



**Town of Altavista, Virginia**  
**Meeting Agenda**  
**Town Council Work Session**  
**Tuesday, March 24, 2020**  
**5:00 p.m. – Council’s Chambers**

J.R. “Rudy” Burgess Town Hall  
510 7<sup>th</sup> Street  
Altavista, VA 24517

1. Call to Order
2. Agenda Adoption
3. Recognitions and Presentations

a. [COVID-19](#)

i. [Consideration of a Proclamation Declaring a Local Emergency \(Link\)](#)

ii. Update

4. **Public Comment (Agenda Items Only)**

*Citizen’s wishing to address Council should provide their name and residential address. Citizen’s comments are limited to three (3) minutes with a total of fifteen (15) minutes allotted for this purpose. (Please note that the Citizen’s Time is NOT a question-and- answer session between the public and the Council.)*

5. **Items Referred from Previous Meetings**

a. [Consideration of General Obligation Bonds/Bank Financing for Public Improvements \(Water & Sewer\) \(Link\)](#)

6. **New Items for Discussion/Unfinished Items**

7. **Public Comment (Non Agenda Items)**

*Citizen’s wishing to address Council should provide their name and residential address. Citizen’s comments are limited to three (3) minutes with a total of fifteen (15) minutes allotted for this purpose. (Please note that the Citizen’s Time is NOT a question-and- answer session between the public and the Council.)*

8. **Matters from Council**

9. **Closed Session (if needed)**

10. **Adjournment**

*THE TOWN OF ALTAVISTA IS COMMITTED TO FULL COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT STANDARDS. TRANSLATION SERVICES, ASSISTANCE OR ACCOMODATION REQUESTS FROM PERSONS WITH DISABILITIES ARE TO BE REQUESTED NOT LESS THAN THREE (3) WORKING DAYS BEFORE THE DAY OF THE EVENT. PLEASE CALL (434) 3269-5001 FOR ASSISTANCE.*



TOWN OF ALTAVISTA  
TOWN COUNCIL  
AGENDA COVER SHEET

**AGENDA LOCATION:**

Recognitions and Presentations

**MEETING DATE:**

March 24, 2020

**ITEM #: 3**

**ITEM TITLE:**

**a. COVID-19 (Coronavirus pandemic)**

**i: Consideration of Proclamation Declaring a Local Emergency:** Staff has drafted a Proclamation Declaring a Local Emergency related to COVID-19. Council may adopt the proclamation, if so inclined.

**ii: Update:** Staff will provide a brief update related to local impact.



## PROCLAMATION TO DECLARE A LOCAL EMERGENCY

WHEREAS, due to the outbreak of COVID-19 the Town of Altavista is facing conditions of extreme peril to the lives, health, and safety of residents, which necessitates the proclamation of an emergency; and,

WHEREAS, Section 44-146.21 of the Code of Virginia provides for the declaration of a local emergency; and,

WHEREAS, the Town of Altavista operates under the County of Campbell's approved Emergency Operations Plan.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOVLED that the Mayor and Town Council of the Town of Altavista, Virginia does consent to the declaration of a local emergency.

BE IT FURTHER RESOLVED, that during the existence of said emergency the powers, functions, duties of the Director of Emergency Services for the County of Campbell and other Town and County officers and employees having emergency responsibilities, shall be those prescribed by the Plan and all applicable State and Federal law; and

BE IT FURTHER RESOVLED, that this proclamation is effective this date, and shall remain in effect until rescinded by the Town of Altavista as provided by law.

Adopted this 24<sup>th</sup> day of March 2020

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Michael E. Mattox, Mayor

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J. Waverly Coggsdale, III  
Town Clerk



# TOWN OF ALTAVISTA TOWN COUNCIL AGENDA COVER SHEET

**AGENDA LOCATION:**

Items Referred from Previous Meetings

**MEETING DATE:**

March 24, 2020

**ITEM #: 5a**

**ITEM TITLE:**

Consideration of General Obligation Bonds/Bank Financing for Public Improvements (Water and Sewer)

**DESCRIPTION:**

**THIS ITEM WAS REFERRED FROM the March 10, 2020 Regular Meeting.**

At the March 10, 2020 Town Council Regular Meeting, Mr. R.T. Taylor of Davenport provided an update on the results of the Bank Request for Proposals (RFP) associated with the proposed borrowing for public improvements (water and sewer). It was decided to wait until the March 24, 2020 Work Session before making a decision on whether to utilize a bank borrowing or apply through the Virginia Resources Authority (VRA) Spring Pool.

Mr. Taylor will be in attendance to provide an update to Council. If Council intends to borrow funds for these improvements, they will need to commit to one of the two options this evening. This would involve the adoption of an appropriate resolution. An Updated Comparative Analysis will be provided under separate cover.

**RECOMMENDATION:**

Staff requests that Council provide input and direction on this item.

**BUDGET/FUNDING:**

A borrowing would create the need for funds to pay the annual debt service over the next twenty (20) years.

**POTENTIAL ACTION:**

- Council may decide to do one of the following:
  - Adopt a resolution directing staff to proceed with the bank borrowing.
  - Adopt a resolution directing staff to proceed with an application to the VRA Spring Pool.
  - Provide alternative direction to staff, based on discussion.
  - Take no action at this time.

**ATTACHMENTS:**

- *Resolutions*
- *Virginia Resources Authority (VRA Term Sheet) 2020A VPPF*
- *Local Bond Sale and Financing Agreement (Town and VRA)*
- *Updated Comparative Analysis (Provided under separate cover)*

**COVERING CERTIFICATE FOR RESOLUTION**

The undersigned Town Clerk of the Town of Altavista, Virginia (the “Town”), certifies as follows:

1. Attached hereto is a true, correct and complete copy of a resolution entitled “RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A GENERAL OBLIGATION PUBLIC IMPROVEMENT BOND OF THE TOWN OF ALTAVISTA, VIRGINIA, HERETOFORE AUTHORIZED, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF” (the “Resolution”). The Resolution was adopted at a regular meeting of the Town Council of the Town (the “Council”) held on March 24, 2020, by the affirmative roll-call vote of a majority of all members elected to the Council.

2. Such meeting was held at the time and place established by the Council for its regular meetings.

3. The minutes of such meeting reflect the attendance of the members and their votes on the Resolution as follows:

<b>Member</b>	<b>Attendance (Present/Absent)</b>	<b>Vote (Aye/Nay/Abstain)</b>
Reggie Bennett		
Beverley Dalton		
Tracy Emerson		
Tim George		
James H. Higginbotham		
Michael E. Mattox		
Wayne Mitchell		

4. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the Town of Altavista, Virginia this \_\_\_\_ day of March, 2020.

(SEAL)

\_\_\_\_\_  
Town Clerk, Town of Altavista, Virginia

**RESOLUTION PROVIDING FOR THE ISSUANCE, SALE  
AND AWARD OF A GENERAL OBLIGATION PUBLIC  
IMPROVEMENT BOND OF THE TOWN OF ALTAVISTA,  
VIRGINIA, HERETOFORE AUTHORIZED, AND  
PROVIDING FOR THE FORM, DETAILS AND PAYMENT  
THEREOF**

**WHEREAS**, the Town Council (the “Council”) of the Town of Altavista, Virginia (the “Town”), by an ordinance adopted on March 10, 2020, has authorized the issuance of general obligation public improvement bonds in an aggregate principal amount not to exceed \$16,000,000 to finance capital improvements related to the Town’s water and sewer systems (the “Project”), none of which bonds have heretofore been issued;

**WHEREAS**, pursuant to such authorization, the Council desires now to issue a general obligation public improvement bond in a principal amount not to exceed \$7,000,000 (the “2020A Bond”) to finance the Project and to pay the related costs of issuance;

**WHEREAS**, Davenport & Company LLC, in its capacity as the Town’s financial advisor (the “Financial Advisor”), has recommended that the Town obtain a loan from a qualified commercial banking or other financial institution to finance the Project and issue and sell the 2020A Bond directly to such institution as evidence of such loan;

**WHEREAS**, on behalf of the Town, the Financial Advisor has solicited and received bids from various commercial banking and other financial institutions;

**WHEREAS**, the Town’s administration, in collaboration with the Financial Advisor, has reviewed the bids received and recommended that the Town obtain such loan from Sterling National Bank or an affiliate or subsidiary thereof (collectively, the “2020A Purchaser”); and

**WHEREAS**, the Council has determined to approve the terms of such loan and the issuance and sale of the 2020A Bond, subject to the financing parameters set forth herein, and to delegate to the Town Manager the authority to negotiate the final terms of the loan and the 2020A Bond within such parameters;

**BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF ALTAVISTA, VIRGINIA:**

**1. Issuance, Sale and Award.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 and the Town Charter, the Council hereby provides for the issuance and sale of the 2020A Bond in a principal amount not to exceed \$7,000,000 to finance the Project and to pay the related costs of issuing the 2020A Bond. The 2020A Bond is hereby awarded, and shall be issued and sold, to the 2020A Purchaser in accordance with the terms of its bid and subject to the provisions of this Resolution.

**2. Bond Details.** The Council hereby authorizes the Town Manager to determine the final terms of the 2020A Bond, all as he shall deem to be in the best interests of the Town and subject to the following parameters. As such, the Town Manager shall determine the appropriate series designation, the dated date, the numbering for the 2020A Bond, the dates on

which principal and interest shall be due on the 2020A Bond and the amounts of the principal installments of the 2020A Bond. In no circumstances shall the 2020A Bond (a) be issued in a principal amount exceeding the limit set forth in Section 1 above, (b) bear interest at an annual rate exceeding 3.00%, or (c) be sold at a price of less than 100% of the original aggregate principal amount thereof or (d) have a final maturity date later than December 31, 2040. Following the determination of the final terms of the 2020A Bond, the Council directs the Town Manager to execute a certificate setting forth such final terms and to file such certificate with the records of the Council. The actions of the Town Manager in selling the 2020A Bond shall be conclusive, and no further action with respect to the issuance, sale and award of the 2020A Bond shall be necessary on the part of the Council.

If the date on which any payment is due with respect to the 2020A Bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of payment. "Business Day" shall mean a day on which banking business is transacted, but not including a Saturday, Sunday, legal holiday or any other day on which banking institutions are authorized or required by law to close in the Commonwealth of Virginia.

Principal of and premium, if any, and interest on the 2020A Bond shall be payable by the Registrar (as hereinafter defined) by check or draft mailed to the registered owner at the address as it appears on the registration books kept by the Registrar on the date selected by the Town Manager as the record date for the 2020A Bond (the "Record Date"); provided, however, at the request of the registered owner of the 2020A Bond, payment may be made by wire transfer pursuant to the most recent wire instructions received by the Registrar from such registered owner. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.

**3. Prepayment Provisions.** The 2020A Bond may be prepaid prior to maturity, at the option of the Town, in accordance with the terms of the bid of the 2020A Purchaser or as otherwise approved by the Town Manager, provided that any prepayment premium shall not exceed 2.00% of the principal amount thereof to be prepaid.

**4. Pledge of Full Faith and Credit.** The full faith and credit of the Town are irrevocably pledged for the payment of principal of and premium, if any, and interest on the 2020A Bond. Unless other funds are lawfully available and appropriated for timely payment of the 2020A Bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Town sufficient to pay when due the principal of and premium, if any, and interest on the 2020A Bond.

**5. Execution, Authentication and Form.** The 2020A Bond shall be signed by the manual or facsimile signature of the Mayor or Vice Mayor, and the Town's seal shall be affixed thereto and attested by the manual or facsimile signature of the Town Clerk (such term as used in this Resolution to include any Deputy or Assistant Clerk). If the 2020A Bond bears facsimile signatures, it shall be authenticated by the Town Manager or Town Treasurer prior to delivery to the 2020A Purchaser. The 2020A Bond shall be issued as a typewritten bond in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or Vice Mayor, whose

approval shall be evidenced conclusively by such officer's execution of the 2020A Bond and delivery thereof to the 2020A Purchaser.

**6. Registration, Transfer and Owner of Bond.** The 2020A Bond shall be issued in registered form without coupons, payable to the registered holder or its registered assigns. The Council hereby appoints the Town Treasurer to act as the initial paying agent and registrar for the 2020A Bond (in both capacities and together with any successor paying agent and registrar, the "Registrar"); provided, however, the Council may at any time, in its sole discretion, after notice to the registered owner of the 2020A Bond, appoint a qualified bank or trust company to act as successor Registrar for the 2020A Bond. The Registrar shall maintain registration books for the registration and registration of transfers of the 2020A Bond. Upon presentation and surrender of the 2020A Bond to the Registrar, or its corporate trust office if the Registrar is a bank or trust company, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Town shall execute, and the Registrar shall authenticate, if required by Section 5, and deliver in exchange a new Bond or Bonds having an equal aggregate principal amount, in authorized denominations, of the same form and maturity, bearing interest at the same rate and registered in the name(s) as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Registrar may charge the person or entity requesting such exchange the amount of any tax or governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person exclusively entitled to payment of principal of and premium, if any, and interest on the 2020A Bond and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person or entity shown as owner on the registration books on the Record Date.

**7. Preparation and Delivery of Bond.** The officers of the Town are hereby authorized and directed to take all proper steps to have the 2020A Bond prepared and executed in accordance with its terms and to deliver the 2020A Bond to the 2020A Purchaser upon payment therefor.

**8. Mutilated, Lost or Destroyed Bond.** If the 2020A Bond has been mutilated, lost or destroyed, the Town officers authorized under Section 5 above to execute the original 2020A Bond shall execute and deliver a new 2020A Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated 2020A Bond or in lieu of and in substitution for such lost or destroyed 2020A Bond; provided, however, that such Town officers shall so execute and deliver the new 2020A Bond only if the registered owner has paid the reasonable expenses and charges of the Town in connection therewith and, in the case of a lost or destroyed 2020A Bond, (a) has filed with the Town evidence satisfactory to such Town officers that such Bond was lost or destroyed and (b) has furnished to the Town satisfactory indemnity.

**9. Arbitrage Covenants.** The Town covenants that it shall not take or omit to take any action the taking or omission of which will cause the 2020A Bond to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or otherwise cause interest on the 2020A Bond to be includable in the gross income for federal income tax purposes of the registered owner(s) thereof under existing law. Without limiting the generality of the foregoing, the Town shall comply with any provision of law that



may require the Town at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the 2020A Bond, unless the Town receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the 2020A Bond from being includable in the gross income for federal income tax purposes of the registered owner(s) thereof under existing law. The Town shall pay any such required rebate from its legally available funds.

**10. Non-Arbitrage Certificate and Elections.** Such officers of the Town as may be requested by the Town's bond counsel are hereby authorized and directed to execute an appropriate certificate setting forth (a) the expected use and investment of the proceeds of the 2020A Bond in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code and regulations issued pursuant thereto and (b) any elections such officers deem desirable regarding rebate of earnings to the United States for purposes of complying with Section 148 of the Code. Such certificate shall be prepared in consultation with the Town's bond counsel, and such elections shall be made after consultation with bond counsel.

**11. Limitation on Private Use.** The Town covenants that it shall not permit the proceeds of the 2020A Bond or the facilities financed therewith to be used in any manner that would result in 5% or more of such proceeds or facilities, as applicable, (a) being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Town receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the 2020A Bond from being includable in the gross income for federal income tax purposes of the registered owner thereof under existing law, the Town need not comply with such covenants.

**12. Qualified Tax-Exempt Obligation.** The Town designates the 2020A Bond as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code. The Town represents and covenants as follows:

(a) Except as otherwise permitted under Section 265(b)(3), the Town will in no event designate more than \$10,000,000 of obligations, including the 2020A Bond, as qualified tax-exempt obligations in calendar year 2020 for the purpose of such Section 265(b)(3);

(b) The Town, all its "subordinate entities," within the meaning of such Section 265(b)(3), and all entities that issue tax-exempt obligations on behalf of the Town and its subordinate entities have not issued, when aggregated with the 2020A Bond, more than \$10,000,000 of tax-exempt obligations in calendar year 2020 (excluding for this purpose "private activity bonds," within the meaning of Section 141 of the Code, other than "qualified 501(c)(3) bonds," within the meaning of Section 145 of the Code);

(c) Barring circumstances unforeseen as of the date of delivery of the 2020A Bond, the Town will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations

would, when aggregated with the 2020A Bond and all other tax-exempt obligations theretofore issued by the Town and such other entities in calendar year 2020, result in the Town and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2020 (excluding for this purpose private activity bonds other than qualified 501(c)(3) bonds and certain refunding bonds not taken into account for such purpose); and

(d) The Town has no reason to believe that the Town and such other entities will issue tax-exempt obligations in calendar year 2020 in an aggregate amount that will exceed such \$10,000,000 limit.

Should the Town receive an opinion of nationally recognized bond counsel that compliance with one or more of the covenants set forth in (a) and (c) above is not required for the 2020A Bond to be qualified tax-exempt obligations, the Town need not comply with such covenant(s).

**13. Small Issuer Exemption from Rebate.** For purposes of the 2020A Bond, the Town Manager is authorized to elect into the small issuer exemption from rebate in accordance with the provisions of Section 148(f)(4)(D) of the Code if the Town Manager determines that the Town is able to meet the requirements for such exemption.

**14. SNAP Investment Authorization.** The Council has previously received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool (the “Contract”), and the Council hereby authorizes the Town Treasurer in her discretion to utilize SNAP in connection with the investment of the proceeds of the 2020A Bond. The Council acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the Town in connection with SNAP, except as otherwise provided in the Contract.

**15. Provision of Financial Information.** The Town Manager or his designee is hereby authorized and directed to provide, for each fiscal year in which the 2020A Bond remains outstanding, a copy of the Town’s comprehensive annual financial report and annual budget to the registered owner of the 2020A Bond.

**16. Other Actions.** All other actions of officers of the Town and the Council in conformity with the purposes and intent of this Resolution and in furtherance of the undertaking of the Project and the issuance and sale of the 2020A Bond are ratified, approved and confirmed. The officers of the Town are hereby authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the undertaking of the Project and the issuance, sale and delivery of the 2020A Bond.

**17. Repeal of Conflicting Resolutions.** All resolutions or parts of resolutions in conflict herewith are repealed.

**18. Effective Date.** This Resolution shall take effect immediately.

**EXHIBIT A -- FORM OF BOND**

**REGISTERED**

**REGISTERED**

**No. R[A]-1**

\_\_\_\_\_, 2020

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
TOWN OF ALTAVISTA**

**General Obligation Public Improvement Bond  
Series 2020[A]**

The Town of Altavista, Virginia (the “Town”), for value received, promises to pay, to Sterling National Bank (the “Bank”), or its registered assigns or legal representative, the principal sum of [\_\_\_\_\_ **DOLLARS** (\$\_\_\_\_\_)], together with interest from the date of this bond on the unpaid principal, at the rate of [\_\_\_\_\_] % per year, calculated on the basis of a [360-day year of twelve 30-day months], subject to prepayment as hereinafter provided. Installments of interest shall be payable semi-annually on [\_\_\_\_\_] and [\_\_\_\_\_] , commencing [\_\_\_\_\_] , and installments of principal shall be payable annually on [\_\_\_\_\_] , commencing [\_\_\_\_\_] , in the amounts set forth on Schedule I attached hereto. If not sooner paid, all principal shall be due and payable on \_\_\_\_\_. Principal of and premium, if any, and interest on this bond are payable in lawful money of the United States of America.

If the date on which any payment is due with respect to this bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of payment. “Business Day” shall mean a day on which banking business is transacted, but not including a Saturday, Sunday, legal holiday or any other day on which banking institutions are authorized or required by law to close in the Commonwealth of Virginia. Principal, premium, if any, and interest are payable by the Town Treasurer, who has been appointed the initial paying agent and registrar for this bond (in both capacities, the “Registrar”).

This bond is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Town Charter and the Public Finance Act of 1991. This bond has been authorized and issued pursuant to an ordinance adopted by the Town Council of the Town (the “Council”) on March 10, 2020, and a resolution adopted by the Council on March 24, 2020, to provide funds (a) to finance capital improvements related to the Town’s water and sewer systems and (b) to pay the costs of issuing this bond.

Upon thirty days' prior written notice to the Bank, this bond may be prepaid prior to maturity at the option of the Town in whole at any time on or after January 15, 2025, at a redemption price equal to 100% of the principal amount of this bond to be redeemed, together with any interest accrued and unpaid to the date fixed for redemption.

The full faith and credit of the Town are irrevocably pledged for the payment of principal of and interest on this bond. Unless other funds are lawfully available and appropriated for timely payment of this bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all taxable property in the Town sufficient to pay when due the principal of and interest on this bond.

The Town has designated this bond as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to the payment of principal of and interest on this bond and the exercise of all rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on [the last Business Day of the month preceding each payment date.]

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 connection with the issuance of this bond have happened, exist and have been performed, and this bond, together with all other indebtedness of the Town, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

**IN WITNESS WHEREOF**, the Town of Altavista, Virginia, has caused this bond to be to be signed by its [Mayor or Vice Mayor], its seal to be affixed hereto and attested by the [Town Clerk or Deputy Clerk], and this bond to be dated the date first written above.

(SEAL)

\_\_\_\_\_  
[Vice] Mayor, Town of Altavista, Virginia

\_\_\_\_\_  
[Deputy] Town Clerk, Town of Altavista, Virginia

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
(Please print or type name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE:

\_\_\_\_\_  
: :  
: :  
: :  
: :

the within bond and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_,  
Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

\_\_\_\_\_  
(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

**TRANSFER OF BOND**

Transfer of this bond may be registered by the registered owner or its duly authorized attorney upon presentation hereof to the Registrar who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**SCHEDULE I**

**[Attach Amortization Schedule at Closing]**

**COVERING CERTIFICATE FOR RESOLUTION**

The undersigned Town Clerk of the Town of Altavista, Virginia (the “Town”), certifies as follows:

1. Attached hereto is a true, correct and complete copy of a resolution entitled “RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BOND OF THE TOWN OF ALTAVISTA, VIRGINIA, PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, AND PROVIDING FOR THE REFUNDING OF CERTAIN PRIOR BONDS” (the “Resolution”). The Resolution was adopted at a regular meeting of the Town Council of the Town (the “Council”) held on March 24, 2020, by the affirmative roll-call vote of a majority of all members elected to the Council.

2. Such meeting was held at the time and place established by the Council for its regular meetings.

3. The minutes of such meeting reflect the attendance of the members and their votes on the Resolution as follows:

<b>Member</b>	<b>Attendance (Present/Absent)</b>	<b>Vote (Aye/Nay/Abstain)</b>
Reggie Bennett		
Beverley Dalton		
Tracy Emerson		
Tim George		
James H. Higginbotham		
Michael E. Mattox		
Wayne Mitchell		

4. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the Town of Altavista, Virginia this \_\_\_\_\_ day of March, 2020.

(SEAL)

\_\_\_\_\_  
Town Clerk, Town of Altavista, Virginia



**RESOLUTION PROVIDING FOR THE ISSUANCE, SALE  
AND AWARD OF A GENERAL OBLIGATION PUBLIC  
IMPROVEMENT REFUNDING BOND OF THE TOWN OF  
ALTAVISTA, VIRGINIA, PROVIDING FOR THE FORM,  
DETAILS AND PAYMENT THEREOF, AND PROVIDING  
FOR THE REFUNDING OF CERTAIN PRIOR BONDS**

**WHEREAS**, on January 29, 2016, the Town of Altavista, Virginia (the “Town”), issued its \$2,750,000 General Obligation Public Improvement Bond, Series 2016A (the “2016A Bond”), and \$3,961,960 General Obligation Public Improvement Refunding Bond, Series 2016B (the “2016B Bond”);

**WHEREAS**, the Town Council of the Town (the “Council”) desires to effect savings by having the Town issue a new general obligation public improvement refunding bond and use the proceeds, together with other available funds, to (a) refund the outstanding principal amounts of the 2016A Bond and the 2016B Bond (such refunded portions, collectively, the “Refunded Bonds”) and (b) pay the related costs of issuance and refunding;

**WHEREAS**, the Town’s administration and a representative of Davenport & Company LLC, acting in the role as the Town’s financial advisor (the “Financial Advisor”), have recommended to the Council that the Town issue and sell a general obligation public improvement refunding bond directly to a commercial banking or other financial institution;

**WHEREAS**, on behalf of the Town, the Financial Advisor has solicited and received bids from various commercial banking and other financial institutions to make a loan to the Town to be evidenced by the purchase of a general obligation public improvement refunding bond of the Town (the “2020B Bond” as hereinafter described);

**WHEREAS**, the Town’s administration, in collaboration with the Financial Advisor, has reviewed the bids received and recommended that the Town issue and sell the 2020B Bond as evidence of a direct bank loan from First National Bank or an affiliate or subsidiary thereof (collectively, the “2020B Purchaser”); and

**WHEREAS**, the Council has determined to approve the terms of such loan and the issuance and sale of the 2020B Bond, subject to the financing parameters set forth herein, and to delegate to the Town Manager the authority to negotiate the final terms of the loan and the 2020B Bond within such parameters;

**BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF ALTAVISTA, VIRGINIA:**

**1. Issuance, Sale and Award.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 and the Town Charter, the Council hereby provides for the issuance and sale of the 2020B Bond in a principal amount not to exceed \$6,000,000 to provide funds, together with other available monies of the Town, to (a) refund the Refunded Bonds, including funds to pay principal of and interest on the Refunded Bonds until redemption, and (b) pay costs incurred in connection with such refunding and the

costs of issuing the 2020B Bond. The 2020B Bond is hereby awarded, and shall be sold, to the 2020B Purchaser in accordance with the terms of its bid and subject to the provisions of this Resolution.

**2. Bond Details.** The Council hereby authorizes the Town Manager to determine the final terms of the 2020B Bond, all as he shall deem to be in the best interests of the Town and subject to the following parameters. As such, the Town Manager shall determine the appropriate series designation, the dated date, the numbering for the 2020B Bond, the dates on which principal and interest shall be due on the 2020B Bond and the amounts of the principal installments of the 2020B Bond. In no circumstances shall the 2020B Bond (a) be issued in a principal amount exceeding the limit set forth in Section 1 above, (b) bear interest at an annual rate exceeding 1.99%, or (c) be sold at a price of less than 100% of the original aggregate principal amount thereof or (d) have a final maturity date later than December 31, 2036. Following the determination of the final terms of the 2020B Bond, the Council directs the Town Manager to execute a certificate setting forth such final terms and to file such certificate with the records of the Council. The actions of the Town Manager in selling the 2020B Bond shall be conclusive, and no further action with respect to the issuance, sale and award of the 2020B Bond shall be necessary on the part of the Council.

If the date on which any payment is due with respect to the 2020B Bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of payment. "Business Day" shall mean a day on which banking business is transacted, but not including a Saturday, Sunday, legal holiday or any other day on which banking institutions are authorized or required by law to close in the Commonwealth of Virginia.

Principal of and premium, if any, and interest on the 2020B Bond shall be payable by the Registrar (as hereinafter defined) by check or draft mailed to the registered owner at the address as it appears on the registration books kept by the Registrar on the date selected by the Town Manager as the record date for the 2020B Bond (the "Record Date"); provided, however, at the request of the registered owner of the 2020B Bond, payment may be made by wire transfer pursuant to the most recent wire instructions received by the Registrar from such registered owner. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.

**3. Prepayment Provisions.** The 2020B Bond may be prepaid prior to maturity, at the option of the Town, in accordance with the terms of the bid of the 2020B Purchaser or as otherwise approved by the Town Manager, provided that any prepayment premium shall not exceed 2.00% of the principal amount thereof to be prepaid.

**4. Pledge of Full Faith and Credit.** The full faith and credit of the Town are irrevocably pledged for the payment of principal of and premium, if any, and interest on the 2020B Bond. Unless other funds are lawfully available and appropriated for timely payment of the 2020B Bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Town sufficient to pay when due the principal of and premium, if any, and interest on the 2020B Bond.

**5. Execution, Authentication and Form.** The 2020B Bond shall be signed by the manual or facsimile signature of the Mayor or Vice Mayor, and the Town's seal shall be affixed thereto and attested by the manual or facsimile signature of the Town Clerk (such term as used in this Resolution to include any Deputy or Assistant Clerk). If the 2020B Bond bears facsimile signatures, it shall be authenticated by the Town Manager or Town Treasurer prior to delivery to the 2020B Purchaser. The 2020B Bond shall be issued as a typewritten bond in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or Vice Mayor, whose approval shall be evidenced conclusively by such officer's execution of the 2020B Bond and delivery thereof to the 2020B Purchaser.

**6. Registration, Transfer and Owner of Bond.** The 2020B Bond shall be issued in registered form without coupons, payable to the registered holder or its registered assigns. The Council hereby appoints the Town Treasurer to act as the initial paying agent and registrar for the 2020B Bond (in both capacities and together with any successor paying agent and registrar, the "Registrar"); provided, however, the Council may at any time, in its sole discretion, after notice to the registered owner of the 2020B Bond, appoint a qualified bank or trust company to act as successor Registrar for the 2020B Bond. The Registrar shall maintain registration books for the registration and registration of transfers of the 2020B Bond. Upon presentation and surrender of the 2020B Bond to the Registrar, or its corporate trust office if the Registrar is a bank or trust company, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Town shall execute, and the Registrar shall authenticate, if required by Section 5, and deliver in exchange a new Bond or Bonds having an equal aggregate principal amount, in authorized denominations, of the same form and maturity, bearing interest at the same rate and registered in the name(s) as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Registrar may charge the person or entity requesting such exchange the amount of any tax or governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person exclusively entitled to payment of principal of and premium, if any, and interest on the 2020B Bond and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person or entity shown as owner on the registration books on the Record Date.

**7. Preparation and Delivery of Bond.** The officers of the Town are hereby authorized and directed to take all proper steps to have the 2020B Bond prepared and executed in accordance with its terms and to deliver the 2020B Bond to the 2020B Purchaser upon payment therefor.

**8. Mutilated, Lost or Destroyed Bond.** If the 2020B Bond has been mutilated, lost or destroyed, the Town officers authorized under Section 5 above to execute the original 2020B Bond shall execute and deliver a new 2020B Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated 2020B Bond or in lieu of and in substitution for such lost or destroyed 2020B Bond; provided, however, that such Town officers shall so execute and deliver the new 2020B Bond only if the registered owner has paid the reasonable expenses and charges of the Town in connection therewith and, in the case of a lost or

destroyed 2020B Bond, (a) has filed with the Town evidence satisfactory to such Town officers that such Bond was lost or destroyed and (b) has furnished to the Town satisfactory indemnity.

**9. Redemption of the Refunded Bonds.** The Town Manager is authorized and directed to take all proper steps to call for redemption the Refunded Bonds and to prepare and deliver any such notices and correspondence necessary therefor.

**10. Arbitrage Covenants.** The Town covenants that it shall not take or omit to take any action the taking or omission of which will cause the 2020B Bond to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), or otherwise cause interest on the 2020B Bond to be includable in the gross income for federal income tax purposes of the registered owner(s) thereof under existing law. Without limiting the generality of the foregoing, the Town shall comply with any provision of law that may require the Town at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the 2020B Bond, unless the Town receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the 2020B Bond from being includable in the gross income for federal income tax purposes of the registered owner(s) thereof under existing law. The Town shall pay any such required rebate from its legally available funds.

**11. Non-Arbitrage Certificate and Elections.** Such officers of the Town as may be requested by the Town’s bond counsel are hereby authorized and directed to execute an appropriate certificate setting forth (a) the expected use and investment of the proceeds of the 2020B Bond in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code and regulations issued pursuant thereto and (b) any elections such officers deem desirable regarding rebate of earnings to the United States for purposes of complying with Section 148 of the Code. Such certificate shall be prepared in consultation with the Town’s bond counsel, and such elections shall be made after consultation with bond counsel.

**12. Limitation on Private Use.** The Town covenants that it shall not permit the proceeds of the 2020B Bond or the facilities refinanced therewith to be used in any manner that would result in 5% or more of such proceeds or facilities, as applicable, (a) being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Town receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the 2020B Bond from being includable in the gross income for federal income tax purposes of the registered owner thereof under existing law, the Town need not comply with such covenants.

**13. Qualified Tax-Exempt Obligation.** If the Town Manager determines that the Town is able to meet the requirements of Section 265(b)(3) of the Code with respect to the 2020B Bond, including (with certain exceptions) a restriction on the issuance by the Town of more than \$10,000,000 (in the aggregate) of tax-exempt obligations during the current calendar year, the Town Manager is hereby authorized to designate the 2020B Bond as a “qualified tax-

exempt obligation” for the purpose of Section 265(b)(3) of the Code or to comply with the provisions under such Section for “deemed designated” status.

**14. Provision of Financial Information.** The Town Manager or his designee is hereby authorized and directed to provide, for each fiscal year in which the 2020B Bond remains outstanding, a copy of the Town’s comprehensive annual financial report and annual budget to the registered owner of the 2020B Bond.

**15. Other Actions.** All other actions of officers of the Town and the Council in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the 2020B Bond and the refunding of the Refunded Bonds are ratified, approved and confirmed. The officers of the Town are hereby authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the 2020B Bond and the refunding of the Refunded Bonds.

**16. Repeal of Conflicting Resolutions.** All resolutions or parts of resolutions in conflict herewith are repealed.

**17. Effective Date.** This Resolution shall take effect immediately.

**EXHIBIT A -- FORM OF BOND**

**REGISTERED**

**REGISTERED**

**No. R[B]-1**

\_\_\_\_\_, 2020

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
TOWN OF ALTAVISTA**

**General Obligation Public Improvement Refunding Bond  
Series 2020[B]**

The Town of Altavista, Virginia (the “Town”), for value received, promises to pay, to First National Bank (the “Bank”), or its registered assigns or legal representative, the principal sum of [\_\_\_\_\_ **DOLLARS** (\$\_\_\_\_\_)], together with interest from the date of this bond on the unpaid principal, at the rate of [\_\_\_\_\_] % per year, calculated on the basis of a [360-day year of twelve 30-day months], subject to prepayment as hereinafter provided. Installments of interest shall be payable semi-annually on [\_\_\_\_\_] and [\_\_\_\_\_] , commencing [\_\_\_\_\_] , and installments of principal shall be payable annually on [\_\_\_\_\_] , commencing [\_\_\_\_\_] , in the amounts set forth on Schedule I attached hereto. If not sooner paid, all principal shall be due and payable on \_\_\_\_\_. Principal of and premium, if any, and interest on this bond are payable in lawful money of the United States of America.

If the date on which any payment is due with respect to this bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of payment. “Business Day” shall mean a day on which banking business is transacted, but not including a Saturday, Sunday, legal holiday or any other day on which banking institutions are authorized or required by law to close in the Commonwealth of Virginia. Principal, premium, if any, and interest are payable by the Town Treasurer, who has been appointed the initial paying agent and registrar for this bond (in both capacities, the “Registrar”).

This bond is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Town Charter and the Public Finance Act of 1991. This bond has been authorized and issued pursuant to a resolution adopted by the Town Council of the Town (the “Council”) on March 24, 2020, to provide funds (a) to refund the outstanding principal amounts of the Town’s General Obligation Public Improvement Bond, Series 2016A, and General Obligation Public Improvement Refunding Bond, Series 2016B, and (b) to pay the costs of refunding such bonds and issuing this bond.

This bond may be prepaid prior to maturity at the option of the Town in whole or in part at any time at a redemption price equal to 100% of the principal amount of this bond to be redeemed, together with any interest accrued and unpaid to the date fixed for redemption.

The full faith and credit of the Town are irrevocably pledged for the payment of principal of and interest on this bond. Unless other funds are lawfully available and appropriated for timely payment of this bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all taxable property in the Town sufficient to pay when due the principal of and interest on this bond.

[This refunding bond is deemed a “qualified tax-exempt obligation” for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.]

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to the payment of principal of and interest on this bond and the exercise of all rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on [the last Business Day of the month preceding each payment date].

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 connection with the issuance of this bond have happened, exist and have been performed, and this bond, together with all other indebtedness of the Town, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

**IN WITNESS WHEREOF**, the Town of Altavista, Virginia, has caused this bond to be to be signed by its [Mayor or Vice Mayor], its seal to be affixed hereto and attested by the [Town Clerk or Deputy Clerk], and this bond to be dated the date first written above.

(SEAL)

\_\_\_\_\_  
[Vice] Mayor, Town of Altavista, Virginia

\_\_\_\_\_  
[Deputy] Town Clerk, Town of Altavista, Virginia

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
(Please print or type name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFeree:

\_\_\_\_\_  
: :  
: :  
: :  
: :

the within bond and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_,  
Attorney, to transfer said bond on the books kept for the registration thereof, with full power of  
substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed  
by an Eligible Guarantor Institution such as  
a Commercial Bank, Trust Company,  
Securities Broker/Dealer, Credit Union, or  
Savings Association who is a member of a  
medallion program approved by The  
Securities Transfer Association, Inc.

\_\_\_\_\_  
(Signature of Registered Owner)

NOTICE: The signature above must  
correspond with the name of the registered  
owner as it appears on the front of this bond  
in every particular, without alteration or  
enlargement or any change whatsoever.



**TRANSFER OF BOND**

Transfer of this bond may be registered by the registered owner or its duly authorized attorney upon presentation hereof to the Registrar who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**SCHEDULE I**

**[Attach Amortization Schedule at Closing]**

**COVERING CERTIFICATE FOR RESOLUTION**

The undersigned Town Clerk of the Town of Altavista, Virginia (the “Town), certifies as follows:

1. Attached hereto is a true, correct and complete copy of a resolution entitled “RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF A TAXABLE GENERAL OBLIGATION PUBLIC IMPROVEMENT AND REFUNDING BOND, SERIES 2020A, OF THE TOWN OF ALTAVISTA, VIRGINIA, HERETOFORE AUTHORIZED, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF” (the “Resolution”). The Resolution was adopted at a regular meeting of the Town Council of the Town (the “Council”) held on March 24, 2020, by the affirmative roll-call vote of a majority of all members elected to the Council.

2. Such meeting was held at the time and place established by the Council for its regular meetings.

3. The minutes of such meeting reflect the attendance of the members and their votes on the Resolution as follows:

<b>Member</b>	<b>Attendance (Present/Absent)</b>	<b>Vote (Aye/Nay/Abstain)</b>
Reggie Bennett		
Beverley Dalton		
Tracy Emerson		
Tim George		
James H. Higginbotham		
Michael E. Mattox		
Wayne Mitchell		

4. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the Town of Altavista, Virginia this \_\_\_\_ day of March, 2020.

(SEAL)

\_\_\_\_\_  
Town Clerk, Town of Altavista, Virginia

**RESOLUTION PROVIDING FOR THE ISSUANCE AND  
SALE OF A TAXABLE GENERAL OBLIGATION PUBLIC  
IMPROVEMENT AND REFUNDING BOND, SERIES 2020A,  
OF THE TOWN OF ALTAVISTA, VIRGINIA,  
HERETOFORE AUTHORIZED, AND PROVIDING FOR THE  
FORM, DETAILS AND PAYMENT THEREOF**

**WHEREAS**, the Town Council (the “Council”) of the Town of Altavista, Virginia (the “Town”), by an ordinance adopted on March 10, 2020, has authorized the issuance of general obligation public improvement bonds in an aggregate principal amount not to exceed \$16,000,000 to finance capital improvements related to the Town’s water and sewer systems (the “Project”), none of which bonds has heretofore been issued;

**WHEREAS**, pursuant to such authorization, the Council desires now to issue a general obligation public improvement bond in a principal amount not to exceed \$7,500,000 and use the proceeds, together with other available funds, to finance the Project and to pay related financing and issuance costs;

**WHEREAS**, on January 29, 2016, the Town issued its \$2,750,000 General Obligation Public Improvement Bond, Series 2016A (the “2016A Bond”), and \$3,961,960 General Obligation Public Improvement Refunding Bond, Series 2016B (the “2016B Bond”);

**WHEREAS**, the Council desires to effect savings by having the Town issue a new general obligation refunding bond and use the proceeds, together with other available funds, to (a) refund the outstanding principal amounts of the 2016A Bond and the 2016B Bond (such refunded portions, collectively, the “Refunded Bonds”) and (b) pay the related refunding and issuance costs;

**WHEREAS**, the Town has determined to issue a single general obligation public improvement and refunding bond (the “Bond” as further described in Section 3 herein) to finance the Project and to refund the Refunded Bonds;

**WHEREAS**, the Town has applied to the Virginia Resources Authority (“VRA”) for the purchase of the Bond, and, subject to final credit approval, VRA has indicated its willingness to purchase the Bond using the proceeds of one or more series of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) (collectively, the “VRA Bonds”), in accordance with the terms of a Local Bond Sale and Financing Agreement to be dated as of a date specified by VRA (the “Financing Agreement”), between VRA and the Town, the form of which has been made available to the Council prior to this meeting;

**WHEREAS**, the Financing Agreement shall indicate that (a) the sum of (i) \$6,400,000 related to the costs of the Project, plus (ii) an amount sufficient to provide for the refunding of the Refunded Bonds and plus (ii) an amount sufficient to provide for financing, refunding and issuance costs, or (b) such other amount as requested by the Town in writing and approved by VRA prior to the pricing of the VRA Bonds is the amount of proceeds requested (the “Proceeds Requested”) from VRA;

**WHEREAS**, the Town desires to include in the Financing Agreement that the refunding of the Refunded Bonds achieve an aggregate net present value debt service savings of not less than 3.0% of the par amount of the Refunded Bonds (the “Targeted Savings”);

**WHEREAS**, VRA has advised that VRA’s objective is to pay the Town a purchase price for the Bond that, in VRA’s judgment, reflects its market value (the “Purchase Price Objective”), taking into consideration the Proceeds Requested, the Targeted Savings and such factors as the purchase price received by VRA for the VRA Bonds, the issuance costs of the VRA Bonds (consisting of the underwriters’ discount and other costs incurred by VRA), as well as other market conditions relating to the sale of the VRA Bonds; and

**WHEREAS**, the Financing Agreement will provide that the terms of the Bond may not exceed the parameters set forth below in Section 3;

**BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF ALTAVISTA, VIRGINIA:**

**1. Issuance of Bond and Use of Proceeds.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia (the “Commonwealth”), including the Public Finance Act of 1991 and the Town Charter, the Council hereby provides for the issuance and sale of the Bond to VRA and the use of the Bond proceeds to finance the Project (including capitalized interest on the Bond as necessary), refund the Refunded Bonds and pay related financing, issuance and refunding costs.

**2. Authorization of Financing Agreement.** The form of the Financing Agreement made available to the Council prior to this meeting is hereby approved. The Town Manager is authorized to execute and deliver the Financing Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Town Manager, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Bond to VRA shall be upon the terms and conditions set forth in the Financing Agreement. The proceeds of the Bond shall be applied in the manner set forth in the Financing Agreement. All capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in the Financing Agreement.

**3. Bond Details.** The Bond shall be issued as a single, registered bond, shall be designated “Taxable General Obligation Public Improvement and Refunding Bond, Series 2020A” (or such other designation as determined by the Town Manager), shall be numbered RA-1 and shall be dated the date that is 30 days prior to the closing date of the VRA Bonds. The Council authorizes the issuance and sale of the Bond to VRA on such terms as shall be determined by VRA, subject to VRA’s Purchase Price Objective, the Targeted Savings and market conditions described in the Recitals hereof; provided, however, that the Bond (a) shall be in a principal amount not to exceed \$14,000,000, (b) shall be payable in principal installments ending no later than December 31, 2050, (c) shall have a “true” interest cost not to exceed 6.50% (exclusive of “Supplemental Interest” as provided in the Financing Agreement), (d) shall be sold to VRA at a price that is substantially equal to the Proceeds Requested and (e) shall realize savings (with respect to refunding the Refunded Bonds) at least equal to the Targeted Savings. In the event that the Targeted Savings cannot be met, the Town Manager may determine to proceed with issuing the Bond to finance the Project; provided, however, that, in such event, the principal amount of the Bond shall not exceed \$7,500,000. Subject to the preceding terms, the Council further authorizes the Town Manager to accept the final terms presented by VRA, including (x) the final principal amount of the Bond, (y) the amortization schedule (including the principal installment dates and amounts) for the Bond and (z) the optional and extraordinary redemption provisions, if

any, of the Bond. The actions of the Town Manager in determining the final terms of the Bond shall be conclusive, and no further action shall be necessary on the part of the Town Council.

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

**4. Payment and Redemption Provisions of Bond.** The principal of and premium, if any, and interest on the Bond shall be payable as set forth in the Bond and the Financing Agreement. The Town may, at its option, redeem, prepay or refund the Bond upon the terms set forth in the Financing Agreement.

**5. Execution and Form of Bond.** The Bond shall be signed by the Mayor or Vice Mayor and the Town’s seal shall be affixed thereon and attested by the Town Clerk (or any Deputy or Assistant Town Clerk). The Bond shall be issued initially as a typewritten bond in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing the Bond, whose approval shall be evidenced conclusively by the execution and delivery of the Bond.

**6. Pledge of Full Faith and Credit.** The full faith and credit of the Town are irrevocably pledged for the payment of principal of and premium, if any, and interest on the Bond. Unless other funds are lawfully available and appropriated for timely payment of the Bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Town sufficient to pay when due the principal of and premium, if any, and interest on the Bond.

**7. Preparation of Printed Bond.** Upon request of the registered owner and upon presentation of the Bond at the office of the Registrar (as hereinafter defined), the Town shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Bond 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 thereof (except that one Bond may be issued in an odd denomination of less than \$5,000), of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Bond may be executed by manual or facsimile signature of the Mayor or Vice Mayor and the Town’s seal is to be affixed thereto and attested by the Town Clerk (or any Deputy or Assistant Town Clerk); provided, however, that if both such signatures are facsimiles, no Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Bond surrendered in any such exchange shall be canceled.

**8. Registration, Transfer and Owner of Bond.** The Town hereby appoints the Director of Finance as paying agent and registrar (the “Registrar”) for the Bond. If deemed to be in the best interests of the Town, the Town Manager may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Town shall provide for the execution, and the Registrar shall authenticate and deliver in exchange, a new Bond or Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest

at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

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

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

**10. Preparation and Delivery of Bond.** The officers of the Town are authorized and directed to take all proper steps to have the Bond prepared and executed in accordance with its terms and to deliver it to VRA as the purchaser thereof upon receipt of the Purchase Price from VRA as set forth in the Financing Agreement.

**11. Arbitrage Covenants.** The Town covenants that it shall not take or omit to take any action the taking or omission of which will cause the VRA Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the VRA Bonds to be includable in the gross income of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the Town shall comply with any provision of the Tax Compliance Agreement (as hereinafter defined) that may require the Town at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bond, unless the Town receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the VRA Bonds from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Town shall pay any such required rebate from legally available funds.

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

**13. Private Activity Bond Covenant.** The Town covenants that it shall not permit the proceeds of the Bond or the facilities financed or refinanced with the proceeds of the Bond to be used in any manner that would result in (a) 10% or more of such proceeds or facilities being used in any trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or facilities being used with respect

to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Town receives an opinion of nationally recognized bond counsel that compliance with any such covenant is not required to prevent the interest on the VRA Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the Town need not comply with such covenant to the extent provided in such opinion.

**14. Redemption of the Refunded Bonds.** The Town Manager is authorized and directed to take all proper steps to call for redemption the Refunded Bonds and to prepare and deliver any such notices and correspondence necessary therefor.

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

**16. SNAP Investment Authorization.** The Council has heretofore received and reviewed the Information Statement (the "Information Statement") describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool (the "Contract"), and the Council has determined to authorize the Director of Finance to utilize SNAP in connection with the investment of the proceeds of the Bond. The Council acknowledges the Treasury Board of the Commonwealth is not, and shall not be, in any way liable to the Town in connection with SNAP, except as otherwise provided in the Contract.

**17. Other Actions.** All other actions of officers of the Town in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bond and the refunding of the Refunded Bonds are hereby ratified, approved and confirmed. The officers of the Town are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bond and the refunding of the Refunded Bonds.

**18. Repeal of Conflicting Resolutions.** All resolutions or parts of resolutions in conflict with the provisions of this Resolution are repealed.

**19. Effective Date.** This Resolution shall take effect immediately.



**EXHIBIT A - Form of Bond**

*Interest on this bond is intended by the issuer thereof to be included in gross income for federal income tax purposes.*

**REGISTERED**

**REGISTERED**

**R-1**

\_\_\_\_\_, 2020

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
TOWN OF ALTAVISTA**

**Taxable General Obligation Public Improvement and Refunding Bond  
Series 2020A**

The **Town of Altavista, Virginia** (the “Town”), a political subdivision of the Commonwealth of Virginia (the “Commonwealth”), for value received, acknowledges itself in debt and promises to pay to the Virginia Resources Authority, or its registered assigns or legal representative (“VRA”), solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_). Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, \_\_\_\_\_, computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

If any installment of principal of or interest on this bond is not paid to the registered owner of this bond within five days after its due date, the Town shall pay to VRA a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of \_\_\_\_\_, 2020 (the “Financing Agreement”), between VRA and the Town, so long as this bond is held by or for the account of VRA or its registered assigns or legal representative, interest is payable by (i) check or draft mailed to the registered owner of this bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the Director of Finance, who has been appointed registrar and paying agent, or any successor bank or trust company (the “Registrar”) or (ii) wire transfer pursuant to the most recent wire instructions received by the Registrar from such registered owner, except that the final payment is payable upon presentation and surrender of this bond at the office of the Registrar. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case a payment date on this bond shall not be a Business Day (as defined below), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date. “Business Day” means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

This bond has been authorized by an ordinance adopted by the Town Council of the Town (the “Council”) on March 10, 2020 (the “Ordinance”), and is issued pursuant to the Constitution and statutes of the Commonwealth, including the Public Finance Act of 1991 and the Town Charter, a resolution adopted by the Council on March 24, 2020 (such resolution together with the Ordinance, the “Resolution”), and the Financing Agreement. Proceeds of this bond will be used to provide funds to (a) finance capital costs related to the Town’s water and sewer systems, (b) refund certain outstanding indebtedness of the Town and (c) pay related issuance, financing and refunding costs.

The full faith and credit of the Town are irrevocably pledged for the payment of principal of and premium, if any, and interest on this bond. Unless other funds are lawfully available and appropriated for timely payment of this bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all taxable property within the Town sufficient to pay when due the principal of and premium, if any, and interest on this bond.

If any failure of the Town to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this bond results in a withdrawal from or drawing on any VRA Reserve (as defined in the Financing Agreement), the interest rates applicable to this bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or the drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as “Supplemental Interest.” The term “interest” as used in this bond shall include Supplemental Interest, when and if payable. The Town’s obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the Town’s failure to pay a required payment or portion thereof as described above (the “Supplemental Interest Commencement Date”). The Town’s obligation to pay Supplemental Interest shall terminate on the date on which the Town makes all payments required but outstanding since the date of the initial failure to pay (the “Supplemental Interest Termination Date”). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in this bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this bond, VRA shall deliver to the Town a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

This bond may be redeemed, prepaid or refunded at the option of the Town upon the terms set forth in the Financing Agreement and the Resolution.

This bond is issuable as a fully registered bond. Upon surrender of this bond at the Registrar’s office, together with an assignment duly executed by the registered owner or such owner’s duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Town shall execute, and the Registrar shall authenticate and deliver in exchange, a new bond or bonds in the manner and subject to the limitations and conditions provided in the

Resolution, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rates and in the same manner, and registered in such names as requested by the then registered owner of this bond or such owner's duly authorized attorney or legal representative. Any such exchange shall be at the Town's expense, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal of and premium, if any, and interest on this bond and the exercise of all other rights and powers of the owner, except that regular installment payments of principal and interest shall be made to the person shown as the owner on the registration books on the 15<sup>th</sup> day of the month preceding each payment date.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth to happen, exist or be performed precedent to and in connection with the issuance of this bond have happened, exist and have been performed, and this bond, together with all other indebtedness of the Town, is within every debt and other limitation prescribed by the Constitution and statutes of the Commonwealth.

**IN WITNESS WHEREOF**, the Town of Altavista, Virginia, has caused this bond to be signed by the Mayor, its seal to be affixed hereto and attested by the Town Clerk, and this bond to be dated the date first above written.

(SEAL)

\_\_\_\_\_  
Mayor, Town of Altavista, Virginia

**ATTEST:**

\_\_\_\_\_  
Town Clerk, Town of Altavista, Virginia

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE:

\_\_\_\_\_  
: :  
: :  
: :  
\_\_\_\_\_

the within bond and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_  
Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

\_\_\_\_\_  
(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

**SCHEDULE I TO  
TOWN OF ALTAVISTA, VIRGINIA  
TAXABLE GENERAL OBLIGATION PUBLIC  
IMPROVEMENT AND REFUNDING BOND  
SERIES 2020A**

**Principal  
Installment  
Number**

**Principal  
Installment  
Amount**

**Principal  
Installment  
Due Date**

**Interest  
Rate**

[to be completed after pricing of VRA Bonds]

## Town of Altavista, Virginia

### Virginia Pooled Financing Program – General Obligation Pledge – Terms and Conditions

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*Below is an outline of the proposed principal terms and conditions for the type of financing requested by the Town of Altavista for funding from the Series 2020A Virginia Pooled Financing Program (“VPFP”), which has been authorized by the Credit Committee of Virginia Resources Authority (“VRA”). The final terms and conditions will be set forth in the Local Bond Sale and Financing Agreement between VRA and the Town of Altavista, which will be executed in advance of the currently scheduled Series 2020A VPFP bond pricing in May 2020. The following proposed terms are valid through August 31, 2020.*

<b>Borrower:</b>	Town of Altavista, Virginia (the “Borrower”)
<b>Amount:</b>	Requested proceeds of up to \$12,200,000 providing for a new money project fund of \$6,400,000 plus an amount sufficient to refinance the Borrower’s 2016A/B loans and provide for local costs of issuance (Any changes in the Requested Proceeds amount should be submitted by March 27, 2020)
<b>Purpose:</b>	To finance improvements to the Borrower’s water and wastewater system and refinance the Borrower’s 2016A/B General Obligation Bonds that originally financed water, sewer, and stormwater system improvements, together with related expenses (the “Project”).
<b>Security and Special Covenant Regarding the Water &amp; Sewer Enterprise Fund:</b>	Pledge of full faith and credit;  <i>Special Covenant Regarding the Water &amp; Sewer Enterprise Fund:</i> the Borrower’s net water and sewer system revenues available for debt service shall be 115% of debt service payable from the water and sewer system enterprise fund;  Borrower covenants to fund a local debt service reserve fund equal to maximum annual debt service on the proposed loan <u>only</u> in the event that the Borrower fails to meet the above-referenced water and sewer system rate covenant of 115% of debt service payable from the water and sewer system enterprise fund for two consecutive fiscal years;
<b>Qualified Independent Consultant Report:</b>	If as of the end of any fiscal year, the Borrower is not in compliance with the revenue covenant, the Borrower will immediately request a qualified independent consultant report with recommendations with respect to increases in the Borrower’s rates, fees, and charges to bring the Borrower

## Town of Altavista, Virginia

### Virginia Pooled Financing Program – General Obligation Pledge – Terms and Conditions

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into compliance with the rate covenant.

**Other Conditions:**

Notice to VRA prior to the pricing of the VPPF spring Series 2020A bond issue if the Borrower becomes aware of any threatened or filed litigation with respect to the Project<sup>1</sup>;

Notice to VRA of definite intent to participate in the VPPF spring Series 2020A VPPF transaction no later than April 3, 2020<sup>2</sup> evidenced by the execution of a Local Bond Sale and Financing Agreement for the proposed borrowing

**Highlighted  
Documentation:**

- Certified copies of the local resolution or ordinance authorizing the proposed financing
- Statement of no material adverse change in condition for the Borrower since Fiscal Year Ending June 30, 2019

**Legal Opinions:**

Customary opinions as to authorization, validity, no litigation, and no private activity and other matters requested by the VRA

**General Covenants:**

To include those customary for these types of transactions, including events of taxability and others that are appropriate in the context of the financing

**Payment Dates:**

April 1 - Interest  
October 1 – Principal and interest

**Final Local Loan  
Maturity:**

Not later than October 1, 2050

**Annual Administrative  
Fee:**

12.5 basis points of outstanding principal and payable with interest payments on the loan

**Annual Pass-through fees:**

Annual pass-through fees will be enumerated in the Local Bond Sale and Financing Agreement between the Borrower

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<sup>1</sup> In the event of threatened or filed litigation with respect to the Borrower or the Project, VRA reserves the right to withdraw or alter the terms of this commitment in its sole discretion.

<sup>2</sup> If a material adverse change has occurred in the financial condition of the Borrower as indicated in the financial statements, application and other information furnished to VRA between the date of the Borrower's loan application to the VPPF and the VPPF bond pricing, VRA reserves the right to withdraw or alter the terms of this commitment in its sole discretion.

## Town of Altavista, Virginia

### Virginia Pooled Financing Program – General Obligation Pledge – Terms and Conditions

and VRA and include but are not limited to annual trustee fees and allocable costs associated with arbitrage rebate calculations

**Acknowledgement:**

The foregoing terms and conditions are hereby acknowledged the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

By: \_\_\_\_\_

Its: \_\_\_\_\_

**VRA Contact:**

Peter D'Alema  
Director of Program Management  
1111 East Main Street  
Suite 1920  
Richmond, VA 23219  
804-616-3446  
[pdalema@virginiaresources.org](mailto:pdalema@virginiaresources.org)



**LOCAL BOND SALE AND FINANCING AGREEMENT**

**between**

**VIRGINIA RESOURCES AUTHORITY**

**and**

**TOWN OF ALTAVISTA, VIRGINIA**

**Dated as of April 3, 2020**

**Virginia Resources Authority  
Infrastructure and State Moral Obligation Revenue Bonds  
(Virginia Pooled Financing Program)  
Series 2020A**

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## LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of April 3, 2020, and is between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and the **TOWN OF ALTAVISTA**, a municipal corporation of the Commonwealth of Virginia (the "Local Government").

A. VRA intends to issue its Related Series of VRA Bonds, as hereinafter defined, and to use a portion of the proceeds thereof to acquire from the Local Government the Local Bond, as hereinafter defined.

B. VRA and the Local Government wish to set forth herein certain terms, conditions and provisions related to the purchase of the Local Bond, the application of the proceeds thereof, the payment of the debt service thereon and the security therefor, and the use and maintenance of the Related Financed Property, as hereinafter defined.

**NOW, THEREFORE**, VRA and the Local Government agree as follows:

### ARTICLE I DEFINITIONS

**Section 1.1 Definitions.** Each capitalized term contained in this Agreement has the meaning set forth below:

**"2016A Local Bond"** means the Local Government's General Obligation Public Improvement Bond, Series 2016A dated January 29, 2016, issued in the amount of \$2,750,000.

**"2016B Local Bond"** means the Local Government's Local Government's General Obligation Public Improvement Refunding Bond, Series 2016B dated January 29, 2016, issued in the amount of \$3,961,960.

**"2020A Acquisition Fund"** has the meaning set forth in the Related Supplemental Series Indenture.

**"Act"** means the Virginia Resources Authority Act, Chapter 21, Title 62.1 of the Code of Virginia of 1950, as amended.

**"Agreement"** means this Local Bond Sale and Financing Agreement dated the date first written above, between VRA and the Local Government, as modified, altered, amended or supplemented in accordance with the terms hereof.

**"Business Day"** means any day on which commercial banking institutions are generally open for business in New York, New York and Richmond, Virginia.

**"Closing Date"** means May 27, 2020, or such other date as may be determined by VRA.

**"Commonwealth"** means the Commonwealth of Virginia.

**"Consulting Engineer"** means the Local Engineer or the Outside Engineer.

**"Effective Date"** means April 3, 2020.

**"Event of Default"** has the meaning set forth in Section 10.1.

**"Financing Parameters"** means the parameters established by the governing body of the Local Government regarding the terms and conditions of the Local Bond, which may include a maximum par amount, maximum "true" interest cost or targeted savings.

**"Fiscal Year"** means the 12-month period beginning July 1 of one year and ending on June 30 of the following year, or if the Local Government has established another 12-month period as its annual accounting period such other 12-month period.

**"Government Obligations"** means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

**"Local Account"** means the local account established for the Local Bond within the 2020A Acquisition Fund.

**"Local Authorization"** means the ordinance adopted on March [\_\_\_], 2020, by a majority of the members of the governing body of the Local Government approving (i) the transactions contemplated by and authorizing the execution and delivery of the Local Bond Documents and (ii) the execution, issuance and sale of the Local Bond subject to the Financing Parameters.

**"Local Bond"** means the Local Government's [\_\_\_\_\_], Series 2020, issued in the original principal amount set forth in Schedule 1.1, as such bond may be amended or modified.

**"Local Bond Documents"** means this Agreement and the Local Tax Document.

**"Local Engineer"** means an officer or employee of the Local Government so designated in writing by a Local Representative, which officer or employee (i) is licensed as a professional engineer in Virginia, (ii) has recognized standing and experience in the design and construction of facilities similar to the Project and (iii) is subject to VRA's reasonable approval.

**"Local Government"** means the Town of Altavista, Virginia.

**"Local Representative"** means (i) the chair or vice chair of the governing body of the Local Government, (ii) the chief executive officer of the Local Government and (iii) any other official or employee of the Local Government authorized by resolution of the governing body of the Local Government to perform the act or sign the document in question.

**"Local Tax Document"** means the Nonarbitrage Certificate and Tax Compliance Agreement dated the Closing Date, between the Local Government and VRA, as modified, altered, amended and supplemented.

**"Master Indenture"** means the Master Indenture of Trust dated as of December 1, 2003, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms.

**"Net Revenues Available for Debt Service"** means the Revenues less amounts necessary to pay Operation and Maintenance Expenses.

**"Operation and Maintenance Expenses"** means the costs of operating and maintaining the System determined under generally accepted accounting principles, exclusive of (i) interest on any debt payable from Revenues, (ii) depreciation and other items not requiring the expenditure of cash, (iii) any amounts expended for capital replacements, repairs and maintenance not recurring either annually or biannually, depending on the customary practice of performing operation and maintenance, or reserves therefor, and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

**"Outside Engineer"** means a firm of independent consulting engineers with recognized standing in the field of water and sewer engineering and licensed as professional engineers in Virginia that the Local Government designates in writing, subject to VRA's reasonable approval.

**"Proceeds Requested"** means \$16,150,000 or such other amount requested in writing by the Local Government and approved by VRA prior to the Sale Date.

**"Project"** means the project described in Exhibit B.

**"Project Budget"** means the budget for the Project set forth in Schedule 1.1.

**"Project Costs"** means the costs of the Project to the extent such costs are included in the definition of "cost" set forth in Section 62.1-199 of the Act, and includes the refunding of obligations of VRA or the Local Government issued to finance or refinance "costs" set forth in Section 62.1-199 of the Act.

**"Purchase Price"** has the meaning set forth in Schedule 1.1 and represents the amount received by the Local Government from the sale of the Local Bond to VRA. The Purchase Price of the Local Bond will be determined by adding to or subtracting from the portion of the par amount of the Related Portion of VRA Bonds the Local Government's share of the net original issue premium or discount on the Related Series of VRA Bonds and by subtracting from the par amount of the Related Portion of VRA Bonds the Local Government's share of VRA's expenses as set forth in Section 3.2 and the Local Government's share of the deposit on the Closing Date to any applicable VRA Reserve. It is acknowledged that the Purchase Price does not include any accrued interest on the Local Bond from its dated date to the Closing Date.

**"Qualified Independent Consultant"** means 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 an Outside Engineer, and an independent certified public accountant or firm of independent certified public accountants; provided, however, all Qualified Independent Consultants are subject to the reasonable approval of VRA.



**"Refunded Bonds"** means the portion of the 2016A Local Bond and 2016B Local Bond to be refunded as agreed to in writing by the Local Government and VRA prior to the Sale Date.

**"Registrar"** means the officer or employee of the Local Government designated under the Local Authorization to maintain the registration books for the Local Bond.

**"Related Financed Property"** means the land, building, equipment and other property, the acquisition, construction, renovation, or equipping of which was financed and refinanced by the Local Bond as part of the Project.

**"Related Portion of VRA Bonds"** means the portion of the Related Series of VRA Bonds allocable to the Local Bond (as determined by VRA), including any bonds issued by VRA to refund such Related Series of VRA Bonds in whole or in part.

**"Related Series of VRA Bonds"** means the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2020A (or such other series of Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program that is specified in Schedule 1.1), in the original aggregate principal amount set forth in Schedule 1.1, and, unless the Local Government receives notice to the contrary from VRA, any bonds issued by VRA to refund the Related Series of VRA Bonds in whole or in part.

**"Related Supplemental Series Indenture"** means the Forty-Seventh Supplemental Series Indenture of Trust dated as of May 1, 2020, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms and those of the Master Indenture.

**"Revenue Fund"** has the meaning set forth in the Master Indenture.

**"Revenues"** means (i) all rates, fees, rentals, charges and other income properly allocable to the System under generally accepted accounting principles or resulting from the Local Government's ownership or operation of the System and all rights to receive the same, whether now existing or hereafter coming into existence, exclusive of user and other deposits subject to refund until such deposits have become the Local Government'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 Local Government and (iv) any other income from other sources now or hereafter pledged or specifically made available by or on behalf of the Local Government to or for the payment of Operation and Maintenance Expenses or debt service on Parity Debt.

**"Sale Date"** means May 13, 2020, or such other date specified in Schedule 1.1.

**"Supplemental Interest"** has the meaning set forth in Section 6.1.

**"System"** means all plants, systems, facilities, equipment or property owned operated or maintained by the Local Government and used in connection with the supply, treatment, storage or distribution of water and the and the collection and treatment of wastewater, as the same may exist from time to time, and includes the Related Financed Property.

"**Trustee**" means U.S. Bank National Association, Richmond, Virginia, as trustee under the Master Indenture and the Related Supplemental Series Indenture, or its successors serving in such capacity.

"**Verification Agent**" means a firm or individual engaged by VRA to provide the Verification Report.

"**Verification Report**" means the report of the Verification Agent.

"**Virginia SNAP**" means the Commonwealth of Virginia State Non-Arbitrage Program.

"**VRA**" means the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth.

"**VRA Bonds**" means the Related Series of VRA Bonds and any additional bonds issued under the Master Indenture.

"**VRA Reserve**" means any one or more of the Capital Reserve Fund, the Infrastructure Debt Service Reserve Fund, the Operating Reserve Fund, a CRF Credit Facility or an Infrastructure Revenue DSRF Facility, each as defined in the Master Indenture.

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

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

(b) Words importing the redemption or calling for redemption of the Local Bond do not refer to or connote the payment of the Local Bond at its stated maturity.

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

(d) The headings and table of contents as used in this Agreement are solely for convenience of reference and do not constitute a part of this Agreement and do not affect its meaning, construction or effect.

## **ARTICLE II REPRESENTATIONS**

**Section 2.1 Representations by VRA.** VRA represents to the Local Government as follows:

(a) VRA is a duly created and validly existing public body corporate and political subdivision of the Commonwealth vested with the rights and powers conferred upon it under the Act.

(b) VRA has full right, power and authority to (i) issue, sell and deliver the Related Series of VRA Bonds, (ii) direct the Trustee to use a portion of the proceeds of the Related Series of VRA Bonds to purchase the Local Bond from the Local Government as contemplated under the Related Supplemental Series Indenture and this Agreement and (iii) carry out and consummate all other transactions contemplated by this Agreement.

(c) VRA has duly authorized, executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of VRA enforceable against VRA in accordance with its terms.

**Section 2.2 Representations by Local Government.** The Local Government represents to VRA as follows:

(a) The Local Government is a duly created and validly existing Virginia "local government" (as defined in Section 62.1-199 of the Act) and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Local Government has full right, power and authority to (i) adopt the Local Authorization and execute and deliver the Local Bond Documents and all related documents, (ii) issue, sell and deliver its Local Bond to the Trustee, (iii) own and operate the Related Financed Property and the System, (iv) undertake the Project and (v) carry out and consummate all of the transactions contemplated by the Local Authorization, the Local Bond and the Local Bond Documents.

(c) The Local Authorization authorized the execution and delivery of this Agreement and this Agreement is in substantially the same form as presented to the Local Government's governing body at its meeting at which the Local Authorization was adopted. The Local Authorization was filed in the Circuit Court of the County of Campbell on March [\_\_\_], 2020.

(d) The Local Government has obtained all governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the Effective Date for the Local Government's (i) adoption of the Local Authorization, (ii) execution and delivery of the Local Bond Documents and the Local Bond, (iii) performance of its obligations under the Local Bond Documents and the Local Bond, (iv) the undertaking of the Project and (v) the operation and use of the Related Financed Property and the System. The Local Government knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals not required to be obtained by the Effective Date cannot be obtained as required in the future.

(e) The Local Government has executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of the Local Government enforceable against the Local Government in accordance with its terms.

(f) When executed and delivered in accordance with the Local Authorization and this Agreement, the Local Bond will have been executed and delivered by duly authorized officials of the Local Government and will constitute a legal, valid and binding general

obligation of the Local Government enforceable against the Local Government in accordance with its terms.

(g) The issuance of the Local Bond and the execution and delivery of the Local Bond Documents and the performance by the Local Government of its obligations thereunder are within the powers of the Local Government and will not conflict with, or constitute a breach or result in a violation of (i) to the best of the Local Government's knowledge, any federal, or Virginia constitutional or statutory provision, including the Local Government's charter or articles of incorporation, if any, (ii) any agreement or other instrument to which the Local Government 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 Local Government or its property.

(h) The Local Government 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 Local Government (i) to the best of the Local Government's knowledge, is not in violation of any existing law, rule or regulation applicable to it in any way that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Bond or the Local Bond Documents 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 Local Government is a party or by which it is bound or to which any of its assets is subject that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Bond and the Local Bond Documents. The Local Government's execution and delivery of the Local Bond and the Local Bond Documents and its 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) The Local Government reasonably expects that, unless otherwise permitted by the terms of the Local Bond Documents or approved by VRA, the Local Government will own, operate and control the Related Financed Property and the System at all times during the term of the Local Bond.

(k) Except as set forth in Exhibit C, there are not pending nor, to the best of the Local Government's knowledge, threatened against the Local Government, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature (i) affecting the creation, organization or existence of the Local Government 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 Authorization or the Local Bond Documents or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond Documents 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 Local Government or its business, assets,

condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization, the Local Bond Documents or the Local Bond or (v) affecting the Project.

(l) The financial statements, applications and other information that the Local Government furnished to VRA in connection with this Agreement fairly and accurately portray the Local Government's financial condition, as of their dates, and there has been no material adverse change in the financial condition of the Local Government since the date of the financial statements provided to VRA in connection with this Agreement.

(m) Nothing that would constitute an Event of Default hereunder has occurred and is continuing, and no event or condition exists that with the passage of time or the giving of notice, or both, would constitute an Event of Default hereunder.

**Section 2.3 Representations Remade as of the Sale Date.** (a) It shall be a condition precedent of VRA's obligation to sell the Related Series of VRA Bonds that the Local Government's representations and warranties set forth in Section 2.2 be true and accurate in all respects on the Sale Date.

(b) If prior to the Sale Date, any representation or warranty set forth in Section 2.2 becomes untrue or inaccurate, then the Local Government shall notify VRA within one Business Day of becoming aware of such facts, and VRA, in its sole and absolute discretion, shall determine whether to sell VRA Bonds on behalf of the Local Government, which series of VRA Bonds (if any) to sell on behalf of the Local Government and any additional conditions precedent to the sale of such VRA Bonds or the purchase of the Local Bond.

### **ARTICLE III PURCHASE OF THE LOCAL BOND**

**Section 3.1 Purchase of the Local Bond.** (a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth or incorporated herein, VRA shall purchase, solely from the proceeds of the Related Series of VRA Bonds, all, but not less than all, of the Local Bond from the Local Government, and the Local Government shall, subject to the Financing Parameters, sell and deliver to VRA the Local Bond for the Purchase Price. The Local Government acknowledges that the Purchase Price is determined by VRA, is subject to VRA's Purchase Price Objective (as defined below) and market conditions as described below, and is expected to be substantially equal to the Proceeds Requested. The Local Government shall issue the Local Bond pursuant to the Local Authorization and in substantially the form of Exhibit A to this Agreement. As a condition of VRA entering into this Agreement, the Local Government shall deliver to VRA a copy of the Local Authorization as adopted prior to the date hereof.

(b) The Local Government acknowledges that VRA has advised the Local Government that its objective is to pay the Local Government the Purchase Price for its Local Bond which in VRA's judgment reflects the market value of the Local Bond ("Purchase Price Objective"), taking into consideration the Financing Parameters, the purchase price received by VRA for the Related Series of VRA Bonds, the underwriters' discount and other issuance costs

of the Related Series of VRA Bonds and other market conditions relating to the sale of the Related Series of VRA Bonds. The Local Government further acknowledges that VRA has advised it that such factors may result in the Local Bond having a value other than par and that in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, the Local Government may need to issue the Local Bond with a par amount that is greater or less than the Proceeds Requested. The Local Government shall not issue the Local Bond if doing so would violate any Financing Parameter. The Local Government shall issue the Local Bond at a par amount that provides, to the fullest extent practicable given VRA's Purchase Price Objective, a Purchase Price at least equal to the Proceeds Requested, all in accordance with the Local Authorization. The Local Government acknowledges that the Purchase Price will be less than the Proceeds Requested if any Financing Parameter prevents VRA from generating a Purchase Price substantially equal to the Proceeds Requested, based upon VRA's Purchase Price Objective.

**Section 3.2 Issuance Expenses.** VRA shall pay, or cause to be paid, from the proceeds of the Related Series of VRA Bonds all expenses incident to the performance of VRA's obligations under and the fulfillment of the conditions imposed by this Agreement in connection with the issuance, sale and delivery of the Related Series of VRA Bonds and the purchase of the Local Bond on the Closing Date, including, but not limited to: (i) the cost, if any, of preparing and delivering the Related Series of VRA Bonds; (ii) the cost of preparing, printing and delivering the Preliminary Official Statement and the Official Statement for the Related Series of VRA Bonds and any amendment or supplement thereto; (iii) the fees and expenses of the financial advisor(s) and bond counsel to VRA; and (iv) all other costs and expenses incurred by VRA. The Local Government shall pay all expenses of the Local Government incident to the issuance, sale and delivery of the Local Bond, including, but not limited to the fees and disbursements of the financial advisor, counsel and bond counsel to the Local Government from the Purchase Price or other funds of the Local Government.

**Section 3.3 Schedule 1.1.** VRA shall complete Schedule 1.1, which shall set forth, among other things, the principal amount, interest rates, payment schedule and Purchase Price with respect to the Local Bond and the principal amount of the Related Series of VRA Bonds on or after the Sale Date. VRA shall deliver the completed Schedule 1.1 to the Local Government and shall attach Schedule 1.1 to this Agreement. Upon delivery to the Local Government, the completed Schedule 1.1 shall become a part of this Agreement the same as if it were a part hereof on the Effective Date.

**Section 3.4 Conditions Precedent to Purchase of the Local Bond.** VRA shall not be required to cause the Trustee to purchase the Local Bond unless:

(a) VRA has received the following, all in form and substance satisfactory to VRA:

(1) Certified copies of the Local Authorization and all other ordinances and resolutions of the Local Government relating to the Local Bond Documents and the Local Bond, if any.

(2) A certificate of the appropriate officials of the Local Government dated the Closing Date as to the matters set forth in Section 2.2 and Section 2.3 (to the

extent applicable), including appropriate certifications regarding the Local Bond Documents, and such other matters as VRA may reasonably require.

(3) Evidence that the Local Government 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.

(4) An opinion of counsel to the Local Government in substantially the form attached as Exhibit F.

(5) An opinion of bond counsel to the Local Government in form and substance reasonably satisfactory to VRA.

(6) Evidence that the Local Government has complied with the insurance provisions set forth in Section 8.1 and Section 8.2.

(7) The executed Local Bond and original executed counterparts of the Local Tax Document.

(8) A certificate of the Consulting Engineer giving the Consulting Engineer's estimate of the construction portion of the total Project Costs to be financed with the proceeds of the Local Bond, which estimate must be in an amount and otherwise compatible with the financing plan described in the Project Budget.

(9) A certificate of a Consulting Engineer Outside Engineer (i) to the effect that the Purchase Price and funds available from the other sources specified in the Project Budget will be sufficient to pay all of the estimated Project Costs and (ii) specifying the date the Local Government is expected to complete the Project.

(10) A certificate of an Outside Engineer or a Qualified Independent Consultant, including supporting documentation, to the effect that during the first two complete Fiscal Years following the estimated completion date of the Project, the projected Net Revenues Available for Debt Service will satisfy the Local Government's rate covenant under Section 5.2(a). In providing this certificate, the Outside Engineer or Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the Local Government's governing body and any other person or entity required to give approval for the rate increase to become effective. In addition, the Outside Engineer or Qualified Independent Consultant may take into consideration additional future revenues to be derived under existing contractual arrangements entered into by the Local Government and from reasonable estimates of growth in the Local Government's consumer base.

(11) A certificate of the Consulting Engineer to the effect that (i) all governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project as enumerated in the certificate and the operation and use of the System required to have been obtained as of the Closing Date have been obtained and (ii) the Consulting Engineer knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals

for the undertaking of the Project as enumerated in the certificate and the operation and use of the System cannot be obtained as required in the future.

(12) Evidence that the Local Government is in compliance with the construction contract provisions set forth in Section 7.13 with respect to any existing contracts as of the Closing Date.

(13) A copy of a Verification Report that verifies the sufficiency of the funds deposited to pay the principal of and premium, if any, and interest on the Refunded Bonds to and including the Closing Date.

(14) Such other documentation, certificates and opinions as VRA may reasonably require as set forth in Schedule 1.1.

(b) The initial purchasers of the Related Series of VRA Bonds have paid in full and VRA has accepted the purchase price for the Related Series of VRA Bonds on the Closing Date. It is understood that the sole source of funds to pay the Purchase Price is a portion of the proceeds of the Related Series of VRA Bonds.

#### **ARTICLE IV USE OF PURCHASE PRICE**

##### **Section 4.1 Deposit of Purchase Price; Investment of Amounts in Local Account.**

(a) On the Closing Date, VRA shall cause the Trustee to deposit the Purchase Price into the Local Account and to apply the Purchase Price and the earnings thereon as set forth in the Related Supplemental Series Indenture, this Agreement and the Local Tax Document.

(b) The Local Government acknowledges and consents to the investment of the Purchase Price and the earnings thereon allocable to pay the Local Government's related costs of issuance, if any in Virginia SNAP.

**Section 4.2 Agreement to Accomplish Project.** (a) The Local Government shall cause the Project to be acquired, constructed, expanded, renovated, equipped or financed as described in Exhibit B and in accordance with the Project Budget, this Agreement, the Local Tax Document and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Local Government. The Local Government shall complete, or cause to be completed, the Project by the date set forth in the certificate delivered under Section 3.4(a)(4). The Local Government shall obtain the approval of all applicable regulatory agencies to all plans, specifications and designs for the Project. The Local Government shall maintain complete and accurate books and records of the Project Costs and permit VRA or the Trustee through their representatives to inspect such books and records at any reasonable time.

(b) Upon completion of the Project, the Local Government shall promptly deliver to VRA and the Trustee a certificate signed by a Local Representative and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Article and in substantial compliance with all material applicable laws, ordinances,



rules and regulations, (ii) the date of such completion and (iii) that all certificates of occupancy or other material permits then necessary for the use, occupancy and operation of the Related Financed Property have been issued or obtained. Such certificate shall be accompanied by a copy of the final requisition submitted to the Trustee pursuant to Section 4.3, including Schedule 1 thereto.

(c) If upon completion of the Project and payment of all related costs of issuance, there is a balance remaining in the Local Account, the Trustee, at the written direction of the Local Government, shall apply any remaining balance to pay or reimburse the Local Government for previously-paid interest on the Local Bond or in such other manner that is permitted under the Act and will not, in the opinion of a nationally-recognized bond counsel delivered to VRA and the Trustee, have an adverse effect on the tax status of the Related Series of VRA Bonds.

**Section 4.3 Disbursement of Purchase Price and Earnings.** Except as provided in Section 4.2(c), the Local Government shall apply the amounts in the Local Account solely and exclusively to the payment or reimbursement of the Local Government for the Project Costs. Not more frequently than once per calendar month, the Trustee shall disburse amounts from the Local Account to the Local Government or as directed by the Local Government upon the Trustee's receipt of the following:

(a) A requisition (upon which the Trustee and VRA shall be entitled to rely) signed by a Local Representative and containing all information called for by, and otherwise being in the form of, Exhibit D (including the Schedules thereto).

(b) Receipts, vouchers, statements, bills of sale or other evidence of payment of the related Project Costs.

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

(1) a certificate, signed by a 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

(2) a certificate, signed by a Consulting Engineer (that may rely on representations of counsel or a title insurance agency reasonably acceptable to VRA), stating that no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under the requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the requisition.

(d) If any requisition includes an item for payment of the cost of acquisition of any lands or easements, rights or interests in or relating to lands, there shall also be attached to such requisition:

(1) a certificate, signed by a Consulting Engineer, stating that such lands, easements, rights or interests are being acquired and are necessary or convenient for the construction of the Project; and

(2) a certificate, signed by a Consulting Engineer (that may rely on representations of counsel or a title insurance agency reasonably acceptable to VRA), stating that upon payment therefor the Local Government will have title in fee simple to, or easements, rights or interests sufficient for the purposes of, the Project over and through the subject lands.

Following VRA's approval of each such requisition and accompanying invoice(s) and certificate(s), which approval will not unreasonably be withheld, the Trustee shall pay the requisition from the Local Account in accordance with the instructions in such requisition.

**The Local Government agrees that any amounts disbursed to it or for its account from the Local Account will be (i) immediately applied to reimburse the Local Government for Project Costs it has already paid or (ii) actually spent to pay Project Costs not later than five banking days after receipt.**

**Section 4.4 No Sufficiency Warranty by VRA; Local Government Required to Complete Project.** VRA makes no warranty, either express or implied, that the Purchase Price will be sufficient to pay all or any particular portion of the Project Costs. If the Purchase Price is not sufficient to pay in full the cost of the Project, the Local Government shall complete the Project at its own expense and shall not be entitled to any reimbursement therefor from VRA or any abatement, diminution or postponement of its payments under the Local Bond or this Agreement.

## **ARTICLE V PLEDGE AND SECURITY**

**Section 5.1 Pledge.** Under the Local Authorization, the Local Government has pledged its full faith and credit to payment of the principal of and premium, if any, and interest on the Local Bond. The Local Government covenants that this pledge shall be valid and binding from and after the Closing Date. The Local Government shall, unless other funds are lawfully available and appropriated for timely payment of the Local Bond, levy an annual tax upon all property subject to local taxation in its jurisdiction sufficient to pay the principal of and premium, if any, and interest on the Local Bond. Notwithstanding anything herein to the contrary, all of the obligations for the payment of money set forth in this Agreement (with the exception of principal of and premium, if any, and interest on the Local Bond) shall be payable only from legally available funds.

**Section 5.2 Rate Covenant.** (a) The Local Government shall fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by its 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 115% of the amount required during the Fiscal Year to pay the principal of and interest on the Local Bond and all other Parity Bonds.

(b) If, for any reason, the Net Revenues Available for Debt Service are insufficient to satisfy the covenant set forth in subsection (a), the Local Government shall (i) on its demand, pay to VRA a rate maintenance penalty fee in an amount of \$5,000, and (ii) within 90 days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expenses so as to provide sufficient Net Revenues Available for Debt Service to satisfy such requirement.

(c) On or before the last day of each Fiscal Year, the Local Government shall review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the Local Government's rates, fees and other charges will be insufficient to satisfy the rate covenant in subsection (a), the Local Government shall promptly take appropriate action to increase its rates, fees and other charges or reduce its Operation and Maintenance Expenses to cure any deficiency.

**Section 5.3 [Intentionally Omitted].**

**Section 5.4 Qualified Independent Consultant's Report.** (a) If at the end of any Fiscal Year, the Local Government is not in compliance with the rate covenant made by the Local Government in Section 5.2(a), within 210 days after the end of such Fiscal Year, the Local Government shall obtain a report from the Qualified Independent Consultant. The Local Government shall ensure that the report gives advice and makes 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 Local Government to satisfy the rate covenant in Section 5.2(a). The Local Government shall promptly furnish a copy of such report to VRA and, subject to Section 5.4(b), take measures to implement the recommendations of the Qualified Independent Consultant within 90 days of obtaining such report.

(b) If the Local Government determines that the Qualified Independent Consultant's recommendations are impractical or inappropriate, the Local Government may in lieu thereof adopt other procedures which the Local Government believes will bring it into compliance with the rate covenant made by the Local Government in Section 5.2(a) when such measures have been implemented and become fully effective. Such alternative plan shall be filed with VRA not later than 30 days after receipt of the Qualified Independent Consultant's report along with a detailed explanation of the Local Government's reason for rejecting the Qualified Independent Consultant's recommendations. Notwithstanding anything herein to the contrary, VRA reserves the right, in its sole discretion, to reject such alternate procedures and, to the extent permitted by law, require the Local Government to comply with the Qualified Independent Consultant's recommendations.

**ARTICLE VI  
PAYMENT AND REDEMPTION OF LOCAL BOND**

**Section 6.1 Payment of Local Bond and Related Amounts.**

(a) Until the principal of and premium, if any, and interest on the Local Bond and all other amounts payable under this Agreement have been paid in full, the Local Government shall pay the Trustee or VRA, as applicable, the following amounts:

(1) to the Trustee, the amounts required by the Local Bond on such dates and in such manner as provided for in the Local Bond – the term "interest," as used in the Local Bond and this Agreement, includes Supplemental Interest, when and if payable;

(2) to the Trustee, on VRA's demand, or to VRA, any amounts payable under the Local Tax Document, including without limitation the costs of any rebate calculation agent;

(3) to VRA, on its demand, a late payment penalty in an amount equal to 5.0% of the payment on the Local Bond not paid within 5 days after its due date;

(4) to the Trustee, the Local Government's share (as determined by VRA) of the annual fees and expenses of the Trustee, less the Local Government's share of the net earnings on the Revenue Fund, Infrastructure Revenue Debt Service Fund and Moral Obligation Debt Service Fund established under the Master Indenture (as determined by VRA), and the Local Government shall pay such amounts no later than 15 days after VRA or the Trustee sends to the Local Government a written bill for them; and

(5) to VRA, the reasonable costs and expenses, including reasonable attorneys' fees, if any, incurred by VRA in connection with (i) an Event of Default or default by the Local Government under this Agreement (ii) any amendment to or discretionary action that VRA undertakes at the request of the Local Government under this Agreement, any other document related to the Related Series of VRA Bonds or the Local Bond or (iii) any claim, lawsuit or other challenge to the Local Bond, the VRA Bonds or this Agreement that arises, at least in part, out of the Local Government's authorization of its issuance of the Local Bond, and the Local Government shall pay such amounts no later than 15 days after VRA or the Trustee sends to the Local Government a written bill for them.

(b) If any failure of the Local Government to pay all or any portion of any required payment of the principal of or premium, if any, or interest on the Local Bond results in a withdrawal from or a drawing on any VRA Reserve, the interest rates applicable to the Local Bond shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The Local Government's obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the Local Government's failure to pay a required payment or portion thereof as described above (the "Supplemental Interest Commencement Date"). The Local Government's obligation to pay Supplemental Interest shall terminate on the date on which the Local Government makes all payments required but outstanding since the date of the initial failure to pay (the

"Supplemental Interest Termination Date"). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled interest payment dates provided for in the Local Bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in the Local Bond, VRA shall deliver to the Local Government a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

(c) The Local Government shall pay the amounts described above and make payments as scheduled under the Local Bond despite any amount being withdrawn from or drawn on a VRA Reserve pursuant to the Master Indenture.

#### **Section 6.2 Defeasance and Redemption of Local Bond.**

(a) The Local Government shall not defease or redeem the Local Bond (in whole or in part), except as provided in this Section 6.2.

(b) The Local Government shall satisfy the following conditions prior to the defeasance and redemption of the Local Bond:

(1) The Local Government shall provide to VRA not less than 60 days' prior written notice of the deposit of the funds described in (2), (3) and (4) below.

(2) The Local Government shall deposit with the Trustee an amount sufficient for VRA to establish an escrow of cash and non-callable, non-prepayable Government Obligations the principal of and interest on which will be sufficient (without reinvestment) to cause the defeasance under Article XII of the Master Indenture of the portion of the Related Portion of VRA Bonds corresponding to the portion of the Local Bond to be defeased or prepaid (the "Allocated Portion"). The defeasance of the Allocated Portion may be either to maturity or an earlier redemption date as determined by the Local Government.

(3) The Local Government shall deposit with VRA cash in an amount sufficient, as determined by VRA, to pay for a verification report required for the defeasance of the Allocated Portion under Article XII of the Master Indenture, any costs incurred by VRA in connection with the redemption, refunding and defeasance of the Allocated Portion, all amounts overdue or then due on the Local Bond (including, without limitation, any Supplemental Interest) and all amounts overdue, due or to become due under Section 6.1(a) of this Agreement.

(4) The Local Government shall deposit with VRA cash in an amount equal to the present value of interest that would be paid on the principal of the Allocated Portion at a rate equal to 0.125%, payable semiannually, to the maturity dates of the

Allocated Portion or, if earlier, the redemption date or dates of the Allocated Portion. Present value shall be determined by using a discount rate equal to the true interest cost of the Related Portion of VRA Bonds.

(c) VRA will determine which Related Portion of VRA Bonds will be designated as the Allocated Portion and the amounts to be deposited under subsection (b)(2) and (3) above using such reasonable allocation and estimation methods as may be selected by VRA, and VRA's determinations shall be conclusive (absent manifest error).

(d) The Local Government acknowledges that no funds in any VRA Reserve will be available to the Local Government for the defeasance or redemption of the Local Bond.

**Section 6.3 Payments and Rights Assigned.** The Local Government hereby consents to VRA's assignment to the Trustee of VRA's rights under this Agreement and the Local Bond. The Local Government also hereby acknowledges and consents to the reservation by VRA of the right and license to enjoy and enforce VRA's rights under the Local Bond and this Agreement so long as no Event of Default (as defined in the Master Indenture) with respect to the Related Series of VRA Bonds has occurred and is continuing. Even though VRA will be the registered owner of the Local Bond, the Local Government shall pay directly to the Trustee all amounts payable by the Local Government under the Local Bond and this Agreement (except for those amounts specifically indicated as payable to VRA under Section 6.1 or Section 11.8, which the Local Government shall pay directly to VRA).

**Section 6.4 Obligations Absolute and Unconditional.** The obligation of the Local Government to make the payments required by the Local Bond and this Agreement from the sources pledged therefor shall be absolute and unconditional. The Local Government shall pay all such amounts without abatement, diminution or deduction (whether for taxes or otherwise) regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Local Government may have or assert against VRA, the Trustee or any other person.

## **ARTICLE VII OPERATION AND USE COVENANTS**

**Section 7.1 Maintenance.** At its own cost and expense the Local Government shall operate the Related Financed Property and the System in a proper, sound and economical manner in compliance with all legal requirements and shall maintain the Related Financed Property and the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

**Section 7.2 Additions and Modifications.** At its own expense the Local Government from time to time may make any renewals, replacements, additions, modifications or improvements to the Related Financed Property and the System that the Local Government deems desirable, provided that any such renewal, replacement, addition, modification or improvement does not (i) materially reduce the value of the Related Financed Property and the System or (ii) negatively affect the structural or operational integrity of any part of the Related Financed Property and the System. The Local Government shall ensure that all such renewals,

replacements, 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 Related Financed Property and the System.

**Section 7.3 Permits.** The Local Government shall, at its sole cost and expense, 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 Related Financed Property and the System. The Local Government shall, upon request, promptly furnish to VRA and the Trustee copies of all such permits, consents and approvals.

**Section 7.4 Use.** The Local Government shall comply with all lawful requirements of any governmental authority regarding the Related Financed Property and the System, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational or other changes to the Related Financed Property and the System, irrespective of the cost of making the same.

**Section 7.5 Inspection and Local Government's Books and Records.** The Local Government shall permit VRA, the Trustee and their duly authorized representatives and agents such reasonable rights of access to the Related Financed Property and the System as may be necessary to determine whether the Local Government is in compliance with the requirements of this Agreement, and the Local Government shall permit such parties, at all reasonable times and upon reasonable prior notice to the Local Government, to examine and copy the Local Government's books and records that relate to the Related Financed Property and the System.

**Section 7.6 Ownership.** The Local Government shall not construct, reconstruct or install any part of the Related Financed Property on (i) lands other than those which the Local Government owns or can acquire title to or a perpetual easement over, in either case sufficient for the Local Government's purposes or (ii) lands in which the Local Government has acquired a right or interest less than a fee simple or perpetual easement, unless (1) such part of Related Financed Property is lawfully located in a public street or highway or (2) the Local Government provides a written opinion of counsel or a report of a Qualified Independent Consultant, either of which in a form reasonably acceptable to VRA, that indicates that the lands and the Local Government's right or interest therein is sufficient for the Local Government's purposes.

**Section 7.7 Sale or Encumbrance.** No part of the System shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except (i) with the written consent of VRA or (ii) as provided in any one of the following subsections:

(a) The Local Government 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 Local Government may sell or otherwise dispose of property constituting part of the System with a "book value" (as determined in accordance with generally accepted accounting principles) that, when combined with the aggregate "book value" of all of

the other such property sold or otherwise disposed of under this subsection during the Fiscal Year in question, will not cause the aggregate "book value" of all of such property sold or otherwise disposed of under this subsection in such Fiscal Year to exceed \$125,000. The proceeds to be received from any such sale or disposition shall be applied first to cure any default that may exist in the payment of the principal of or interest on the Local Bond.

(c) The Local Government may otherwise sell or dispose of property constituting part of the System if there is filed with VRA a certificate of the Consulting Engineer stating that such property is not necessary or useful to the operation of the System. The proceeds to be received from any such sale or disposition shall be applied first to cure any default that may exist in the payment of the principal of or interest on the Local Bond.

**Section 7.8 Collection of Revenues.** The Local Government shall use its best efforts to collect all rates, fees and other charges due to it, including, without limitation, the perfection of 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 Local Government 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 Local Government.

**Section 7.9 [Intentionally Omitted].**

**Section 7.10 [Intentionally Omitted].**

**Section 7.11 [Intentionally Omitted].**

**Section 7.12 [Intentionally Omitted].**

**Section 7.13 Construction Contractors.** The Local Government shall cause each general construction contractor employed in the accomplishment of the Project to furnish a performance bond and a payment bond each in an amount equal to 100% of the particular contract price. Such bonds must list the Local Government, VRA and the Trustee as beneficiaries. Neither VRA nor the Trustee shall make any claims or exercise any rights under such bonds unless and until an Event of Default occurs. The Local Government shall maintain or cause each contractor to maintain during the construction period covered by the particular construction contract builder's risk insurance, workmen's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer.

**Section 7.14 [Intentionally Omitted].**



**ARTICLE VIII  
INSURANCE, DAMAGE AND DESTRUCTION**

**Section 8.1 Insurance.** The Local Government shall maintain or cause to be maintained insurance against such risks as are customarily insured against by [public bodies operating municipal facilities, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the municipal facilities' 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). The determination of replacement cost shall be made, in conjunction with representatives of the Local Government, by a recognized appraiser or insurer selected by the Local Government and reasonably acceptable to VRA.

(b) Comprehensive general liability insurance with a combined single limit of \$1,000,000 per year against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of its use, arising out of the ownership, maintenance, operation or use of the municipal facilities.

(c) Unless the Local Government qualifies as a self-insurer under Virginia law, worker's compensation insurance.

Neither VRA nor the Trustee shall 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 Local Government shall provide annually to VRA a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

**Section 8.2 Requirements of Policies.** The Local Government shall maintain all insurance required by Section 8.1 with generally recognized responsible insurance companies selected by the Local Government and reasonably acceptable to VRA. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other localities of like size and character to the Local Government. If the Local Government does not maintain such insurance with an insurer licensed to do business in Virginia or placed under the requirements of the Virginia Surplus Lines Insurance Law, Chapter 48, Title 38.2, Code of Virginia of 1950, as amended, or any successor statute, the Local Government shall provide evidence reasonably satisfactory to VRA that such insurance is enforceable under Virginia law.

**Section 8.3 Notice of Damage, Destruction or Condemnation.** In case of (i) any damage to or destruction of any material part of the Related Financed Property and the System, (ii) a taking of all or any part of the Related Financed Property and the System or any right in it under the exercise of the power of eminent domain, (iii) any loss of the Related Financed Property and 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 Local Government shall notify

VRA in writing within ten Business Days of the occurrence describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

**Section 8.4 Damage and Destruction.** If all or any part of the Related Financed Property and the System is destroyed or damaged by fire or other casualty, and the Local Government shall not have exercised its option, if such option is available, to redeem the outstanding Local Bond pursuant to Section 6.2, the Local Government 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 Local Government may determine and which will not impair the capacity or character of the Related Financed Property and the System for the purposes for which it then is being used or is intended to be used. The Local Government 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 Local Government shall pay so much of the cost as may be in excess of such net proceeds.

**Section 8.5 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 Local Government shall not have exercised its option, if such option is available, to redeem the outstanding Local Bond pursuant to Section 6.2, the Local Government shall cause the net proceeds from any such condemnation award or from any 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 Local Government shall pay so much of the cost as may be in excess of such net proceeds.

## **ARTICLE IX SPECIAL COVENANTS**

**Section 9.1 Tax Covenants.** The Local Government shall not directly or indirectly use or permit the use of any of the proceeds of the Local Bond or any other of its funds, in such manner as would, or enter into, or allow any other person or entity to enter into, any arrangement, formal or informal, that would, or take or omit to take any other action that would, cause interest on any of the Related Series of VRA Bonds to be includable in gross income for federal income tax purposes or to become a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Insofar as the Local Tax Document imposes duties and responsibilities on the Local Government, including the payment of any arbitrage rebate in respect of the Related Series of VRA Bonds, as of the Closing Date they are specifically incorporated by reference into this Agreement. The Local Government also consents to the calculation of any "rebate amount" to be paid with respect to the Related Portion of VRA Bonds by a rebate calculation service selected by VRA.

**Section 9.2 Maintenance of Existence.** The Local Government shall maintain its existence as a municipal corporation of the Commonwealth under Virginia law, and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with

or into another entity without VRA's prior written consent, which consent will not be unreasonably withheld.

**Section 9.3 Financial Records and Statements.** The Local Government 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. The Local Government shall have an annual audit of the financial condition of the Local Government made by an independent certified public accountant, within 180 days after the end of each Fiscal Year. The annual audit shall include a supplemental schedule demonstrating whether the Local Government satisfied the rate covenant set forth in Section 5.2. The Local Government shall furnish to VRA, in an electronic format, a copy of such report immediately after it is accepted by the Local Government. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the Local Government's financial position as of the end of such Fiscal Year and the results of the Local Government's operations and changes in the financial position thereof for the Fiscal Year.

**Section 9.4 Certification as to No Default and Tax Compliance.** The Local Government shall deliver to VRA, within 180 days after the close of each Fiscal Year, a certification in substantially the form attached as Exhibit G and signed by a Local Representative.

**Section 9.5 Further Assurances.** The Local Government 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 and collateral, if any, assigned or pledged by this Agreement, or as may be required to carry out the purposes of this Agreement. The Local Government shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledges made under this Agreement and all rights of VRA under this Agreement against all claims and demands of all persons, including without limitation the payment of certain costs of VRA as described in Section 6.1(a)(5).

**Section 9.6 Assignment by Local Government.** The Local Government shall not assign its rights and obligations under the Local Bond or this Agreement, or both, without the prior written consent of VRA.

**Section 9.7 Continuing Disclosure.** (a) For purposes of this Section 9.7, the following terms and phrases have the following meanings:

**"Annual Financial Information"** with respect to any Fiscal Year for the Local Government means the following:

- (i) the financial statements (consisting of at least a balance sheet and a statement of revenues and expenses) of the Local Government, which financial statements must be (A) prepared annually in accordance with generally accepted accounting principles in effect from time to time consistently applied (provided that nothing in this clause (A) will prohibit the Local Government after the date of this Agreement from changing such other principles so as to comply

with generally accepted accounting principles as then in effect or to comply with a change in applicable law) and (B) audited by an independent certified public accountant or firm of such accountants in accordance with generally accepted auditing standards as in effect from time to time (provided that if audited financial statements are not available for filing when required by this Section or the Rule (as defined herein), unaudited financial statements will be filed and audited financial statements will be filed as soon as possible thereafter); and

(ii) operating data of the type set forth in Exhibit E.

**"Dissemination Agent"** means any person, reasonably acceptable to VRA, whom the Local Government contracts in writing to perform its obligations as provided in subsection (i) of this Section.

**"Financial Obligation"** means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provide to the MSRB under the Rule.

**"Make Public"** or **"Made Public"** has the meaning set forth in subsection (c) of this Section.

**"Material Local Government"** means the Local Government if the aggregate outstanding principal amount of the Local Bond and any other of the Local Government's local bonds purchased with proceeds of the VRA Bonds represent 15% or more of the outstanding aggregate principal amount of the local bonds purchased with proceeds of the VRA Bonds.

**"Rule"** means Rule 15c2-12, as it may be amended from time to time, under the Securities Exchange Act of 1934 and any similar rules of the SEC relating to disclosure requirements in the offering and sale of municipal securities, all as in effect from time to time.

**"SEC"** means the U.S. Securities and Exchange Commission.

(b) The Local Government shall Make Public or cause to be Made Public:

(1) Within seven months after the end of the Local Government's Fiscal Year (commencing with the Fiscal Year in which the Closing Date occurs), Annual Financial Information for such Fiscal Year as of the end of which the Local Government constitutes a Material Local Government. Annual Financial Information may be set forth in the documents Made Public or may be included in a document Made Public by specific reference to any document available to the public on the internet website of the Municipal Securities Rulemaking Board ("MSRB") or filed with the SEC. If the document referred to is a final official statement, then it must be available from the MSRB.

(2) In a timely manner, notice of any failure by the Local Government to Make Public or cause to be Made Public Annual Financial Information pursuant to the terms of part (1) of this subsection.

(c) For purposes of this Section, information and notices shall be deemed to have been "Made Public" if transmitted to VRA, to the Trustee and to the MSRB in an electronic format as prescribed by the MSRB.

(d) The Local Government shall also notify VRA of the occurrence of any of the following events that may from time to time occur with respect to the Local Bond, such notice to be given in a timely manner not in excess of five Business Days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancement maintained with respect to the Local Bond reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other notices or determinations with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds, or other events with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds;
- (7) modifications to rights of holders;
- (8) bond calls and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Local Bond;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Local Government;
- (13) the consummation of a merger, consolidation, or acquisition involving the Local Government or the sale of all or substantially all of the assets of the Local Government, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms;

(14) appointment of a successor or additional trustee for the Local Bond, if any, or the change of name of a trustee;

(15) the failure of the Local Government on or before the date required by this Agreement to provide Annual Financial Information to the persons and in the manner required by this Agreement;

(16) incurrence of a financial obligation of the Local Government, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Local Government, any of which affect security holders, if material; and

(17) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Local Government, any of which reflect financial difficulties.

(e) Additionally, upon request of VRA, the Local Government shall certify in writing that it has made all filings and disclosures under this Section or any similar undertaking pursuant to the Rule.

(f) Notwithstanding anything in this Agreement to the contrary, the Local Government need not comply with the provisions of subsections (a) through (d) above unless and until VRA has notified the Local Government that it satisfied the objective criteria for a Material Local Government as of the end of VRA's immediately preceding fiscal year.

(g) (1) If the Local Government fails to comply with any covenant or obligation set forth in this Section, any holder (within the meaning of the Rule) of VRA Bonds then Outstanding may, by notice to the Local Government, proceed to protect and enforce its rights and the rights of the other holders by an action for specific performance of the Local Government's covenants or obligations set forth in this Section.

(2) Notwithstanding anything herein to the contrary, any failure of the Local Government to comply with any disclosure obligation specified in this Agreement (i) shall not be deemed to constitute an Event of Default under this Agreement and (ii) shall not give rise to any right or remedy other than that described in part (1) of this subsection.

(h) The Local Government may from time to time disclose certain information and data in addition to that required under this Section. Notwithstanding anything in this Agreement to the contrary, the Local Government shall not incur any obligation to continue to provide, or to update, such additional information or data.

(i) The Local Government may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligation to cause to be Made Public the information described in this Section and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. It is not necessary for purposes of this Article that the Dissemination Agent have any agency relationship with the Local Government for purposes of state law.

(j) All documents Made Public under this Section shall be accompanied by identifying information as prescribed by the MSRB.

**Section 9.8 Other Indebtedness.** The Local Government shall pay when due all amounts required by any other indebtedness of the Local Government and perform all of its obligations in connection with all other indebtedness of the Local Government.

**Section 9.9 [Intentionally Omitted].**

**Section 9.10 Litigation; Material Change.** The Local Government shall promptly notify VRA of (i) the existence and status of any litigation that the Town Attorney determines is not reasonably certain to have a favorable outcome and which individually or in the aggregate could have a material adverse effect on the financial condition or operations of the Local Government or its ability to perform its payment and other obligations under this Agreement or the Local Bond or (ii) any change in any material fact or circumstance represented or warranted in this Agreement.

## **ARTICLE X DEFAULTS AND REMEDIES**

**Section 10.1 Events of Default.** Each of the following events is an "Event of Default":

(a) The failure to pay any installment of principal of or premium, if any, on the Local Bond when due (whether at maturity, by mandatory or optional redemption, by acceleration or otherwise).

(b) The failure to pay any installment of interest (including Supplemental Interest) on the Local Bond when due.

(c) The failure to make any other payment or deposit required by this Agreement within 15 days after its due date.

(d) The Local Government's failure to perform or observe any of the other covenants, agreements or conditions of the Local Bond or this Agreement and the continuation of such failure for a period of 60 days after written notice specifying such failure and requesting that it be cured is given to the Local Government by VRA, or, in the case of any such failure which cannot with diligence be cured within such 60-day period, the Local Government's failure to proceed promptly to commence to cure the failure and thereafter to prosecute the curing of the failure with diligence.

(e) Any warranty, representation or other statement by or on behalf of the Local Government 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 and misleading in any material respect.

(f) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Local Government under any federal or state bankruptcy or insolvency law and, if instituted against the Local Government, is not dismissed within 60 days after filing.

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

(h) An order or decree shall be entered, with the Local Government's consent or acquiescence, appointing a receiver or receivers of the System or any part of it or of the Revenues, or if such order or decree, having been entered without the Local Government's consent or acquiescence, shall not be vacated or discharged or stayed on appeal within 60 days after its entry.

(i) The occurrence of a default by the Local Government under the terms of any debt secured by a pledge of Revenues and the failure to cure such default or obtain a waiver thereof within any period of time permitted thereunder.

**Section 10.2 Acceleration.** Upon the occurrence and continuation of an Event of Default, VRA may, by notice in writing delivered to the Local Government, declare the entire unpaid principal of and interest on the Local Bond due and payable. Upon any such declaration, the Local Government shall immediately pay to the Trustee the entire unpaid principal of and accrued interest on the Local Bond, but only from the collateral and other funds specifically pledged hereby. VRA may in its discretion waive an Event of Default and its consequences and rescind any acceleration of maturity of principal of and interest on the Local Bond.

**Section 10.3 Other Remedies.** Upon the occurrence and continuation of an Event of Default, VRA may proceed to protect and enforce its rights by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement contained in the Local Bond or this Agreement. No remedy conferred by this Agreement upon or reserved to the registered owners of the Local Bond is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to VRA under this Agreement or now or hereafter existing at law or in equity or by statute.

**Section 10.4 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 in it, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under this Agreement shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent to it.

## **ARTICLE XI MISCELLANEOUS**

**Section 11.1 State Aid Intercept.** The Local Government acknowledges that VRA is treating the Local Bond as a "local obligation" within the meaning of Section 62.1-199 of the Act, including amendments thereto taking effect as of July 1, 2011, which in the event of a nonpayment thereunder authorizes VRA or the Trustee to file an affidavit with the Governor that



such nonpayment has occurred pursuant to Section 62.1-216.1 of the Act. In purchasing the Local Bond, VRA is further relying on Section 62.1-216.1 of the Act, providing that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the Local Government of all funds, or of any part of them, appropriated and payable by the Commonwealth to the Local Government 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 VRA, so as to cure, or cure insofar as possible, such nonpayment.

**Section 11.2 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 11.3 Amendments.** VRA and the Local Government shall have the right to amend from time to time any of this Agreement's terms and conditions, provided that all amendments shall be in writing and shall be signed by or on behalf of VRA and the Local Government.

**Section 11.4 Limitation of Local Government's Liability.** In the absence of fraud or intentional misconduct, no present or future director, official, officer, employee or agent of the Local Government shall be liable personally to VRA 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 11.5 Applicable Law.** This Agreement shall be governed by Virginia law.

**Section 11.6 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 VRA and the Local Government, as the case may be, only to the extent permitted by law.

**Section 11.7 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 (a) if to the Local Government, at the address specified for notices on the signature page; (b) if to VRA, at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director; or (c) if to the Trustee, at 1021 East Cary Street, 18<sup>th</sup> Floor, Richmond, Virginia 23219, Attention: Corporate Trust Department. 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. VRA, the Local Government and the Trustee 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 11.8 Right to Cure Default.** If the Local Government fails to make any payment or to perform any act required by it under the Local Bond or this Agreement, VRA or the Trustee, without prior notice to or demand upon the Local Government 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 VRA or the Trustee and all costs, fees and expenses so incurred shall be payable by the Local Government as an additional obligation under this Agreement, together with interest thereon at the rate of 15% per year until paid. The Local Government's obligation under this Section shall survive the payment of the Local Bond.

**Section 11.9 Term of Agreement.** This Agreement is effective as of the Effective Date. Except as otherwise specified, the Local Government'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 Local Government under this Agreement.

**Section 11.10 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 Pages Follow]

**WITNESS** the following signatures, all duly authorized.

**VIRGINIA RESOURCES AUTHORITY**

By: \_\_\_\_\_  
Stephanie L. Hamlett, Executive Director

**TOWN OF ALTAVISTA, VIRGINIA**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for Notices:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

The Trustee, by the execution hereof, accepts the duties imposed on it by this Agreement.

**U.S. BANK NATIONAL ASSOCIATION**, as  
Trustee

By: \_\_\_\_\_  
Patricia A. Welling, Vice President

**EXHIBIT A**

**FORM OF LOCAL BOND**

[To be provided by Local Bond Counsel]

**EXHIBIT B**

**DESCRIPTION OF THE PROJECT**

[To be provided by Local Government]

**EXHIBIT C**

**PENDING OR THREATENED ACTIONS, SUITS, PROCEEDINGS, OR  
INVESTIGATIONS**

[To be provided by Counsel for the Local Government]



**EXHIBIT D**

**FORM OF REQUISITION**

Requisition No.

Date:

U.S. Bank National Association, as Trustee  
Attention: Corporate Trust Department  
1021 East Cary Street  
18<sup>th</sup> Floor  
Richmond, Virginia 23219

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

This Requisition, including Schedule 1 and Schedule 2 hereto, is submitted in connection with the Local Bond Sale and Financing Agreement dated as of April 3, 2020 (the "Financing Agreement") between the Virginia Resources Authority and the Town of Altavista, Virginia (the "Local Government"). Unless otherwise defined in this Requisition, each capitalized term used herein has the meaning given it under Article I of the Financing Agreement. The undersigned Local Representative hereby requests payment of the following amounts from the Local Account established for the Local Government in the 2020A Acquisition Fund established under the Forty-Seventh Supplemental Series Indenture.

Payee (including wiring instructions if receiving electronic payment):

Address:

Amount to be paid:

Purpose (in reasonable detail) for which obligations(s) to be paid were incurred:

Attached on Schedule 2 are the wire instructions for this requisition, and also attached hereto is an invoice (or invoices) relating to the items for which payment is requested.

The undersigned certifies that (i) the amounts requested by this Requisition will be applied in accordance with the Local Tax Document and solely and exclusively to the payment, or the reimbursement of the Local Government for its payment, of Project Costs of the construction portion of the Project, (ii) no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under the Requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the Requisition, and (iii) this Requisition contains no items representing payment on account of any retained percentage entitled to be retained at this date.

If this Requisition includes payments for labor or to contractors, builders or materialmen, the attached Certificate of Consulting Engineer must be completed. If this Requisition includes payments for any lands or easements, rights or interest in or relating to lands, the attached Certificate of the Consulting Engineer must be completed and there must be attached to this Requisition a certificate signed by a Local Representative stating that upon payment therefor the Local Government will have title in fee simple to, or easements, rights or interests sufficient for the purposes of the construction portion of the Project over or through such lands.

**The Local Government has agreed in the Financing Agreement that any amounts it receives pursuant to this Requisition will be (i) immediately applied to reimburse the Local Government for Project Costs it has already paid or (ii) actually spent to pay Project Costs not later than five banking days after receipt.**

---

Local Representative

SCHEDULE 1

Form to Accompany Requisition

Requisition # \_\_\_\_\_  
 Recipient: Town of Altavista, Virginia – VRA 2020A  
 Local Representative: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

<u>Cost Category</u>	<u>Total Project Cost</u>	<u>Previous Disbursements</u>	<u>Disbursement This Period</u>	<u>Disbursements to Date</u>	<u>Remaining Balance</u>
	\$	\$	\$	\$	\$
<b>TOTALS</b>	\$	\$	\$	\$	\$

SCHEDULE 2

Wire Instructions for Requisition

[To be provided by the Local Government]

## CERTIFICATE OF CONSULTING ENGINEER

The undersigned Consulting Engineer for the Local Government hereby certifies that (i) 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 or installed in or about the Project, and (ii) insofar as the amounts covered by the Requisition include payments for land or easements, rights or interests in or relating to lands, such lands, easements, rights or interests are being acquired and are necessary or convenient for the undertaking and completion of the Project.

Date: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Consulting Engineer

## **EXHIBIT E**

### **OPERATING DATA**

*Description of Local Government.* A description of the Local Government including a summary of its form of government and budgetary processes.

*Debt.* A description of the terms of the Local Government's outstanding tax-supported and revenue debt including a historical summary of such outstanding debt; a summary of authorized but unissued debt; a summary of legal debt margin (if any); a summary of overlapping debt; and a summary of annual debt service on outstanding debt as of the end of the preceding fiscal year. The annual disclosure should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Government and any unfunded pension liabilities.

*Financial Information and Operating Data.* Financial information and operating data respecting the Local Government including a description of revenues and expenditures for its major funds and a summary of its tax policy, structure and collections as of the end of the preceding fiscal year.

**EXHIBIT F**

**FORM OF OPINION OF COUNSEL TO THE LOCAL GOVERNMENT**

[Print on the Letterhead of Counsel for the Local Government]

May 27, 2020

Town Council  
Town of Altavista, Virginia

Virginia Resources Authority  
Richmond, Virginia

**[\$16,150,000]**  
**Town of Altavista, Virginia**  
**[\_\_\_\_\_], Series 2020**

Ladies and Gentlemen:

I have acted as counsel to the Town of Altavista, Virginia (the "Local Government"), in connection with the issuance and sale by the Local Government of its [\$16,150,000] [\_\_\_\_\_], Series 2020 (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement) and in such capacity, I have examined, among other things, the following documents:

- (a) a certified copy of the Local Authorization, authorizing the issuance and sale of the Local Bond to Virginia Resources Authority ("VRA") to finance the Project;
- (b) a copy of the Local Bond Sale and Financing Agreement (the "Financing Agreement") dated as of April 3, 2020, and between the Local Government and VRA; and
- (c) a copy of the Local Tax Document.

The documents referred to in clauses (b) and (c) above are referred to collectively as the "Local Bond Documents."

I have also examined such other records and proceedings of the Local Government and conducted such investigations as I deemed appropriate and necessary for purposes of this opinion.

Unless otherwise defined, each capitalized term used in this opinion has the same meaning given to such term in the Financing Agreement.

As to questions of fact material to the opinions and statements set forth herein, I have relied upon representations of the Local Government set forth in the Local Bond Documents and other certificates and representations by persons including representatives of the Local Government. Whenever an opinion or statement set forth herein with respect to the existence or absence of facts is qualified by the phrase "to the best of my knowledge" or a phrase of similar import, it is intended to indicate that during the course of my representation of the Local Government in connection with the Local Bond Documents no information has come to my attention that should give me current actual knowledge of the existence or absence of such facts. Except to the extent expressly set forth herein, I have not undertaken any independent investigation of the existence or absence of such facts, and no inference as to my knowledge or the existence or absence of such facts should be drawn from the fact of my representation or any other matter.

Based upon such examination and assuming the authorization, execution, delivery and enforceability of all documents by parties other than the Local Government, I am of the opinion that:

1. The Local Government is a duly created and validly existing municipal corporation of the Commonwealth and is vested with the rights and powers conferred upon it by Virginia law.

2. The Local Government has full right, power and authority to (i) adopt the Local Authorization and execute and deliver the Local Bond Documents and all related documents, (ii) undertake the Project and (iii) carry out and consummate all of the transactions contemplated by the Local Authorization and the Local Bond Documents, including owning and operating the System.

3. The Local Bond Documents were duly authorized by the Local Authorization and the Financing Agreement is in substantially the same form as presented to the Governing Body at its meeting at which the Local Authorization was adopted.

4. All governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date hereof have been obtained for (i) the Local Government's adoption of the Local Authorization, (ii) the execution and delivery of the Local Bond Documents and the Local Bond, (iii) the Local Government's performance of its obligations under the Local Bond Documents and the Local Bond, and (iv) to the best of my knowledge, the operation and use of the Related Financed Property and the System. I know of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals cannot be obtained as required in the future.

5. The Financing Agreement has been executed and delivered by duly authorized officials of the Local Government and constitutes a legal, valid and binding obligation of the Local Government enforceable against the Local Government in accordance with its terms. The Local Bond has been executed and delivered by duly authorized officials of the Local Government and will constitute a legal, valid and binding general obligation of the Local Government enforceable against the Local Government in accordance with its terms.



The obligations of the Local Government under the Financing Agreement and the Local Bond, and the enforceability of such obligations, may be limited or otherwise affected by (i) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (ii) principles of equity, whether considered at law or in equity, (iii) the exercise of sovereign police powers of the Commonwealth, and (iv) rules of law which may limit the enforceability on public policy grounds of any obligations of indemnification undertaken by the Local Government.

6. The issuance of the Local Bond and the execution and delivery of the Local Bond Documents and the performance by the Local Government of its obligations thereunder are within the powers of the Local Government and will not conflict with, or constitute a breach or result in a violation of (i) any federal or Virginia constitutional or statutory provision, (ii) to the best of my knowledge, any agreement or other instrument to which the Local Government 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 Local Government or its property.

7. The Local Government, to the best of my knowledge, 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. To the best of my knowledge, 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 the Financing Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

8. The Local Government (i) to the best of my 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 the Local Bond or the Local Bond Documents 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 Local Government 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 the Local Bond and the Local Bond Documents. The execution and delivery by the Local Government of the Local Bond and the Local Bond Documents and the compliance with the terms and conditions thereof will not conflict with, result in a breach of or constitute a default under any of the foregoing.

9. Except as set forth in the Financing Agreement, there are not pending nor, to the best of my knowledge, threatened against the Local Government, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature (i) affecting the creation, organization or existence of the Local Government 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 Authorization or the Local Bond Documents or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond Documents 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 Local Government or its business, assets, condition

(financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization, the Local Bond Documents or the Local Bond, or (v) affecting the undertaking of the Project.

Very truly yours,

**EXHIBIT G**

**FORM OF CERTIFICATION AS TO NO DEFAULT AND TAX COMPLIANCE**

[DATE]

[Insert Name]  
Compliance & Financial Analyst  
Virginia Resources Authority  
1111 East Main Street, Suite 1920  
Richmond, VA 23219

Dear [Mr./Ms.] \_\_\_\_\_:

In accordance with Section 9.4 of the Local Bond Sale and Financing Agreement dated as of April 3, 2020 (the "Financing Agreement") between Virginia Resources Authority and the Town of Altavista, Virginia (the "Local Government"), I hereby certify that, during the fiscal year that ended June 30, \_\_\_\_\_, and through the date of this letter:

1. [No event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or lapse of time, or both, would constitute, an Event of Default as defined in Section 10.1 of the Financing Agreement.] [If an Event of Default has occurred, please specify the nature and period of such Event of Default and what action the Local Government has taken, is taking or proposes to take to rectify it].
2. [The ownership and status of all or a portion of the Related Financed Property has not changed since the Closing Date.] [If untrue, please describe.]
3. [Neither the Related Financed Property nor any portion thereof is being used by a Nongovernmental Person pursuant to a lease, an incentive payment contract or a take-or-pay or other output-type contract.] [If untrue, please describe.]
4. [Neither the Related Financed Property nor any portion or function thereof is being used pursuant to or is otherwise subject to a Service Contract that does not satisfy the requirements of Revenue Procedure 2017-13.] [If untrue, please describe.]
5. [Other than as may be described in paragraphs 2, 3 and 4 above, neither the Related Financed Property nor any portion or function thereof nor any portion of the Proceeds is being used for a Private Business Use.] [If untrue, please describe.]
6. [The Local Government has not used or permitted the use of any Proceeds of the Local Bond directly or indirectly to make a loan to an ultimate borrower other than itself within the meaning of Section 4.3 of the Local Tax Document.] [If untrue, please describe.]

7. [Other than any amounts described in the Local Tax Document (as defined in the Financing Agreement), between VRA and the Local Government and amounts that may constitute or be on deposit in a Bona Fide Debt Service Fund, there neither have been nor are now any moneys, securities, obligations, annuity contracts, residential rental property, AMT Bonds, investment-type property, Sinking Funds, Pledged Funds, or other Replacement Proceeds accumulated or held or pledged as security by the Local Government or any other Substantial Beneficiary of the Local Bond as security for or the direct or indirect source of the payment of the principal of or interest on the Local Bond.] [If untrue, please describe.]
8. [The Local Government is in compliance with the recordkeeping requirements of Section 4.9 of the Local Tax Document.] [If untrue, please describe.]
9. [Other than as may be described above, the Local Government is not in default of any of its obligations under the Local Tax Document.] [If untrue, please describe.]
10. Unless otherwise defined herein, each capitalized term used herein has the meaning set forth in the Local Tax Document.

Sincerely,

[Insert Name]  
Local Representative

**EXHIBIT H**  
**DESCRIPTION OF SPECIAL USE ARRANGEMENTS**

[To be provided]

**SCHEDULE 1.1**

**FINAL TERMS**

Principal Amount of Related Series of VRA  
Bonds

Principal Amount of Local Bond

Purchase Price

The Purchase Price was determined as follows: by adding to the par amount of the portion of the Related Series of VRA Bonds (\$\_\_\_\_\_), the Local Government's share of the net premium on the Related Series of VRA Bonds (\$\_\_\_\_\_ ) and by subtracting from the par amount of the Related Series of VRA Bonds the Local Government's share of VRA's Expenses set forth in Section 3.2 (\$\_\_\_\_\_ ) and the Local Government's share of the deposit on the Closing Date to a VRA Reserve (\$\_\_\_\_\_).

**ADDITIONAL CONDITIONS PRECEDENT TO PURCHASE OF LOCAL BOND:**

[To be provided]

**ADDITIONAL CONDITIONS PRECEDENT TO FIRST REQUISITION OF PROCEEDS  
OF LOCAL BOND:**

[To be provided]

## **PROJECT BUDGET**

[To be provided]



**INTEREST RATES AND PAYMENT SCHEDULE FOR LOCAL BOND**

[To be provided]