority describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 9.4. Damage and Destruction. If all or any part of the System is destroyed or damaged by fire or other casualty, and the Borrower shall not have exercised its option to prepay in full the Local Bond pursuant to Article VII, the Borrower shall restore promptly the property damaged or destroyed to substantially the same condition as before such damage or destruction, with such alterations and additions as the Borrower may determine and which will not impair the capacity or character of the System for the purpose for which it then is being used or is intended to be used. The Borrower may apply so much as may be necessary of the Net Proceeds of insurance received on account of any such damage or destruction to payment of the cost of such restoration, either on completion or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Borrower shall pay so much of the cost as may be in excess of such Net Proceeds. If the Net Proceeds are derived from property constituting part of the Project, any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to prepayment of the Local Bond pursuant to Article VII.

Section 9.5. Condemnation and Loss of Title. If title to or the temporary use of all or any part of the System shall be taken under the exercise of the power of eminent domain or lost because of failure of title, and the Borrower shall not have exercised its option to prepay in full the Local Bond pursuant to Article VII, the Borrower shall cause the Net Proceeds from any such condemnation award or from title insurance to be applied to the restoration of the System to substantially its condition before the exercise of such power of eminent domain or failure of title. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Borrower shall pay so much of the cost as may be in excess of such Net Proceeds. If the Net Proceeds are derived from property constituting part of the Project, any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to prepayment of the Local Bond pursuant to Article VII.

ARTICLE X **SPECIAL COVENANTS**

Section 10.1. Maintenance of Existence. The Borrower shall maintain its existence as a “local government” (as defined in the Act) of the Commonwealth of Virginia and, without consent of the Authority and the Board, shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity. Notwithstanding the foregoing, the Borrower may consolidate or merge with or into, or sell or otherwise transfer all or substantially all of its assets to a political subdivision of the Commonwealth of Virginia, and the Borrower thereafter may dissolve, if the surviving, resulting or transferee political subdivision, if other than the Borrower, assumes, in written form acceptable to the Authority and the Board, all of the obligations of the Borrower contained in the Local Bond and this Agreement, and there is furnished to the Authority and the Board an Opinion of Counsel acceptable to the Authority and the Board subject to customary exceptions and qualifications, to the effect that such assumption constitutes the legal, valid and binding obligation of the surviving, resulting or transferee political subdivision enforceable against it in accordance with its terms.

Section 10.2. Financial Records and Statements. The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs related to the System. The Borrower shall have an annual audit of the financial condition of the Borrower (and at the reasonable request of the Authority, of the System) made by an independent certified public accountant, within one hundred and eighty (180) days after the end of each Fiscal Year. The annual audit shall include a supplemental schedule demonstrating whether the Borrower during such Fiscal Year satisfied the rate covenant made by the Borrower in Section 5.1(a). The Borrower shall furnish to the Authority copies of such report immediately after it is accepted by the Borrower. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the Borrower’s financial position as of the end of such Fiscal Year and the results of the Borrower’s operations and changes in the financial position of its funds for the Fiscal Year.

Section 10.3. Certificate as to No Default. The Borrower shall deliver to the Authority, within one hundred and eighty (180) days after the close of each Fiscal Year, a certificate signed by an Authorized Representative stating that, during such year and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes an Event of Default or a Default, or if such an event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Borrower has taken, is taking or proposes to take to rectify it.

Section 10.4. Additional Indebtedness. The Borrower shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by or payable from a pledge of Revenues, except Subordinate Bonds or Parity Bonds.

Section 10.5. Parity Bonds. Provided the Borrower is not in default hereunder, the Borrower may issue bonds, notes or other evidences of indebtedness (“Parity Bonds”) ranking on parity with the Local Bond with respect to the pledge of Revenues to (i) pay Project Costs to complete the Project, (ii) pay the cost of improvements, additions, extensions, replacements, equipment or betterments and of any property, rights or easements deemed by the Borrower to be necessary, useful or convenient for the System, (iii) refund some or all of the Local Bond, Parity Bonds, Existing Parity Bonds or Prior Bonds, or (iv) effect some combination of (i), (ii) and (iii); provided in each case the following conditions are satisfied. Except to the extent otherwise consented and agreed to by the Authority in writing, before any Parity Bonds are issued or delivered, the Borrower shall deliver to the Authority the following:

(a) Certified copies of all resolutions and ordinances of the Borrower authorizing the issuance of the Parity Bonds.

(b) A certificate of an appropriate official of the Borrower setting forth the purposes for which the Parity Bonds are to be issued and the manner in which the Borrower will apply the proceeds from the issuance and sale of the Parity Bonds.

(c) If the Parity Bonds are authorized for any purpose other than the refunding of the Local Bond, Parity Bonds, Existing Parity Bonds or Prior Bonds, in form and substance satisfactory to the Authority, a certificate of the Consulting Engineer, or with respect to subsection (iv)(C) below, a certificate, including supporting documentation, of the Qualified Independent Consultant, to the effect that in the opinion of the Consulting Engineer or Qualified Independent Consultant, as applicable, (i) the improvements or property to which the proceeds from the issuance of the Parity Bonds are to be applied will be a part of the System, (ii) the funds available to the Borrower from the issuance of the Parity Bonds and other specified sources will be sufficient to pay the estimated cost of such improvements or property, (iii) the period of time which will be required to complete such improvements or acquire such property, and (iv) (A) the Parity Bond proceeds are necessary to complete the Project, (B) the failure to make such improvements or acquire or construct such property will result in an interruption or reduction of Revenues, or (C) during the first two complete Fiscal Years following completion of the improvements or the acquisition of the property financed with the proceeds of the Parity Bonds, the projected Net Revenues Available for Debt Service (excluding any amounts made available by the County pursuant to the Support Agreement) will equal at least 100% of the amount

required during each such Fiscal Year to pay any and all amounts due under the Local Bond, this Agreement, the Parity Bonds, any Existing Parity Bonds or Prior Bonds, and all other indebtedness of the Borrower secured by or payable from Revenues, including without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles. In providing this certificate, as applicable, the Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the governing body of the Borrower and any other person and entity required to give approval for the rate increase to become effective. In addition, the Qualified Independent Consultant may take into consideration additional future revenues of the System to be derived under then existing contractual agreements entered into by the Borrower and from reasonable estimates of growth in the customer base of the Borrower.

(d) If the Parity Bonds are authorized solely to refund the Local Bond (with the consent of the Authority), Existing Parity Bonds, Parity Bonds or Prior Bonds, either (i) a certificate, including supporting documentation, of a Qualified Independent Consultant satisfactory to the Authority that the refunding Parity Bonds will have annual debt service requirements in each of the years the Local Bond, Existing Parity Bonds, Parity Bonds or Prior Bonds to be refunded would have been outstanding which are lower than the annual debt service requirements in each such year on the Local Bond, Existing Parity Bonds, Parity Bonds or the Prior Bonds to be refunded, or (ii) a certificate, including supporting documentation, of the Qualified Independent Consultant to the effect that during the first two complete Fiscal Years following the issuance of the refunding Parity Bonds, the projected Net Revenues Available for Debt Service (excluding any amounts made available by the County pursuant to the Support Agreement) will equal at least 100% of the amount required during each such Fiscal Year to pay any and all amounts due under the Local Bond, this Agreement, the Parity Bonds, any Existing Parity Bonds or Prior Bonds, and all other indebtedness of the Borrower secured by or payable from Revenues, including without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles. In providing the certificate described in clause (ii), the Qualified Independent Consultant may take into account the factors described in the last two sentences of subsection (c) of this Section.

(e) An Opinion of Counsel satisfactory to the Authority subject to customary exceptions and qualifications, approving the form of the resolution authorizing the issuance of the Parity Bonds and stating that its terms and provisions conform with the requirements of this Agreement and that the certificates and documents delivered to the Authority constitute compliance with the provisions of this Section.

Section 10.6. Further Assurances. The Borrower shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights, Revenues and other funds pledged or assigned by this Agreement, or as may be required to carry out the purposes of this Agreement. The Borrower shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledge of the Revenues and other funds pledged under this Agreement and all rights of the Authority and the Board under this Agreement against all claims and demands of all persons.

Section 10.7. Other Indebtedness. The Borrower agrees to pay when due all amounts required by any other bonded indebtedness and to perform all of its obligations in connection therewith.

Section 10.8. Assignment by Borrower. The Borrower may not assign its rights under this Agreement without the prior written consent of the Authority and the Board. If the Borrower desires to assign its rights under this Agreement to another “local government” (as defined in the Act), the Borrower shall give notice of such fact to the Authority and the Board. If the Authority and the Board consent to the proposed assignment, the Borrower may proceed with the proposed assignment, but such assignment shall not become effective until the Authority and the Board are furnished (i) an assumption agreement in form and substance satisfactory to the Authority and the Board by which the assignee agrees to assume all of the Borrower’s obligations under the Local Bond and this Agreement, and (ii) an Opinion of Counsel to the assignee, subject to customary exceptions and qualifications, that the assumption agreement, the Local Bond and this Agreement constitute legal, valid and binding obligations of the assignee enforceable against the assignee in accordance with their terms and that the assignment and assumption comply in all respects with the provisions of this Agreement. Notwithstanding the foregoing, the assignment of the rights of the Borrower under the Local Bond and this Agreement or the assumption of the obligations thereunder by the assignee shall in no way be construed as releasing the Borrower’s obligations.

Section 10.9. Davis-Bacon Act. The Borrower agrees to comply with the Davis-Bacon Act and related acts, as amended, with respect to the Project and require that all laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character, as determined by the United States Secretary of Labor in accordance with Section 1450(e) of the Safe Drinking Water Act and related acts, as amended.

Section 10.10. American Iron and Steel. The Borrower agrees to comply with all federal requirements, including those imposed by the Consolidated Appropriations Act, 2014, P.L. 113-76, and related Drinking Water State Revolving Fund Policy Guidelines, as amended and supplemented and in effect from time to time, with respect to the Project. Such requirements include, among other things, that all iron and steel products used for the Project are to be produced in the United States. The term “iron and steel products” is defined to mean the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete and construction materials.

Section 10.11. Recordkeeping and Reporting. The Borrower agrees to comply with all recordkeeping and reporting requirements under the Safe Drinking Water Act and related acts, as amended, including any reports required by a federal agency or the Authority, such as performance indicators of program deliverables, information on costs and progress with respect to the Project. The Borrower acknowledges that each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities.

Section 10.12. Service Contracts. The Borrower shall give prompt notice to the Authority of any renewal, extension, amendment, default or termination of any of the Service Contracts. The Borrower shall enforce the terms of such agreements and use its best efforts to ensure that such agreements remain in full force and effect during the term of this Agreement.

Section 10.13. Waterworks Business Operations Plan and Rate Study. The Borrower shall provide evidence satisfactory to the Authority and the Department that the Borrower on or before March 31, 2020 has presented a final rate study to the Board of Directors of the Borrower and the County Administrator, which rate study shall project and recommend rates for a five-year period commencing with the Fiscal Year ending June 30, 2021 (the “Rate Study”) that satisfy the Rate Covenant. The Rate Study shall take into account any proposed debt and future projects of the Borrower. The Borrower shall also promptly provide a copy of the Rate Study to the Authority and the Department. Furthermore, the Borrower shall submit a Waterworks Business Operations Plan to the Department as required by Section 32.1-172 of the Code of Virginia of 1950, as amended, on or before March 31, 2020 for review.

ARTICLE XI

DEFAULTS AND REMEDIES

Section 11.1. Events of Default. Each of the following events shall be an “Event of Default”:

(a) The failure to pay when due any payment of principal or Cost of Funds due hereunder or to make any other payment required to be made under the Local Bond or this Agreement;

(b) The Borrower’s failure to perform or observe any of the other covenants, agreements or conditions of the Local Bond, the Support Agreement or this Agreement and the continuation of such failure for a period of thirty (30) days after the Authority gives the Borrower written notice specifying such failure and requesting that it be cured, unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;

(c) Any warranty, representation or other statement by or on behalf of Borrower contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement or in connection with the issuance and sale of the Local Bond is false or misleading in any material respect;

(d) The early termination of the Funding Agreement pursuant to Sections 5.3(b) and (c) thereof.

(e) The occurrence of a default by the Borrower under the terms of any Subordinate Bonds, Parity Bonds, Existing Parity Bonds or Prior Bonds and the failure to cure such default or obtain a waiver thereof within any period of time permitted thereunder;

(f) An order or decree shall be entered, with the Borrower's consent or acquiescence, appointing a receiver or receivers of the System or any part thereof or of the Revenues thereof, or if such order or decree, having been entered without the Borrower's consent or acquiescence, shall not be vacated, discharged or stayed on appeal within sixty (60) days after the entry thereof;

(g) Any proceeding shall be instituted, with the Borrower's consent or acquiescence, for the purpose of effecting a composition between the Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances secured by or payable from Revenues; or

(h) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Borrower under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the Borrower, is not dismissed within sixty (60) days after filing.

Section 11.2. Notice of Default. The Borrower agrees to give the Authority prompt written notice if any order, decree or proceeding referred to in Section 11.1(f), (g) or (h) is entered or instituted against the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default immediately upon becoming aware of the existence thereof.

Section 11.3. Remedies on Default. Whenever any Event of Default referred to in Section 11.1 shall have happened and be continuing, the Authority shall, in addition to any other remedies provided herein or by law, including rights specified in Section 62.1-237 of the Act, have the right, at its option without any further demand or notice, to take one or both of the following remedial steps:

(a) Declare immediately due and payable all payments due or to become due on the Local Bond and under this Agreement, and upon notice to the Borrower, the same shall become immediately due and payable by the Borrower without further notice or demand; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due on the Local Bond and under this Agreement, to enforce any other of the Fund's, the Authority's or the Board's rights under this Agreement, or to enforce performance by the Borrower of its covenants, agreements or undertakings contained herein or in the Local Bond, which the Borrower hereby agrees are assigned to the Authority upon the occurrence of an Event of Default.

Section 11.4. Delay and Waiver. 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 or 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 under this Agreement shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 11.5. State Aid Intercept. The Borrower acknowledges that the Authority may take any and all actions available to it under the laws of the Commonwealth of Virginia, including Section 62.1-216.1 of the Virginia Code, to secure payment of the principal of and Cost of Funds on the Local Bond, if payment of such principal or Cost of Funds shall not be paid when the same shall become due and payable.

ARTICLE XII **MISCELLANEOUS**

Section 12.1. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 12.2. Amendments. The Authority and the Borrower, with the written consent of the Department, shall have the right to amend from time to time any of the terms and conditions of this Agreement, provided that all amendments shall be in writing and shall be signed by or on behalf of the Authority and the Borrower; provided, however, that the written consent of the Department shall not be required for the Authority and the Borrower to amend Articles I, V, IX and XI or Sections 10.4 and 10.5 of this Agreement.

Section 12.3. Limitation of Borrower's Liability. Notwithstanding anything in the Local Bond or this Agreement to the contrary, the Borrower's obligations are not its general obligations, but are limited obligations payable solely from the Revenues which are specifically pledged for such purpose. Neither the Local Bond nor this Agreement shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Borrower and the Borrower shall not be obligated to pay the principal of or Cost of Funds on the Local Bond or other costs incident thereto except from the Revenues and other funds pledged therefor. In the absence of fraud, no present or future director, official, officer, employee or agent of the Borrower shall be liable personally in respect of this Agreement or the Local Bond or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement or the Local Bond.

Section 12.4. Applicable Law. This Agreement shall be governed by the applicable laws of Virginia.

Section 12.5. Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or Section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then

such agreement or obligation shall be deemed to be the agreement or obligation of the Authority and the Borrower, as the case may be, only to the extent permitted by law.

Section 12.6. Notices. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Local Bond or this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

Fund: Virginia Water Supply Revolving Fund
c/o Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219
Attention: Executive Director

Authority: Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219
Attention: Executive Director

Board: Virginia Department of Health
109 Governor Street
Richmond, VA 23219
Attention: State Health Commissioner

Borrower: The Russell County Public Service Authority

_____, Virginia _____
Attention: Chairman

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. The Authority, the Board and the Borrower may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 12.7. Right to Cure Default. If the Borrower shall fail to make any payment or to perform any act required by it under the Local Bond or this Agreement, the Authority without prior notice to or demand upon the Borrower and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Authority and all costs, fees and expenses so incurred shall be payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the rate of interest of five percent (5.0%) per annum until paid. The Borrower's obligation under this Section shall survive the payment of the Local Bond.

Section 12.8. Headings. The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

Section 12.9. Term of Agreement. This Agreement shall be effective upon its execution and delivery, provided that the Local Bond previously or simultaneously shall have been executed and delivered. Except as otherwise specified, the Borrower's obligations under the Local Bond and this Agreement shall expire upon payment in full of the Local Bond and all other amounts payable by the Borrower under this Agreement.

Section 12.10. Commitment Letter. The Commitment Letter is an integral part of this Agreement and shall survive closing hereunder.

Section 12.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature Page Follows]

WITNESS the following signatures, all duly authorized.

**VIRGINIA RESOURCES AUTHORITY, as
Administrator of the Virginia Water Supply Revolving
Fund**

By: _____

Title: _____

**THE RUSSELL COUNTY PUBLIC SERVICE
AUTHORITY**

By: _____

Title: _____

EXHIBIT A

FORM OF LOCAL BOND

THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

(Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project)

WSL-020-18

[To Come from Borrower's Bond Counsel]

EXHIBIT B

PROJECT DESCRIPTION

**THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY
(Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project)
WSL-020-18**

The Project includes financing the replacement of water lines in the Glade Hollow community and the extension of water service to the Glade Hill community, together with related expenses.

EXHIBIT C
PROJECT BUDGET
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY
(Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project)
WSL-020-18

[To Be Provided]

EXHIBIT D

**OPINION OF BORROWER'S BOND COUNSEL
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY
(Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project)
WSL-020-18**

[To Come from Borrower's Bond Counsel]

EXHIBIT E
REQUISITION FOR DISBURSEMENT
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY
(Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project)
WSL-020-18

[LETTERHEAD OF BORROWER]

[Date]

_____, Director
Office of Drinking Water, 6th Floor
Virginia Department of Health
109 Governor Street
Richmond, VA 23219

Re: Virginia Water Supply Revolving Fund
The Russell County Public Service Authority
Loan No. WSL-020-18

Dear Mr./Ms. _____:

This requisition, Number ____, is submitted in connection with the Financing Agreement and Funding Agreement, each dated as of _____ 1, 2019 (together, the “Agreements”) between the Virginia Resources Authority, as Administrator of the Virginia Water Supply Revolving Fund (the “Fund”), and The Russell County Public Service Authority (the “Borrower”). Unless otherwise defined in this requisition, all capitalized terms used herein shall have the meaning set forth in Article I of the Agreements. The undersigned Authorized Representative of the Borrower hereby requests disbursement of loan proceeds under the Agreements in the amount of \$_____, for the purposes of payment of the Project Costs as set forth on Schedule 1 attached hereto.

Attached hereto are invoices relating to the items for which payment is requested.

The undersigned certifies that (a) the amounts requested by this requisition will be applied solely and exclusively to the payment, or the reimbursement of the Borrower for the payment, of Project Costs, and (b) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of the requisition. In addition, the undersigned certifies that the Borrower has conducted adequate oversight for compliance with the Davis-Bacon Act and related acts through (a) the review of payrolls and associated certifications, and (b) the posting of all wage determinations and additional classifications (as appropriate) on the work site, and through this oversight, the Borrower has determined to the best of its ability that the Project complies with the requirements of the Davis-Bacon Act and related acts. The Borrower further certifies that all products included in this request satisfy the appropriate provisions of the American Iron and Steel requirements included in the Agreement.

The undersigned further certifies that (a) no Event of Default or Default has occurred and is continuing, and no condition exists which, with the passing of time or with the giving of notice or both, would constitute an Event of Default hereunder, and (b) the representations and warranties of the Borrower contained in the Agreements are true, correct and complete and the Borrower has performed all of its obligations thereunder required to be performed as of the date hereof.

This requisition includes an accompanying Certificate of the Consulting Engineer as to the performance of the work.

Sincerely,

(Authorized Representative of the Borrower)

Attachments

cc: VDH Project Engineer (with all attachments)

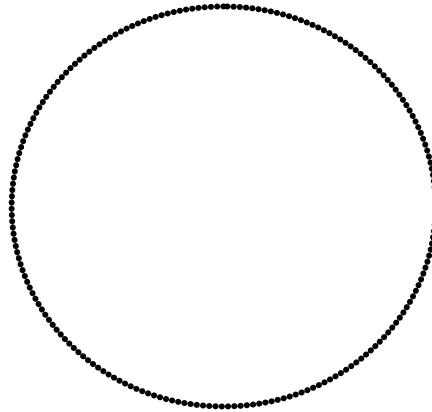
CERTIFICATE OF THE CONSULTING ENGINEER

FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT

Loan No. WSL-020-18

This Certificate is submitted in connection with Requisition Number _____, dated _____, 20__, submitted by The Russell County Public Service Authority. Capitalized terms used herein shall have the same meanings set forth in Article I of the Agreements referred to in the Requisition.

The undersigned Consulting Engineer for the Borrower hereby certifies that insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, such work was actually performed or such materials, supplies or equipment were actually furnished to or installed in the Project.



SEAL

[Consulting Engineer]

Date: _____

**SCHEDULE 1
 VIRGINIA WATER SUPPLY REVOLVING FUND
 FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT**

REQUISITION # _____

BORROWER: THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY

LOAN NUMBER: WSL-020-18

CERTIFYING SIGNATURE: _____

TITLE: _____

Cost Category	Amount Budgeted	Previous Disbursements	Expenditures This Period	Total Expenditures to Date	Net Balance Remaining
TOTALS:					

Total Loan Amount \$ _____
Previous Disbursements \$ _____
This Request \$ _____
Loan Proceeds Remaining \$ _____

EXHIBIT F

**PRIOR BONDS AND EXISTING PARITY BONDS
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY
(Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project)
WSL-020-18**

[To Be Completed by Borrower's Bond Counsel]

Prior Bonds:

None

Existing Parity Bonds:

EXHIBIT G
FORM OF BUDGET
THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY
(Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project)
WSL-020-18

(To Be on Borrower's Letterhead)

[Date]

Executive Director
 Virginia Resources Authority
 1111 East Main Street, Suite 1920
 Richmond, VA 23219

Dear Mr./Ms. _____:

Pursuant to the Financing Agreement[s] between Virginia Resources Authority and The Russell County Public Service Authority, a copy of the fiscal year [20xx] annual budget is enclosed. Such annual budget provides for the satisfaction of the rate covenant as demonstrated below.

Revenues ¹	Operation & Maintenance Expense	Net Revenues Available for Debt Service (Revenues – O&M Expense)	Debt Service	Coverage (Net Revenues Available for Debt Service/Debt Service)

¹ Of the amount set forth here as Revenues, \$_____ is derived from a transfer from the County of Russell, Virginia's general fund pursuant to the Support Agreement.

All capitalized terms used herein shall have the meaning set forth in the Financing Agreement[s].

Very truly yours,

By: _____

Its: _____

EXHIBIT H

SUPPORT AGREEMENT

THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY (Glade Hollow Water Line Replacement/Glade Hill Water Service Extension Project) WSL-020-18

THIS SUPPORT AGREEMENT is made as of the first day of _____, 2019, by and among the **BOARD OF SUPERVISORS OF RUSSELL COUNTY, VIRGINIA** (the “Board”), acting as the governing body of Russell County, Virginia (the “County”), **THE RUSSELL COUNTY PUBLIC SERVICE AUTHORITY** (the “Borrower”), and the **VIRGINIA RESOURCES AUTHORITY** (the “Authority”), as Administrator of the **VIRGINIA WATER SUPPLY REVOLVING FUND** (the “Fund”) and as purchaser of the Local Bond, as hereinafter defined, pursuant to a Financing Agreement dated as of the date hereof (the “Financing Agreement”), between the Authority and the Borrower.

RECITALS:

WHEREAS, the Borrower was created by the Board pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) and owns and operates the System in the County; and

WHEREAS, the Borrower has determined that it is in its best interest to issue and sell a water and sewer system revenue bond in an original aggregate principal amount not to exceed \$_____ (the “Local Bond”) to the Authority, as Administrator of the Fund, pursuant to the terms of the Financing Agreement in order to finance the Project; and

WHEREAS, the Board adopted on _____, 2019, a resolution authorizing, among other things, the execution of an agreement providing for a non-binding obligation of the Board to consider certain appropriations in support of the Local Bond and the Project.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. Unless otherwise defined, each capitalized term used in this Support Agreement shall have the meaning given it in the Financing Agreement.
2. The Borrower shall use its best efforts to issue the Local Bond, to use the proceeds thereof to pay the costs of the Project, and to construct and place the Project in operation at the earliest practical date.
3. No later than May 15 of each year, beginning May 15, 20___, the Borrower shall notify the Board of the amount (the “Annual Deficiency Amount”) by which the Borrower reasonably expects the Revenues to be insufficient to pay (i) the debt service obligations under the Financing Agreement, the Local Bond and any other indebtedness secured by or payable

from the Revenues, including the Existing Parity Bonds set forth on Exhibit F to the Financing Agreement, (ii) the Operation and Maintenance Expense, and (iii) the Additional Payments in full as and when due during the County's fiscal year beginning the following July 1.

4. The County Administrator of the County (the "County Administrator") shall include the Annual Deficiency Amount in his budget submitted to the Board for the following fiscal year as an amount to be appropriated to or on behalf of the Borrower. The County Administrator shall deliver to the Authority within ten days after the adoption of the County's budget for each fiscal year, but not later than July 15 of each year, a certificate stating whether the Board has appropriated to or on behalf of the Borrower an amount equal to the Annual Deficiency Amount.

5. If at any time Revenues shall be insufficient to make any of the payments referred to in paragraph 3 hereof, the Borrower shall notify the County Administrator of the amount of such insufficiency and the County Administrator shall request a supplemental appropriation from the Board in the amount necessary to make such payment.

6. The County Administrator shall present each request for appropriation pursuant to paragraph 5 above to the Board, and the Board shall consider such request, at the Board's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify the Authority as to whether the amount so requested was appropriated. If the Board shall fail to make any such appropriation, the County Administrator shall add the amount of such requested appropriation to the Annual Deficiency Amount reported to the County by the County Administrator for the County's next fiscal year.

7. The Board hereby undertakes a non-binding obligation to appropriate such amounts as may be requested from time to time pursuant to paragraphs 4 and 5 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The Board, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards of Supervisors do likewise.

8. The Board acknowledges that (i) the Authority would not purchase the Local Bond without the security and credit enhancement provided by this Agreement, and (ii) the Authority is treating this Agreement as a “local obligation” within the meaning of Section 62.1-199 of the Code of Virginia of 1950, as amended (the “Virginia Code”), which in the event of a nonpayment hereunder authorizes the Authority to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Virginia Code. In purchasing the Local Bond, the Authority is further relying on Section 62.1-216.1 of the Virginia Code, providing that if the Governor is satisfied that the nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the County of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the County for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to the Authority, so as to cure, or cure insofar as possible, such nonpayment.

9. Nothing herein contained is or shall be deemed to be a lending of the credit of the County to the Borrower, the Authority or to any holder of the Local Bond or to any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County, nor shall anything herein contained legally bind or obligate the Board to appropriate funds for the purposes described herein.

10. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to _____, Attention: County Administrator, (ii) if to the Borrower, to _____, Attention: Chairman, and (iii) if to the Authority, to 1111 East Main Street, Suite 1920, Richmond, Virginia, 23219, Attention: Executive Director. Any party may designate any other address for notices or requests by giving notice.

11. It is the intent of the parties hereto that this Agreement shall be governed by the laws of the Commonwealth of Virginia.

12. This Agreement shall remain in full force and effect until the Local Bond and all other amounts payable by the Borrower under the Financing Agreement have been paid in full.

13. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

**BOARD OF SUPERVISORS OF RUSSELL COUNTY,
VIRGINIA**

By: _____

Title: _____

**THE RUSSELL COUNTY PUBLIC SERVICE
AUTHORITY**

By: _____

Title: _____

**VIRGINIA RESOURCES AUTHORITY, as
Administrator of the Virginia Water Supply Revolving
Fund**

By: _____

Title: _____



Board of Supervisors
137 Highland Drive
Lebanon, VA 24266

Action Item C-1 – C-5
Presenter: Administrator

Meeting: 8/18/20 6:00 PM

County Administrator Reports & Requests

The County Administrator Reports & Request for August 2020:

COUNTY ADMINISTRATOR REPORTS AND REQUESTS

REPORTS

- 1. **Honaker & Castlewood Canneries.....C-1**
- 2. **RC Fitness Center.....C-2**

REQUESTS

- 3. **RC CARES Grant Application Form.....C-3**
- 4. **RC IDA and iGo Letter of Support.....C-4**
- 5. **CPPD and Point Broadband Letter of Support.....C-5**

STAFFRECOMMENDATION(s):

Board Discretion.

SUGGESTEDMOTION(s):

Board Discretion.



BALL CORPORATION
BROOMFIELD CO 80038

INVOICE

Payment must be made via wire transfer or ACH

Remit To: Invoice Date

3/5/2018

ACCOUNT NAME: **BALL CORPORATION** Invoice No. **160606**
 ACCOUNT #: **1029034786**
 TRANSIT ROUTING #: **043000096**
 BANK NAME/ADDRESS: **PNC BANK, 249 FIFTH AVE, PITTSBURGH, PA 15222**

Cust # 5164201
 Sold to: RUSSELL COUNTY BOARD OF SUPERVISORS Ship to: RUSSELL COUNTY/CASTELWOOD
 137 HIGHLAND DRIVE LEBANON, VA 24266 CASTLEWOOD, VA 24224

Item #	Size	# of Pallets	Qty	Total Qty	Price/M	Total
100162	401	1	16.560	16.560	\$212.62	\$3,520.99
100162	401	1	22.320	22.320	\$212.62	\$4,745.68
30000075	401x411	27	1.404	37.908	\$852.68	\$32,323.39
301398	300x407	10	2.880	28.800	\$590.89	\$17,017.63
Total						\$57,607.69

Freight Charge \$453.30

Total with Freight \$58,060.99

Terms: Cash In Advance

FOOD CANS

Specifications	
Dimensions ^A	
3-Piece	
202 x 306	401 x 602 ⁶
211 x 300	404 x 502
211 x 304	404 x 700
211 x 314	603 x 405
211 x 400	603 x 408
211 x 402	603 x 612
211 x 510	603 x 700
300 x 304	209/211 x 300c
300 x 400	214/300 x 304c
300 x 403	214/300 x 315c
300 x 405	214/300 x 400c
300 x 407	214/300 x 407c
2-Piece	
300 x 414	211 x 300
307 x 306	211 x 304
307 x 406	211 x 308
307 x 409	211 x 315
307 x 500.5	300 x 402
307 x 505	300 x 407
307 x 512	301 x 106
401 x 208 ⁶	301 x 408
401 x 302 ⁶	307 x 112
401 x 307 ⁶	307 x 200.25
401 x 314 ⁶	307 x 208
401 x 411 ⁶	

A All dimensions are approximate. Request a container specification drawing from your sales representative. Dimensions refer to diameter and height. For example, 277 x 402 refers to a diameter of 2 77/16" and a height of 4 2/16".

B Can also be necked.

C These sizes are necked-in.

Highlights

Ball Metalpack offers a complete line of metal food containers for companies throughout North America.

- From cherries to sauerkraut, to evaporated milk, our wide range of coatings will accommodate your diverse product needs
- EZ Open and standard food can ends available
- Food cans are 100% recyclable



If you don't see a desired size or specification, please contact us!

cansales@ballmetalpack.com



From: [Fresh Preserving Consumer Care](#)
To: lonzo.lester@russellcountyva.us
Subject: Thank you for contacting Ball - 27642461
Date: Sunday, August 9, 2020 2:31:07 PM



Thank you for contacting Ball

We have received your message and look forward to assisting you as quickly as we can. We respond to all inquiries in the order received. Your reference number is: 27642461. Please check your SPAM folder or add our e-mail domain to your SPAM filter (@newellco.com) to ensure you do not miss our response.

Thank You for choosing Ball
Ball Consumer Service

This email has been generated automatically. Please do not reply to it.

© 2020 Ball, All Rights Reserved

For fastest service view order history and place orders on our website or chat with us from 8am-5pm CT. Chat Now!



2 Menu

Search Plastic Bottles, Glass Jars & More...

Search

Request a Quote



401 C-ENAMEL LINED METAL OPEN TOP CAN LIDS - 2401
ITEM # : 2401

Price

\$0.21 / Each

Sold As

Each (110 total)

Quantity:

110

Total

\$23.10

Remove

Inventory Alert

Currently we only have in stock and available to ship. Due to increased demand caused by COVID-19, expected lead times are averaging 5-10 weeks. Please know we are working hard to replenish as quickly as possible.

Please select how you would like to proceed:



Search Plastic Bottles, Glass Jars & More...

Search

Thank You for Contacting Us

Due to the COVID-19 crisis, our response times are longer than usual. We will get back to you as soon as possible. In the meantime, you can check out the following resources.

Shop

Shop our entire product assortment.



[Continue Shopping](#)

Call Us

Questions about products, pricing, services or need help opening an account? Just give us a call.

Global Corporate Headquarters



From: lonzo.lester@russellcountyva.us
To: "LCAMERON@BALL.CM"
Cc: [Caminiti, Michael A \(Mike\); carl.rhea@russellcountyva.us; "David Eaton"](mailto:Caminiti, Michael A (Mike); carl.rhea@russellcountyva.us; \)
Subject: FW: Ball Can Prices
Date: Friday, July 17, 2020 5:22:00 PM

Lavonna,

Just check on order status. During our conversation, the Russell County Ball can order would be shipped within a couple of weeks.

Please let me know when the requested Ball cans order will be shipped. Our canneries are open and in need of cans.

Sincerely,

Lonzo Lester, MBA, CPC, VCO
Russell County Administrator
137 Highland Drive
Lebanon, Virginia 24266
276-889-8000 (Office)
276-880-4396 (Cell)
276-889-8011 (Fax)
E-mail: Lonzo.lester@russellcountyva.us

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This communication is not subject to release to the Public and may be withheld from public disclosure pursuant to Section 2.2-3705.1 of the Code of Virginia. This email may contain confidential information. Release or reproduction to third parties for their financial gain or the financial gain of others is a class one misdemeanor punishable by a maximum of twelve months in jail, pursuant to Sections 2.2-3103(4) and 2.2-3120 of the Code of Virginia."

From: lonzo.lester@russellcountyva.us <lonzo.lester@russellcountyva.us>
Sent: Friday, June 19, 2020 9:01 AM
To: 'LCAMERON@BALL.CM' <LCAMERON@BALL.CM>
Cc: Caminiti, Michael A (Mike) <MCAMINIT@BALL.COM>
Subject: Ball Can Prices

Lavonna,

It has been awhile since our last Ball can order but Russell County Virginia is now needing to

purchase another order for our community canneries.

Please order the following for Russell County Board of Supervisors:

Size	Description
300X407 Can	3,120
300 End	
	Total 3,120
401X411 Can	2,808
401 End	
	Total 2,808

Please contact me at 276-880-4396 for delivery date.

Thanks.

Lonzo Lester, MBA, CPC, VCO
Russell County Administrator
137 Highland Drive
Lebanon, Virginia 24266
276-889-8000 (Office)
276-880-4396 (Cell)
276-889-8011 (Fax)
E-mail: Lonzo.lester@russellcountyva.us

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From: lonzo.lester@russellcountyva.us
To: rebecca.dye@russellcountyva.us
Subject: FW: Canning Cans and Jars
Date: Tuesday, August 11, 2020 6:36:00 PM
Attachments: [Ball-kerr_website.JPG](#)
[Fillmorecontainer.JPG](#)
[jarstore.JPG](#)
[webrestaurant.JPG](#)
[Uline.JPG](#)
[Email 8-11.pdf](#)
[Email July 28.pdf](#)
[Wasserstrom.JPG](#)

Rebecca – FYI.

From: Tracy Lester <tracy.lester@russellcountyva.us>

Sent: Tuesday, August 11, 2020 2:52 PM

To: lonzo.lester@russellcountyva.us

Cc: vicki.porter@russellcountyva.us

Subject: RE: Canning Cans and Jars

#1 Email to ball cans from July 28th no response was received, phone number was removed from website (see attachment)

#2 Jarden Home Brands aka Ball Kerr 1-800-240-3340 busy message received dead line after 5 Minutes of holding tried multiple times same each time

#3 Freshpreserving.com aka Ball Kerr online form sent, generic response was received (see attachments)

#4 Freshpreserving.com aka Ball Kerr phone number given by message on Jarden Home Brands – phone line is disconnected

#5 Southern States Lebanon – Glass jars can be ordered but do not know if or when they will arrive

#6 All American Canner – 1-800-251-8824 talked to Jenny no glass jars only lids available

#7 Webstaurant store – see attachment no glass jars available

#8 Fill More Container – see attachment no glass jars available

#9 Jarstore – see attachment no glass jars available

#10 Uline - see attachment no glass jars available

#11 Walmart – no glass jars in store or online

#12 Wasserstrom - see attachment no glass jars available

#13 Berlinpacking.com – no glass jars available

#14 Tractor supply – no glass jars available

Tracy Lester
Procurement Officer
Russell County Board of Supervisors
137 Highland Drive
PO Box 1208
Lebanon, Virginia 24266
276-889-8000
tracy.lester@russellcountyva.us
tracy.lester@bvuv.net

From: lonzo.lester@russellcountyva.us <lonzo.lester@russellcountyva.us>
Sent: Tuesday, August 11, 2020 5:58 AM
To: 'Tracy Lester' <tracy.lester@russellcountyva.us>
Cc: vicki.porter@russellcountyva.us
Subject: Canning Cans and Jars

Tracy,

In addition to searching for Ball Cans, search for Ball/Kerr Canning Jars.

Send me a list of vendors contacted, availability, and phone number.

Thanks.

Lonzo Lester, MBA, CPC, VCO
Russell County Administrator
137 Highland Drive
Lebanon, Virginia 24266
276-889-8000 (Office)
276-880-4396 (Cell)
276-889-8011 (Fax)
E-mail: Lonzo.lester@russellcountyva.us

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This communication is not subject to release to the Public and may be withheld from public disclosure pursuant to Section 2.2-3705.1 of the Code of Virginia. This email



RUSSELL COUNTY CARES GRANT

OPPORTUNITY FOR COVID-19 RECOVERY ASSISTANCE FOR SMALL BUSINESSES

Grants of up to \$5,000 are available to qualifying small businesses located in Russell County to aid in the recovery from the effects of the COVID 19 pandemic.

Eligibility Information

- Business is physically located in the County.
- Business employs 30 persons or less.
- Business was either temporarily closed or had to operate on a reduced/limited basis because of the Governor's Executive Orders
- Business was open to the public and actively doing business on March 17, 2020.
- County taxes and utilities are current.
- Must fully complete and submit the application.
- Business must be in good standing with the County
- Grants are intended to be used to facilitate re-opening of small businesses and examples of how grants may be used are for physical improvements to facilitate better service such as an exterior walk-up customer service window, improvements to reduce exposure/customer contact, sanitation equipment, touchless pay equipment and fixtures, marketing costs to aid in regaining lost business, and outdoor seating/dining equipment. Other appropriate uses to aid in re-opening and recovery of lost business will be considered.
- Must submit a copy of 2019 Federal & State Tax Forms along with a W-9 Form.

Important Information Concerning your Application:

- Applications may be mailed to the County Administrator's Office, P.O. Box 1208, Lebanon, VA 24266 or delivered to the County Administrator's Office, 137 Highland Drive, Lebanon, VA 24266 or completed on-line by going to the County's website at www.russellcountyva.us within the "Coronavirus (COVID-19) Guidance" tab and listed as the Russell County "CARES" Grant.
- Applications will be reviewed by the Board of Supervisors and in its sole discretion will make grant awards after review.
- Grants will be made on a first come first serve basis.
- Applications will be accepted through September 30, 2020, or until funds allocated to this program are expended.
- Items you will need for your application:
 - Basic business information:
 - Address (business physical and mailing, if different)
 - Phone Number
 - Email
 - Number of Employees
 - Name of Business on record with the State Corporation Commission.
 - Name you are doing business as (DBA)
 - Copy of 2019 Federal & State Tax Forms
 - You will need to include a W-9 Form
- Verify that you were current with County taxes and utilities
- You will need to indicate if your business received or was approved for any Federal or State economic disaster loans/grant, unemployment benefits, or Paycheck Protection Program funds.
- Intended use of funds and expected outcome
- You will need to certify that the information provided on the application is accurate and truthful.



Russell County Administrator
 137 Highland Drive
 Lebanon, VA 24266
 Phone: 276-889-8000 Fax: 276-889-8011
lonzo.lester@russellcountyva.us

**OPPORTUNITY FOR COVID-19 RECOVERY ASSISTANCE FOR SMALL BUSINESSES
 REQUEST FOR FUNDING CONSIDERATION**

Checklist	<p>Please include these attachments with your application</p> <p><input type="checkbox"/> Copy of your 2019 Federal & State Tax Forms</p> <p><input type="checkbox"/> Copy of your completed and signed W-9 Form</p>
------------------	---

Applicant understands that this completed and signed application is only an application and does not constitute a commitment on behalf of the Russell County to extend credit, grant, and/or loan funds.

DETAILS	<p>What is the amount you are applying for (\$5,000.00 maximum)? \$ _____</p> <p>What is your expected date to complete the project? _____</p> <p>Have you received any other COVID-19/CARES Act assistance funding from the United States or the Commonwealth of Virginia? Yes <input type="checkbox"/> No <input type="checkbox"/> (i.e. Unemployment, Payroll Protection Funds)</p> <p>Are you currently open? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why: _____ _____</p>		
BUSINESS DETAILS	<table style="width: 100%;"> <tr> <td style="width: 50%;"> <p>_____</p> <p>Business Name</p> <p>_____</p> <p>Business Type (i.e. Restaurant, Retail, Service)</p> <p>_____</p> <p>Business Address</p> <p>_____</p> <p>Name/Address of Owner</p> </td> <td style="width: 50%;"> <p>_____</p> <p>Contact Phone</p> <p>_____</p> <p>Contact Email Address</p> <p>_____</p> <p>_____</p> <p>City State Zip</p> </td> </tr> </table>	<p>_____</p> <p>Business Name</p> <p>_____</p> <p>Business Type (i.e. Restaurant, Retail, Service)</p> <p>_____</p> <p>Business Address</p> <p>_____</p> <p>Name/Address of Owner</p>	<p>_____</p> <p>Contact Phone</p> <p>_____</p> <p>Contact Email Address</p> <p>_____</p> <p>_____</p> <p>City State Zip</p>
<p>_____</p> <p>Business Name</p> <p>_____</p> <p>Business Type (i.e. Restaurant, Retail, Service)</p> <p>_____</p> <p>Business Address</p> <p>_____</p> <p>Name/Address of Owner</p>	<p>_____</p> <p>Contact Phone</p> <p>_____</p> <p>Contact Email Address</p> <p>_____</p> <p>_____</p> <p>City State Zip</p>		

BUSINESS DETAILS

Employer ID Number (EIN)

Year Established

Number of Employees

Currently Authorized to Conduct Business in the Commonwealth of Virginia: Yes No

Are you current on utility payments? Yes No

Are you current on all taxes? Yes No

Do you have any outstanding code violations with the County? Yes No

Please provide a brief description of how these funds will be applied and the expected outcome:

GRANT NARRATIVE

DRAFT

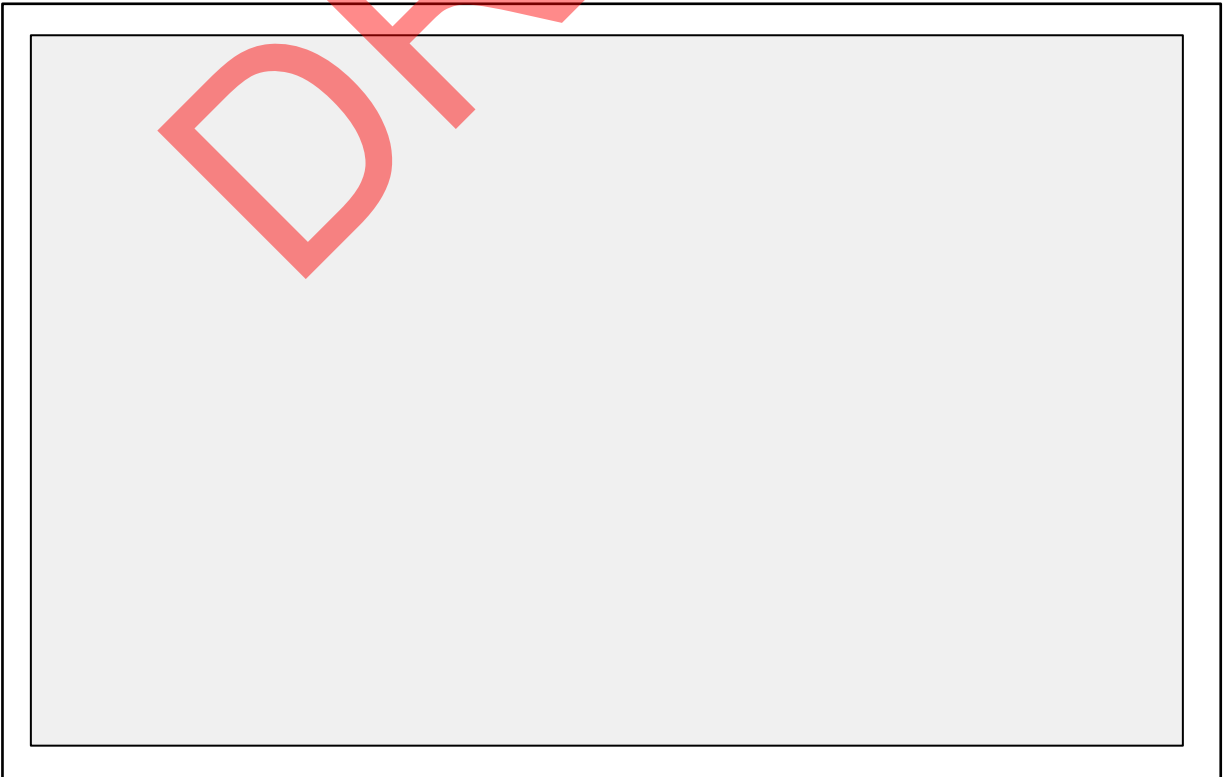
Why should the County choose your application for funding support, among many others requesting assistance, as part of this limited COVID-19 Business Support initiative?

GRANT NARRATIVE



Please provide a budget estimate for your request.

GRANT NARRATIVE



Application Certification

The undersigned certifies, to the best of his or her knowledge and belief that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant or loan.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or loan, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into.

Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby submit this application and I fully understand that any false statement on this application may subject the applicant to criminal prosecution. I also understand that additional information may be required to complete the application.

By signing this application, I am authorizing the County of Russell, on a confidential basis, to obtain any information it deems necessary to verify the information on this application as well as information needed to make a determination of grant eligibility.

I affirm that all the information given herein is true and accurate to the best of my knowledge.

I acknowledge that I will be required to submit receipts for funds expended and to submit to an inspection of the premises to confirm grant funds were expended as stated in this application.

APPLICATION CERTIFICATION

Applicant(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Contact Name	Date	Contact Name	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Contact Name	Date	Contact Name	Date

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type. See Specific Instructions on page 3.	<p>1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</p> <hr/> <p>2 Business name/disregarded entity name, if different from above</p> <hr/> <p>3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.</p> <p> <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate </p> <p> <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ - </p> <p>Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</p> <p> <input type="checkbox"/> Other (see instructions) ▶ </p>	<p>4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</p> <p>Exempt payee code (if any) _____</p> <p>Exemption from FATCA reporting code (if any) _____</p> <p><small>(Applies to accounts maintained outside the U.S.)</small></p>
	<p>5 Address (number, street, and apt. or suite no.) See instructions.</p> <hr/> <p>6 City, state, and ZIP code</p> <hr/> <p>7 List account number(s) here (optional)</p> <hr/>	<p>Requester's name and address (optional)</p> <hr/>

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number										
					-					
					-					
or										
Employer identification number										
					-					

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

Russell County Virginia

“The Heart of Southwest Virginia”

Oris Christian
At-Large

Tim Lovelace
District 1

Lou Ann Wallace
District 2

Rebecca Dye, Chairperson
District 6

Steve Breeding, Vice-Chairman
District 5

Carl Rhea
District 3

David Eaton
District 4

Lonzo Lester
County Administrator

August 10, 2020

Virginia Department of Housing and Community Development

Attn: Tamarah Holmes, Ph.D.

Director, DHCD Office of Broadband
600 East Main Street Suite 300
Richmond, VA 23219

RE: Letter of Support - Virginia Telecommunications Initiative (VATI) 2020 – Russell County IDA

Dear Dr. Holmes,

We are writing to express our support for the grant loan application of the Industrial Development Authority of Russell County, Virginia (IDA) is submitting to the Virginia Department of Housing and Community Development (DHCD) for the Virginia Telecommunications Initiative (VATI) 2020 Grant.

Due to the COVID-19 pandemic, it's essential to our community and economic development to partner with iGo Technology and the IDA to provide broadband projects to extend fiber optic Internet service to the Crossroads/Purcell section of Hansonville & East New Garden toward Finney area near Honaker located in Russell County, Virginia.

These projects would bring tremendous benefits to the residents located within these localities and provide gigabyte broadband capabilities with Fiber-To-The-Premises architecture. As you are aware, Southwest Virginia is in dire need of such infrastructure investments. iGo Technology has a long history of quality service and commitment to our region.

We respectfully request DHCD give full and thoughtful consideration to these grant applications to serve the citizens of Russell County. Access to quick and reliable Internet service is becoming an increasing necessity in our society. The DHCD plays a vital role in working to ensure Southwest Virginia can meet this demand for the benefit of our citizens and the local economy.

The Russell County Board of Supervisors strongly supports the iGo Technology and the IDA's Virginia Telecommunication Initiative (VATI) 2020 Grant application and looks forward to the benefits it will bring to our community.

Sincerely,

REBECCA DYE

Rebecca Dye
Chairperson
County of Russell Virginia

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Lonzo Lester
County Administrator

August 13, 2020

Tamarah Holmes, Ph.D.
Director, DHCD Office of Broadband
Virginia Department of Housing and Community Development
600 East Main Street, Suite 300
Richmond, Virginia 23219

RE: Letter of Support - Virginia Telecommunications Initiative (VATI) 2020 – CPPDC Regional Application

Dear Dr. Holmes,

I am writing to convey my support of the application submitted by the CPPDC for Buchanan, Dickenson, Russell, and Tazewell Counties, in partnership with Point Broadband. The project, known as the CPC Broadband Expansion Project, will allow Buchanan, Dickenson, Russell, and Tazewell Counties to install a state of the art fiber optic that will serve multiple communities of need. The project will serve schools, vocational training facilities, businesses, healthcare facilities, state agencies, and most importantly will offer gigabit service to over 14,000 addresses previously under served.

As I understand it, the goal of VATI is to create strong, competitive communities throughout the Commonwealth by preparing those communities to build, utilize, and capitalize on telecommunications infrastructure. This project is an innovative regional collaboration that will help the Commonwealth to achieve those goals.

The Russell County Board of Supervisors strongly supports the CPPDC's Virginia Telecommunication Initiative (VATI) 2020 Grant application and looks forward to the benefits it will bring to our community.

Sincerely,

REBECCA DYE

Rebecca Dye
Chairperson
County of Russell Virginia