

**James River Water Authority  
Board of Directors Meeting  
181 Clubhouse Way  
Zion Crossroads, Virginia  
March 30, 2016  
3:00 P.M.**

*Special Meeting of the James River Water Authority Board of Directors*

- I. Call to Order**
- II. Adoption of Agenda**
- III. Items from the Public**
- IV. Approval of Minutes of Preceding Meeting**
- V. Financial Report**
- VI. Discussion/Information Items**
  - a. Discussion – Debt Issuance Consideration
- VII. Action Items**
  - a. Action – JRWA Bond Resolution
- VIII. Consent Agenda**
- IX. Closed Meeting**
- X. Adjournment**

*The James River Water Authority Board of Directors reserves the right to amend and/or change the Agenda the day of the meeting.*

BY ORDER OF:  
GOODMAN B. DUKE, CHAIRMAN  
BOARD OF DIRECTORS  
JAMES RIVER WATER AUTHORITY

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF  
A REVENUE BOND, SERIES 2016, OF THE JAMES RIVER  
WATER AUTHORITY AND PROVIDING FOR THE FORM,  
DETAILS AND PAYMENT THEREOF**

**WHEREAS**, the James River Water Authority (the “Authority”) is a public body politic and corporate and a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) exercising public and essential governmental functions and created by resolutions duly adopted by the Board of Supervisors of the County of Fluvanna and the Board of Supervisors of the County of Louisa in accordance with the Virginia Water and Waste Authorities Act, as amended (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the “Act”), for the purpose of servicing the water needs of the County of Fluvanna, Virginia and the County of Louisa, Virginia (collectively, the “Member Jurisdictions”); and

**WHEREAS**, the Authority is authorized to contract debts and to issue, as evidence thereof, notes, bonds or other obligations payable from revenues from a revenue-producing undertaking of the Authority, and the Authority now desires to finance the design and construction of a raw water intake, a pump station and a raw water pipeline, as well as the acquisition of land and right-of-way necessary therefor (collectively, the “Project”) through the issuance of a revenue bond; and

**WHEREAS**, the Virginia Resources Authority (the “VRA”) has a program for the purpose of purchasing and acquiring obligations issued by water and waste authorities to finance projects such as the Project, and the Authority has applied to VRA for the purchase of the Authority’s Revenue Bond, Series 2016 (the “Local Bond”), the proceeds of which will be used to finance the costs of the Project and pay the costs of issuing the Local Bond and any other financing costs including the funding of one or more required reserves; and

**WHEREAS**, VRA has agreed to purchase such Local Bond from the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2016A (the “VRA Bonds”) in accordance with the terms of a Local Bond Sale and Financing Agreement, dated as of April 1, 2016 (the “Financing Agreement”), between VRA and the Authority; and

**WHEREAS**, the Authority has indicated that the amount of proceeds being requested from VRA for the Project and other costs is \$9,146,460 (the “Proceeds Requested”) plus amounts necessary to pay any capitalized interest and the costs of issuance and one or more required reserves if the Authority opts to debt fund such reserve, or such other amount requested by the Authority in writing and approved by VRA prior to the pricing of the VRA Bonds, provided such sum does not exceed the maximum principal amount of the Local Bond authorized pursuant to this Resolution; and

**WHEREAS**, VRA has advised the Authority that VRA’s objective is to pay the Authority as the purchase price for the Local Bond an amount which, in VRA’s judgment, reflects the market value of the Local Bond (the “VRA Purchase Price Objective”), taking into consideration such factors as the maximum authorized par amount of the Local Bond, the

Proceeds Requested, the purchase price to be 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 (collectively, the "VRA Costs")) and other market conditions relating to the sale of the VRA Bonds; and

**WHEREAS**, such factors may result in the Authority receiving an amount other than the Proceeds Requested and consequently (i) the principal amount of the Local Bond may be greater than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (ii) if the maximum authorized aggregate amount of the Local Bond set forth in paragraph 3 of this Resolution does not exceed the Proceeds Requested by at least the amount of the VRA Costs and any original issue discount, the amount to be paid to the Authority, given the VRA Purchase Price Objective and market conditions, will be less than the Proceeds Requested; and

**WHEREAS**, the forms of the Financing Agreement and the Local Bond have been made available to the members of the Authority and filed in the Authority's records;

**BE IT RESOLVED BY THE JAMES RIVER WATER AUTHORITY:**

**1. Issuance of Local Bond and Use of Proceeds.** Pursuant to the Constitution and statutes of the Commonwealth, including the Act, the Authority hereby approves the issuance and sale of the Local Bond to provide funds to finance the Project and pay the costs of issuing the Local Bond and any other financing costs including the funding of one or more required reserves.

**2. Method of Sale.** After consideration of the methods of sale of the Local Bond, it is hereby determined that it is in the best interest of the Authority to accept, and the Authority does hereby accept, the offer from VRA to purchase the Local Bond. The Local Bond is hereby sold to VRA in accordance with the terms and provisions set forth in the Financing Agreement.

**3. Local Bond Details.** The Local Bond shall be issued as a single, registered bond without coupons, shall be designated "Revenue Bond, Series 2016", shall be numbered R-1, shall be dated the date required by VRA, shall be in a principal amount not to exceed \$10,000,000, shall bear interest at the rate or rates to be set forth therein and shall mature no later than October 1, 2046. The Authority authorizes the issuance and sale of the Local Bond at a "true" interest cost not to exceed 5.50% (exclusive of "supplemental interest" as provided in the Financing Agreement). Given the VRA Purchase Price Objective and market conditions, it may become necessary to issue the Local Bond in an aggregate amount greater than the Proceeds Requested. If the limitation on the maximum aggregate principal amount of the Local Bond set forth in this paragraph 3 restricts VRA's ability to generate the Proceeds Requested, taking into account the VRA Costs, the VRA Purchase Price Objective and market conditions, the purchase price of the Local Bond will result in an amount less than the Proceeds Requested. Subject to the foregoing limitations, the Authority authorizes VRA to establish the final principal amount of the Local Bond, the final interest rate or rates on the Local Bond, and the final maturity date and the final principal amortization schedule (including principal installment dates and amounts) for the Local Bond. No further action or approval of such financing terms shall be necessary on the part of the Authority. The principal of and premium, if any, and interest on the Local Bond shall be payable

on the dates and in the amounts set forth in the Local Bond and the Financing Agreement. The Authority may, at its option, redeem, prepay or refund the Local Bond upon the terms set forth in the Financing Agreement. Interest on the Local Bond shall be computed on the basis described in the Financing Agreement and the form of the Local Bond.

As set forth in the Financing Agreement, the Authority agrees to pay such “supplemental interest” and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve (as defined in the Financing Agreement) and, on the demand of VRA, a late payment penalty if any principal or interest payment on the Local Bond is not paid within ten days after its due date.

The principal of and premium, if any, and interest on the Local Bond shall be payable in lawful money of the United States of America.

**4. Approval of Bond Documents.** The Financing Agreement and the Local Bond (the “Bond Documents”) shall be in substantially the forms made available at this meeting, which are hereby approved, with such completions, omissions, insertions and changes (including changes of the dates thereof) as may be approved by the Chairman and the Vice Chairman of the Authority, either of whom may act, which approval shall be evidenced conclusively by the execution and delivery of such Bond Documents.

**5. Execution and Delivery of Local Bond.** The Chairman and the Vice Chairman of the Authority, either of whom may act, are each hereby authorized and directed to execute the Local Bond and the Secretary and the Assistant Secretary, either of whom may act, are each authorized and directed to fix the Authority’s seal thereon and to attest such seal.

**6. Execution and Delivery of Financing Agreement.** The Chairman and the Vice Chairman of the Authority, either of whom may act, are each hereby authorized and directed to execute the Financing Agreement and to deliver it to VRA.

**7. Authorization of Execution and Delivery of Other Documents.** The Chairman and the Vice Chairman of the Authority and other appropriate officials of the Authority are each hereby authorized to (i) execute and deliver all other certificates, instruments and documents in the name and on behalf of the Authority, including without limitation the Non-Arbitrage Certificate and Tax Compliance Agreement, dated the date of execution and delivery, between VRA and the Authority, and the Support Agreements, each dated as of May 1, 2016, among VRA, the Authority and each Member Jurisdiction and (ii) take all such further action (a) as they may consider necessary or desirable to carry out the intent and purpose of this Resolution, the issuance of the Local Bond, the financing of the Project and the execution, delivery and performance of the Financing Agreement or (b) as may be reasonably requested by VRA in connection with any of the foregoing.

**8. Preparation of Printed Local Bond.** The Authority shall initially issue the Local Bond in typewritten form. Upon request of the registered owner and upon presentation of the Local Bond at the office of the Registrar (as hereinafter defined), the Authority shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Local Bond in printed form in an aggregate principal amount equal to the unpaid principal of the Local Bond in

typewritten form, 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 Local Bond may be executed by the manual or facsimile signature of the Chairman or Vice Chairman and the Authority's seal affixed thereto and attested by the manual or facsimile signature of the Secretary or the Assistant Secretary of the Authority. The typewritten Local Bond surrendered in any such exchange shall be canceled.

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

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, and the exercise of all other rights and powers of the owner.

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

**11. Pledge of Revenues and Limited Obligation.** In accordance with the provisions of the Financing Agreement, the Authority pledges the Net Revenues Available for Debt Service (as defined in the Financing Agreement) to the payment of principal of, premium, if any, and interest on, the Local Bond. The Authority has no taxing power. The Local Bond shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the Authority and the Member Jurisdictions. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the Member Jurisdictions, shall be obligated to pay the principal of, premium, if any, or interest on, the Local Bond or other costs incident thereto except from the Net Revenues Available for Debt Service and other moneys specifically pledged therefor under the Financing Agreement, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof,

including the Authority and the Member Jurisdictions, is pledged to the payment of the principal of, premium, if any, or interest on, the Local Bond or other costs incident thereto.

**12. Official Statement.** The Authority authorizes and consents to the inclusion of information with respect to the Authority and, if necessary, the Member Jurisdictions 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. The Chairman and the Vice Chairman of the Authority are each authorized and directed to take whatever actions are necessary and/or appropriate to aid VRA in ensuring compliance with Securities and Exchange Commission Rule 15c2-12.

**13. SNAP Investment Authorization.** The Authority has heretofore received and reviewed the Information Statement (the "Information Statement") describing the State Non-Arbitrage Program of the Commonwealth ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool I (the "Contract"), and the Authority hereby authorizes the use of SNAP in connection with the investment of the proceeds of the Local Bond, if the Chairman or Vice Chairman determines that the utilization of SNAP is in the best interest of the Authority. The Authority acknowledges that the Treasury Board of the Commonwealth is not, and shall not be, in any way liable to the Authority in connection with SNAP, except as otherwise provided in the Contract.

**14. Other Actions.** All actions of Authority officials taken heretofore or hereafter in conformity with the purposes and intent of this Resolution are ratified, approved and confirmed.

**15. Limitation of Liability of Officials of the Authority.** No covenant, condition, agreement or obligation contained herein shall be deemed to be a covenant, condition, agreement or obligation of any officer, employee or agent of the Authority in his or her individual capacity. No officer of the Authority executing the Local Bond shall be liable personally on the Local Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No officer, employee or agent of the Authority shall incur any personal liability with respect to any other action taken by him or her pursuant to this Resolution, provided he or she acts in good faith.

**16. Selection of Bond Counsel.** The Authority hereby appoints the law firm of Troutman Sanders LLP, Richmond, Virginia, as bond counsel to supervise the proceedings and approve the issuance of the Local Bond.

**17. Amendment to Reimbursement Resolution.** The Authority previously adopted on August 5, 2014 a reimbursement resolution in connection with the Project. The Authority hereby amends the maximum principal amount of the indebtedness related to the Project as set forth in such resolution from \$7,000,000 to \$10,000,000. The provisions of such resolution relating to the reimbursement of "Expenditures", except as modified by the preceding sentence, remain in full force and effect and are ratified and confirmed hereby.

**18. Repeal of Conflicting Actions.** All resolutions, ordinances or parts thereof in conflict herewith are repealed.

**19. Effective Date.** This Resolution and the provisions contained herein shall become effective immediately upon enactment.

**CERTIFICATION**

The undersigned Secretary of the James River Water Authority hereby certifies (1) that the foregoing constitutes a true, correct and complete copy of a Resolution adopted by the James River Water Authority at a meeting duly called and held on March \_\_, 2016, with the members present and absent and voting on the Resolution as set forth below; (2) that such meeting was duly convened and held in all respects in accordance with law; and (3) that the foregoing Resolution has not been repealed, revoked, rescinded or amended.

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT</u>	<u>AYE</u>	<u>NAY</u>
-------------	----------------	---------------	------------	------------

WITNESS, my hand and the seal of the James River Water Authority this \_\_\_\_\_ day of March, 2016.

**JAMES RIVER WATER AUTHORITY**

By \_\_\_\_\_  
Secretary

(SEAL)



**UNITED STATES OF AMERICA**  
**COMMONWEALTH OF VIRGINIA**  
**JAMES RIVER WATER AUTHORITY**  
**REVENUE BOND**  
**SERIES 2016**

The **JAMES RIVER WATER AUTHORITY**, a public body politic and corporate and a political subdivision of the Commonwealth of Virginia (the "Authority"), for value received, hereby promises to pay, solely from the sources described below, to the Virginia Resources Authority ("VRA"), as the registered owner hereof, or registered assigns or legal representatives, a principal sum equal to \$ \_\_\_\_\_, subject to prior redemption as hereinafter provided.

Principal of this Bond is payable in installments (the "Installments") on each October 1, beginning October 1, 2017. Each Installment shall be in the applicable amount specified in Schedule 1 attached hereto. If not sooner paid, the entire remaining principal balance hereof shall be due and payable on October 1, 2046.

Interest on the unpaid principal hereof shall be payable on each April 1 and October 1, beginning October 1, 2016. The per annum rate of interest payable with respect to the portion of the principal amount hereof which is payable as a particular Installment shall be the applicable rate specified in Schedule 1 attached hereto. Interest hereon shall accrue from the date hereof and shall be calculated on the basis of a year of 360 days consisting of twelve 30-day months.

All payments of principal of, premium (if any) and interest on this Bond shall be paid directly to U.S. Bank National Association, as trustee for VRA (the "VRA Trustee"), for as long as VRA is the registered owner hereof. If any payment of principal or premium (if any) or interest on this Bond is scheduled to be made on a date which is not a business day, such payment shall be made on the next succeeding business day. If such payment is made on such next succeeding business day, no additional interest shall accrue for the period after the date on which such payment is scheduled to be made.

Principal of and premium (if any) and interest on this Bond are payable in lawful money of the United States of America.

If any installment of principal of, premium (if any) or interest on this Bond is not paid within ten days after its due date, the Authority shall pay to the registered owner hereof a late payment charge in an amount equal to 5.0% of the amount of the overdue installment.

If any failure of the Authority to pay all or any portion of any required payment of the principal of, premium (if any) or interest on this Bond results in a withdrawal from or a drawing on any VRA Reserve (as defined in the hereinafter defined Financing Agreement), the interest rates applicable to this Bond shall be increased to interest rates sufficient to reimburse the VRA

Reserve for any forgone investment earnings on the funds withdrawn therefrom and/or 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 Authority’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 Authority’s failure to pay a required payment or portion thereof as described above (the “Supplemental Interest Commencement Date”). The Authority’s obligation to pay Supplemental Interest shall terminate on the date on which the Authority 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, VRA shall deliver to the Authority 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. Supplemental Interest shall accrue only while VRA or the VRA Trustee is the registered owner of this Bond, and any installment of Supplemental Interest shall be payable only to the extent that VRA shall have furnished the aforesaid certificate setting forth the amount of such installment.

The Authority’s obligations to pay the amounts described in this Bond shall not be discharged in whole or in part by any amount withdrawn from or drawn on a VRA Reserve.

Subject to the Authority’s right to apply Revenues (as defined in the Financing Agreement) to the payment of Operating Expenses (as defined in the Financing Agreement) and the Authority’s obligation to apply Revenues to the payment of prior bonds, if any, secured by Revenues, the Revenues are irrevocably pledged to secure the payment of the principal of, premium (if any) and interest on this Bond as the same shall become due. The Authority has covenanted in the Financing Agreement that it will fix and collect rates, fees and other charges for the use of, and for services furnished by, the Project (as hereinafter defined) in accordance with the provisions of the Financing Agreement. This Bond is a limited obligation of the Authority payable solely as described in the first sentence of this paragraph. The principal of, premium, if any, and interest on this Bond will not be deemed to constitute a general obligation debt or a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including the Authority and the Member Jurisdictions (as hereinafter defined). NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE MEMBER JURISDICTIONS, IS DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO OR TO LEVY ANY TAXES THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE FUNDS OF THE AUTHORITY PLEDGED FOR SUCH PURPOSE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE MEMBER

JURISDICTIONS, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT HERETO. THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

This Bond is authorized and issued pursuant to (i) the Virginia Water and Waste Authorities Act, as amended (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended), and (ii) a resolution adopted by the Authority on March \_\_, 2016, for the purpose of financing the design and construction of a raw water intake, a pump station and a raw water pipeline, as well as the acquisition of land and right-of-way necessary therefor (collectively, the "Project") owned and operated by the Authority to service the water needs of the County of Fluvanna, Virginia and the County of Louisa, Virginia (collectively, the "Member Jurisdictions"). It is also issued pursuant to the terms of a Local Bond Sale and Financing Agreement, dated as of April 1, 2016 (the "Financing Agreement"), between the Authority and VRA to evidence a loan by the VRA to the Authority to finance the costs of the Project and pay the costs of issuing the Local Bond and any other financing costs including the funding of any required reserves. The obligations of the Authority under this Bond shall terminate when all amounts due and to become due pursuant to this Bond and the Financing Agreement have been paid in full.

This Bond is subject to defeasance, redemption, repayment and refunding to the extent and on the terms set forth in the Financing Agreement.

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

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

No covenant, condition, agreement or obligation contained herein shall be deemed to be a covenant, condition, agreement or obligation of any officer, employee or agent of the Authority in his or her individual capacity, and no officer of the Authority executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance hereof.

The Director of Finance of the fiscal agent of the Authority shall act as Registrar (the "Registrar") until a different Registrar is selected and shall maintain registration books for the registration and the registration of transfer of this Bond. Payments of principal and interest shall be made by check or draft mailed or by wire to the registered owner, at its address as it appears on the registration books kept for that purpose at the principal office of the Registrar, except that payments hereunder shall be made directly to the VRA Trustee for as long as VRA is the registered owner hereof. The final payment of principal shall be payable upon presentation and surrender of this Bond to the Registrar. The transfer of this Bond may be registered only on the

books kept for the registration and registration of transfer of this Bond upon surrender thereof to the Registrar at his or her address together with an assignment duly executed by the registered owner in person or by his duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such transfer, the Authority shall execute and deliver, in exchange for this Bond, a new registered Bond registered in the name of the transferee. Prior to due presentment for registration of transfer, the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal of, premium, if any, and interest on this Bond and to the exercise of all other rights and powers of the owner.

If this Bond has been mutilated, lost or destroyed, the Authority shall execute and deliver a new Bond of like date and tenor in exchange or substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; *provided*, that the Authority shall execute and deliver such Bond only if the registered owner has paid the reasonable expenses and charges of the Authority and the Registrar in connection therewith and, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of a lost or destroyed Bond, the registered owner has furnished to the Authority and the Registrar (if different from the Authority or its officials) (a) evidence satisfactory to them that such Bond was lost or destroyed and the registered owner was the owner thereof and (b) indemnity satisfactory to them.

Any failure or delay by the registered owner to exercise any right hereunder or under the Financing Agreement shall not be construed as a waiver of the right to exercise the same or any other rights at any time.

This Bond shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. Whenever possible, each provision of this Bond shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Bond shall be prohibited by or invalid under such law, such provisions shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Bond. This Bond shall apply to and bind the Authority's successors and assigns to the extent provided herein and shall inure to the benefit of the registered owner, its successors and assigns.

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

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the James River Water Authority has caused this Bond to be signed by the manual signature of its Chairman or Vice Chairman, its seal to be impressed hereon and attested by its Secretary or Assistant Secretary and this Bond to be dated the \_\_\_\_ day of \_\_\_\_\_, 2016.

**JAMES RIVER WATER AUTHORITY**

By \_\_\_\_\_  
Chairman

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary, James River Water Authority

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the bonds of the series designated herein and described in the within mentioned resolution.

**Director of Finance,  
County of Fluvanna, Virginia, as Bond  
Registrar**

By \_\_\_\_\_  
Authorized Signature

Date of authentication: \_\_\_\_\_, 2016

**ASSIGNMENT**

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

\_\_\_\_\_  
(please print or typewrite 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 a member firm of the New York Stock Exchange or a commercial bank or trust company or by an institution participating in the Securities Transfer Agent Medallion Program or similar program.

\_\_\_\_\_  
(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.

**SUPPORT AGREEMENT  
JAMES RIVER WATER AUTHORITY**

**THIS SUPPORT AGREEMENT** (this “Support Agreement”) is made as of May 1, 2016, among the **COUNTY OF FLUVANNA, VIRGINIA** (the “County”), the **JAMES RIVER WATER AUTHORITY** (the “Water Authority”), and the **VIRGINIA RESOURCES AUTHORITY** (“VRA”), as purchaser of the Local Bond, as hereinafter defined, pursuant to a Local Bond Sale and Financing Agreement dated as of April 1, 2016 (the “Financing Agreement”), between VRA and the Water Authority.

**RECITALS:**

**WHEREAS**, the Water Authority is a public body politic and corporate and a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) exercising public and essential governmental functions and created by resolutions duly adopted by the Board of Supervisors of the County (the “Board”) and the Board of Supervisors of the County of Louisa, Virginia in accordance with the Virginia Water and Waste Authorities Act, as amended (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended), for the purpose of servicing the water needs of the County and the County of Louisa, Virginia (collectively, the “Member Jurisdictions”);

**WHEREAS**, the Water Authority is authorized to contract debts and to issue, as evidence thereof, notes, bonds or other obligations payable from revenues from a revenue-producing undertaking of the Water Authority, and the Water Authority now desires to finance the design and construction of a raw water intake, a pump station and a raw water pipeline, as well as the acquisition of land and right-of-way necessary therefor (collectively, the “Project”) through the issuance of its Revenue Bond, Series 2016 in a maximum principal amount not to exceed \$10,000,000 (the “Local Bond”);

**WHEREAS**, the Water Authority and the Member Jurisdictions are entering into a Service Agreement (the “Service Agreement”), which provides for payments by each Member Jurisdiction to the Water Authority for services to be rendered to the Member Jurisdictions by the Water Authority, and sets forth certain other responsibilities of the parties;

**WHEREAS**, the Water Authority has determined that it is in its best interest to issue and sell its Revenue Bond, Series 2016 (the “Local Bond”), to VRA pursuant to the terms of the Financing Agreement to finance the Project; and

**WHEREAS**, as a condition to the purchase by VRA of the Local Bond, VRA is requiring each of the Member Jurisdictions to enter into a support agreement substantively identical to this Support Agreement;



## AGREEMENT

**NOW, THEREFORE**, for and in consideration of the issuance of the Local Bond by the Water Authority, the purchase of the Local Bond by VRA and of the mutual covenants herein set forth, the parties hereto agree as follows:

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

2. The Water Authority shall use its best efforts to issue the Local Bond for the purpose described in the Recitals above.

3. If at any time the revenues available to the Water Authority shall be insufficient to pay in a timely fashion any of the debt service payments due on the Local Bond (the "Debt Service"), either because (i) the Water Authority has failed to charge the County its allocable portion of the Debt Service (a "County Debt Service Payment") as required to make such Debt Service payment or (ii) the County has failed to make a County Debt Service Payment as provided under the Service Agreement, the Water Authority shall notify the County and VRA of the amount of such insufficiency and the County Administrator of the County shall request a supplemental appropriation from the Board in the amount necessary to make such payment.

4. The County Administrator shall present each request for appropriation pursuant to paragraph 3 above to the Board, and the Board shall consider such request at the Board's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify VRA as to whether the County Debt Service Payment so requested was appropriated. If the Board shall fail to make any such appropriation, the Water Authority shall add the amount of such requested appropriation to the amounts to be otherwise charged to the County for the Water Authority's next fiscal year.

5. The Board hereby undertakes a non-binding obligation to appropriate such County Debt Service Payments as may be requested from time to time pursuant to paragraph 3 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth. The Board, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards do likewise.

6. The County and the Water Authority acknowledge that (i) the obligations of the Water Authority to determine, and of the Member Jurisdictions to pay, the charges for the use of and for services to be furnished by the System (as defined in the Financing Agreement) are crucial to the security for the Local Bond, (ii) VRA would not purchase the Local Bond without the security and credit enhancement provided by this Support Agreement, (iii) VRA will be a third party beneficiary of the Service Agreement for so long as the Local Bond remains outstanding and (iv) VRA is treating this Support Agreement as a "local obligation" within the meaning of Section 62.1-199 of the Virginia Code, which in the event of a nonpayment hereunder 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 Virginia Code. Section 62.1-216.1 provides that if the Governor is satisfied that the nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the County of all funds, or of any part of them, appropriated and payable by the Commonwealth to the County for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

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

8. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to 132 Main Street, Palmyra, Virginia 22963, Attention: County Administrator, (ii) if to the Water Authority, to c/o Fluvanna County as fiscal agent, 132 Main Street, Palmyra, Virginia 22963, Attention: Fluvanna County Administrator, and (iii) if to VRA, to 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director. Any party may designate any other address for notices or requests by giving notice.

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

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

11. This Support 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.

[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS]

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

**COUNTY OF FLUVANNA, VIRGINIA**

By: \_\_\_\_\_  
County Administrator

**JAMES RIVER WATER AUTHORITY**

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

**VIRGINIA RESOURCES AUTHORITY**

By: \_\_\_\_\_  
Executive Director

#26149873v4

**SUPPORT AGREEMENT  
JAMES RIVER WATER AUTHORITY**

**THIS SUPPORT AGREEMENT** (this “Support Agreement”) is made as of May 1, 2016, among the **COUNTY OF LOUISA, VIRGINIA** (the “County”), the **JAMES RIVER WATER AUTHORITY** (the “Water Authority”), and the **VIRGINIA RESOURCES AUTHORITY** (“VRA”), as purchaser of the Local Bond, as hereinafter defined, pursuant to a Local Bond Sale and Financing Agreement dated as of April 1, 2016 (the “Financing Agreement”), between VRA and the Water Authority.

**RECITALS:**

**WHEREAS**, the Water Authority is a public body politic and corporate and a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) exercising public and essential governmental functions and created by resolutions duly adopted by the Board of Supervisors of the County (the “Board”) and the Board of Supervisors of the County of Fluvanna, Virginia in accordance with the Virginia Water and Waste Authorities Act, as amended (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended), for the purpose of servicing the water needs of the County and the County of Fluvanna, Virginia (collectively, the “Member Jurisdictions”);

**WHEREAS**, the Water Authority is authorized to contract debts and to issue, as evidence thereof, notes, bonds or other obligations payable from revenues from a revenue-producing undertaking of the Water Authority, and the Water Authority now desires to finance the design and construction of a raw water intake, a pump station and a raw water pipeline, as well as the acquisition of land and right-of-way necessary therefor (collectively, the “Project”) through the issuance of its Revenue Bond, Series 2016 in a maximum principal amount not to exceed \$10,000,000 (the “Local Bond”);

**WHEREAS**, the Water Authority and the Member Jurisdictions are entering into a Service Agreement (the “Service Agreement”), which provides for payments by each Member Jurisdiction to the Water Authority for services to be rendered to the Member Jurisdictions by the Water Authority, and sets forth certain other responsibilities of the parties;

**WHEREAS**, the Water Authority has determined that it is in its best interest to issue and sell its Revenue Bond, Series 2016 (the “Local Bond”), to VRA pursuant to the terms of the Financing Agreement to finance the Project; and

**WHEREAS**, as a condition to the purchase by VRA of the Local Bond, VRA is requiring each of the Member Jurisdictions to enter into a support agreement substantively identical to this Support Agreement;

## AGREEMENT

**NOW, THEREFORE**, for and in consideration of the issuance of the Local Bond by the Water Authority, the purchase of the Local Bond by VRA and of the mutual covenants herein set forth, the parties hereto agree as follows:

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

2. The Water Authority shall use its best efforts to issue the Local Bond for the purpose described in the Recitals above.

3. If at any time the revenues available to the Water Authority shall be insufficient to pay in a timely fashion any of the debt service payments due on the Local Bond (the "Debt Service"), either because (i) the Water Authority has failed to charge the County its allocable portion of the Debt Service (a "County Debt Service Payment") as required to make such Debt Service payment or (ii) the County has failed to make a County Debt Service Payment as provided under the Service Agreement, the Water Authority shall notify the County and VRA of the amount of such insufficiency and the County Administrator of the County shall request a supplemental appropriation from the Board in the amount necessary to make such payment.

4. The County Administrator shall present each request for appropriation pursuant to paragraph 3 above to the Board, and the Board shall consider such request at the Board's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify VRA as to whether the County Debt Service Payment so requested was appropriated. If the Board shall fail to make any such appropriation, the Water Authority shall add the amount of such requested appropriation to the amounts to be otherwise charged to the County for the Water Authority's next fiscal year.

5. The Board hereby undertakes a non-binding obligation to appropriate such County Debt Service Payments as may be requested from time to time pursuant to paragraph 3 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth. The Board, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards do likewise.

6. The County and the Water Authority acknowledge that (i) the obligations of the Water Authority to determine, and of the Member Jurisdictions to pay, the charges for the use of and for services to be furnished by the System (as defined in the Financing Agreement) are crucial to the security for the Local Bond, (ii) VRA would not purchase the Local Bond without the security and credit enhancement provided by this Support Agreement, (iii) VRA will be a third party beneficiary of the Service Agreement for so long as the Local Bond remains outstanding and (iv) VRA is treating this Support Agreement as a "local obligation" within the meaning of Section 62.1-199 of the Virginia Code, which in the event of a nonpayment hereunder 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 Virginia Code. Section 62.1-216.1 provides that if the Governor is satisfied that the nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the County of all funds, or of any part of them, appropriated and payable by the Commonwealth to the County for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

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

8. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to 1 Woolfolk, Avenue, Louisa, Virginia 23093, Attention: County Administrator, (ii) if to the Water Authority, to c/o Fluvanna County as fiscal agent, 132 Main Street, Palmyra, Virginia 22963, Attention: Fluvanna County Administrator, and (iii) if to VRA, to 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director. Any party may designate any other address for notices or requests by giving notice.

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

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

11. This Support 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.

[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS]

**LOCAL BOND SALE AND FINANCING AGREEMENT**

**Between**

**VIRGINIA RESOURCES AUTHORITY**

**and**

**JAMES RIVER WATER AUTHORITY**

**Dated as of April 1, 2016**

**Virginia Resources Authority  
Infrastructure and State Moral Obligation Revenue Bonds  
(Virginia Pooled Financing Program)  
Series 2016A**

**TABLE OF CONTENTS**

**Page**

**ARTICLE I  
DEFINITIONS**

Section 1.1	Definitions.....	1
Section 1.2	Rules of Construction.....	6

**ARTICLE II  
REPRESENTATIONS**

Section 2.1	Representations by VRA.....	6
Section 2.2	Representations by Local Government .....	7
Section 2.3	Representations Remade as of the Sale Date .....	9

**ARTICLE III  
PURCHASE OF THE LOCAL BOND**

Section 3.1	Purchase of the Local Bond .....	9
Section 3.2	Issuance Expenses .....	10
Section 3.3	Schedule 1.1 .....	10
Section 3.4	Conditions Precedent to Purchase of the Local Bond.....	11

**ARTICLE IV  
USE OF PURCHASE PRICE**

Section 4.1	Deposit of Purchase Price; Investment of Amounts in Local Account.....	13
Section 4.2	Agreement to Accomplish Project .....	13
Section 4.3	Disbursement of Purchase Price and Earnings.....	13
Section 4.4	No Sufficiency Warranty by VRA; Local Government Required to Complete Project.....	14

**ARTICLE V  
PLEDGE AND SECURITY**

Section 5.1	Pledge .....	15
Section 5.2	Rate Covenant .....	15
Section 5.3	Annual Budget of the System .....	16
Section 5.4	Qualified Independent Consultant's Report .....	16
Section 5.5	Local Debt Service Reserve Fund.....	16
Section 5.6	Minimum Enterprise Fund Balance .....	18
Section 5.7	Limitation on Amendments to Certain Documents .....	18



**TABLE OF CONTENTS (cont.)**

**Page**

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

Section 6.1	Payment of Local Bond and Related Amounts .....	18
Section 6.2	Defeasance and Redemption of Local Bond .....	20
Section 6.3	Payments and Rights Assigned .....	21
Section 6.4	Obligations Absolute and Unconditional .....	21

**ARTICLE VII  
OPERATION AND USE COVENANTS**

Section 7.1	Maintenance .....	21
Section 7.2	Additions and Modifications .....	21
Section 7.3	Permits.....	22
Section 7.4	Use.....	22
Section 7.5	Inspection and Local Government's Books and Records .....	22
Section 7.6	Ownership .....	22
Section 7.7	Sale or Encumbrance.....	22
Section 7.8	Collection of Revenues .....	23
Section 7.9	No Free Service.....	23
Section 7.10	No Competing Service .....	23
Section 7.11	Mandatory Connection.....	23
Section 7.12	Lawful Charges .....	23
Section 7.13	Construction Contractors .....	24
Section 7.14	Engineering Services.....	24

**ARTICLE VIII  
INSURANCE, DAMAGE AND DESTRUCTION**

Section 8.1	Insurance .....	24
Section 8.2	Requirements of Policies.....	25
Section 8.3	Notice of Damage, Destruction or Condemnation .....	25
Section 8.4	Damage and Destruction .....	25
Section 8.5	Condemnation and Loss of Title .....	26

**ARTICLE IX  
SPECIAL COVENANTS**

Section 9.1	Tax Covenants.....	26
Section 9.2	Maintenance of Existence .....	26
Section 9.3	Financial Records and Statements .....	26
Section 9.4	Certification as to No Default and Tax Compliance .....	27
Section 9.5	Further Assurances.....	27

**TABLE OF CONTENTS (cont.)**

	<u>Page</u>
Section 9.6	Assignment by Local Government..... 27
Section 9.7	Continuing Disclosure..... 27
Section 9.8	Other Indebtedness..... 30
Section 9.9	Additional Indebtedness..... 30
Section 9.10	Litigation; Material Change ..... 30

**ARTICLE X  
DEFAULTS AND REMEDIES**

Section 10.1	Events of Default..... 30
Section 10.2	Acceleration ..... 31
Section 10.3	Other Remedies ..... 32
Section 10.4	Delay and Waiver..... 32

**ARTICLE XI  
MISCELLANEOUS**

Section 11.1	State Aid Intercept..... 32
Section 11.2	Successors and Assigns..... 32
Section 11.3	Amendments ..... 32
Section 11.4	Limitation of Local Government's Liability ..... 32
Section 11.5	Applicable Law ..... 33
Section 11.6	Severability ..... 33
Section 11.7	Notices..... 33
Section 11.8	Right to Cure Default..... 33
Section 11.9	Term of Agreement ..... 33
Section 11.10	Counterparts ..... 34

Exhibit A	Form of Local Bond
Exhibit B	Description of the Project
Exhibit C	Pending or Threatened Actions, Suits, Proceedings, or Investigations
Exhibit D	Form of Requisition
Exhibit E	Operating Data
Exhibit F	Form of Opinion of Counsel to the Local Government
Exhibit G	Form of Certification as to No Default and Tax Compliance
Exhibit H	Description of Special Use Arrangements
Exhibit I	Form of Annual Budget
Exhibit J	Existing Parity Bonds

Schedule 1.1	Final Terms
--------------	-------------

## LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of April 1, 2016, and is between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and the **JAMES RIVER WATER AUTHORITY**, a public body politic and corporate and a political subdivision 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 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.

**"Annual Budget"** means the budget of the System for each Fiscal Year.

**"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 25, 2016 or such other date as may be determined by VRA.

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

**"Effective Date"** means April 1, 2016.

**"Enterprise Fund"** means the Local Government's water utility enterprise fund described in the Local Government's Annual Audit as a proprietary fund for business type activities.

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

**"Existing Parity Bonds"** has the meaning set forth in Section 2.2(n).

**"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.

**"Fluvanna County"** means the County of Fluvanna, Virginia.

**"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.

**"Interjurisdictional Agreement"** means the agreement dated as of October 1, 2013, by and among the Local Government, Fluvanna County, Louisa County and the Louisa County Water Authority, reflecting the desire to move the Local Government's James River raw water intake from Bremono Bluff to near the Town of Columbia and to set forth the parties' respective rights and duties with respect to the Project.

**"Local Account"** means the local account established for the Local Bond within the 2016A Acquisition Fund.

**"Local Authorization"** means the resolution adopted on March \_\_, 2016, 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 Revenue Bond, Series 2016, 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, the Support Agreements and the Local Tax Document.

**"Local Debt Service Reserve Fund"** means the fund established under Section 5.5.

**"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 James River Water Authority.

**"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 Reserve Fund Determination Date"** means (i) the 10<sup>th</sup> day after each interest payment date under the Local Bond or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date established in writing by VRA for the valuation of obligations on deposit in the Local Debt Service Reserve Fund.

**"Local Reserve Requirement"** means an amount equal to the maximum annual debt service payment on the Local Bond as of the Closing Date as set forth in Schedule 1.1.

**"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.

**"Louisa County"** means the County of Louisa, Virginia.

**"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 system engineering and licensed as professional engineers in Virginia that the Local Government designates in writing, subject to VRA's reasonable approval.

**"Parity Bonds"** means the bonds and other obligations of the Local Government secured by a pledge of Revenues on a parity with the lien of the pledge of Revenues that secures the Local Bond.

**"Proceeds Requested"** means \$9,146,460, together with an amount to pay related costs of issuance and the funding of the Local Debt Service Reserve Fund on the Local Bond, 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.

**"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 the 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.

**"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 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 2016A, 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 Thirty-Fifth Supplemental Series Indenture of Trust dated as of May 1, 2016, 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 (including amounts appropriated for and paid to the Local Government by Fluvanna County and Louisa County under the Support Agreements), 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 Local Bond and other Parity Bonds.

**"Sale Date"** means May 11, 2016, or such other date specified in Schedule 1.1.

**"Service Agreement"** means the Service Agreement dated as of April \_\_, 2016, by and among the Local Government, Fluvanna County and Louisa County, regarding the provision by the Local Government of raw water from the System to Fluvanna County and Louisa County.

**"Subordinate Debt"** means obligations of the Local Government secured by a pledge of Revenues expressly made subordinate to the pledge securing the Local Bond and any other Parity Bonds, and any obligations to make deposits related to reserve funds, rebate funds and similar funds or accounts established for the benefit of the Local Bond or any other Parity Bonds.

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

**"Support Agreements"** means, collectively, the Support Agreement dated \_\_\_\_\_, 2016, between Fluvanna County, the Local Government and VRA, and the Support Agreement dated \_\_\_\_\_, 2016, between Louisa County, the Local Government and VRA.

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

**"Unrestricted"** means, regarding funds of the Local Government as of a particular date, the use of which (as determined in accordance with generally accepted accounting principles) is not restricted for a purpose inconsistent with the payment of debt service on the Local Bond.

**"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 of Virginia.

**"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 of Virginia 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, the Interjurisdictional Agreement and the Service Agreement and all related documents, (ii) issue, sell and deliver its Local Bond to the Trustee, (iii) own and operate the Related Financed Property and rest of 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, the Interjurisdictional Agreement and the Service Agreement.

(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 \_\_\_\_\_, Virginia on \_\_\_\_\_, 2016.

(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, the Interjurisdictional Agreement and the Service Agreement, (iii) performance of its obligations under the Local Bond Documents and the Local Bond, the Interjurisdictional Agreement and the Service Agreement, (iv) the undertaking of the Project and (v) the operation and use of the Related Financed Property and the rest of 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 limited 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, the Interjurisdictional Agreement and the Service Agreement 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, the Local Bond Documents, the Interjurisdictional Agreement or the Service Agreement 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 rest of 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, the Local Bond Documents, the Interjurisdictional Agreement or the Service Agreement 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, the Interjurisdictional Agreement or the Service Agreement 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, the Interjurisdictional Agreement or the Service Agreement 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, 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.

(n) A list of all Parity Debt that is outstanding on the date of this Agreement is attached as Exhibit J (the "Existing Parity Bonds").

(o) Except for the Existing Parity Bonds, there is no indebtedness of the Local Government secured by a pledge of Revenues prior to or on a parity with the lien of the pledge of Revenues that secures the Local Bond.

**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 that 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 will be paid by 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, 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 Outside Engineer giving the Outside 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 the 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 the Outside Engineer to the effect that the Related Financed Property will be part of the System.

(11) 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.

(12) A certificate of the Outside Engineer to the effect that (i) all governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project and the operation and use of the System required to have been obtained as of the Closing Date have been obtained and (ii) the Outside Engineer knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project and the operation and use of the System cannot be obtained as required in the future.

(13) 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.

(14) Certified copies of the resolutions adopted by the governing bodies of Fluvanna County and Louisa County on \_\_\_\_\_, 2016 and \_\_\_\_\_, 2016, respectively, relating to the Support Agreements.

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

(16) Certified copies of the executed the Interjurisdictional Agreement and the Service Agreement.

(17) Prior to the Sale Date, the Local Government must provide evidence of the approval of the Virginia Department of Environmental Quality of the Local Government's water withdrawal permit no. 04-0805, authorizing the water intake site location near the Town of Columbia, Virginia.

(18) Prior to the Sale Date, the Local Government must provide evidence of the acquisition of the two-acre parcel necessary for the Project, specifically the required pump station facility. Such evidence may be in the form of a fully executed purchase agreement between the Local Government and the owner of the two-acre parcel.

(19) Prior to the Sale Date, the Local Government must provide evidence satisfactory to VRA of its completion of the compensatory mitigation requirements under Part I - Special Conditions, Section H of the Virginia Water Protection Individual Permit No. 14-0343 effective as of November 20, 2015.

(20) 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 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)(9). 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 shall apply any remaining balance at the direction of the Local Government to pay the interest component of the next Rental Payment 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 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.** Subject to the Local Government's right to apply Revenues to the payment of Operation and Maintenance Expenses, the Revenues are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Local Bond and the payment and performance of the Local Government's obligations under this Agreement on a parity with any Parity Bonds. This pledge shall be valid and binding from and after the Closing Date. The Revenues, as received by the Local Government, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. Except as stated above, the lien of this pledge shall have priority over all other obligations and liabilities of the Local Government payable from Revenues, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the Local Government regardless of whether such parties have notice of this pledge. Until the occurrence and continuation of an Event of Default, the Local Government may, after the application each month of Revenues to the payment of the Operation and Maintenance Expenses and debt service on the Local Bond and any other Parity Debt, use the Revenues for any lawful purpose.

**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 100% 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 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 Annual Budget of the System.** Not less than 15 days before the first day of each Fiscal Year, the Local Government shall submit to its governing body and to VRA a copy of a preliminary annual budget, containing all information called for by, and otherwise

being in the form of, Exhibit I to this Agreement, for such Fiscal Year setting forth a schedule of the rates, fees and other charges to be imposed by the Local Government, the Revenues estimated to be generated thereby and the expenditures anticipated by the Local Government for operations, maintenance, repairs, replacements, improvements, debt service and other purposes. The Local Government shall adopt, prior to the first day of each Fiscal Year, a budget for such Fiscal Year. The Local Government shall ensure that the adopted budget contains the information required to be included in the preliminary budget. Such budget as approved by the Local Government's governing body is referred to in this Agreement as the Annual Budget. The Local Government may at any time during any Fiscal Year amend the Annual Budget for such Fiscal Year so long as such amendment does not result in an Event of Default. The Local Government shall promptly submit to VRA, in an electronic format, a copy of the Annual Budget and any amendments thereto.

**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.

**Section 5.5 Local Debt Service Reserve Fund.** (a) The Trustee is hereby directed to establish a "James River Water Authority 2016A Debt Service Reserve Account" (the "Local Debt Service Reserve Fund") for the benefit of VRA, to be held in accordance with Section 10.1 of the Master Indenture and separate and apart from the funds established under the Master Indenture. On the Closing Date, the Local Government shall deposit the Local Reserve Requirement into the Local Debt Service Reserve Fund.

(b) Money in the Local Debt Service Reserve Fund shall be used solely to cure any deficiencies in the payment by the Local Government of principal of, premium if any, or interest on the Local Bond pursuant to Section 6.1(a)(1). If there is a deficiency in the amount

of such payment, the Trustee shall transfer the amount of the deficiency from the amount, if any, on deposit in the Local Debt Service Reserve Fund to the Revenue Fund established under the Master Indenture. The Trustee shall notify VRA and the Local Government of the transfer within one Business Day of the transfer. Notwithstanding the foregoing, no such transfer from the Local Debt Service Reserve Fund shall relieve the Local Government of its obligation to make the payments of principal of or premium, if any, and interest on the Local Bond due under this Agreement.

(c) On each Local Reserve Fund Determination Date, or at any other time as may be requested by VRA or the Local Government, the Trustee shall determine if the balance on deposit in the Local Debt Service Reserve Fund is at least equal to the Local Reserve Requirement. In making each such determination, the Trustee shall value obligations on deposit in the Local Debt Service Reserve Fund at par; provided, however, any securities purchased at a purchase price of less than 98% of par or in excess of 102% of par shall be valued at fair market value. If on any Local Reserve Fund Determination Date there exists a deficiency in the Local Debt Service Reserve Fund, the Trustee shall notify VRA and the Local Government of such fact and the amount of the deficiency within one Business Day of such determination, and, if such deficiency shall continue to exist, VRA's Executive Director shall notify the Local Government that an Event of Default has occurred pursuant to Section 10.1 of this Agreement. In determining whether a deficiency continues to exist, the Executive Director of VRA shall not take into account any deficiency resulting from the valuation by the Trustee of the obligations in the Local Debt Service Reserve Fund so long as the Local Government has not defaulted in making payments to replenish the Local Debt Service Reserve Fund under Section 6.1(a)(5).

(d) If on any Local Reserve Fund Determination Date there exists a surplus in the Local Debt Service Reserve Fund, the Trustee shall transfer such surplus to the Revenue Fund established under the Master Indenture and credit such transfer to the Local Government's next succeeding principal, premium, if any, or interest payments on the Local Bond; provided, however, that if on any Local Reserve Fund Determination Date there exists or will exist a surplus in the Local Debt Service Reserve Fund as the result of the payment at maturity or upon redemption, defeasance or prepayment under Section 6.2 of a portion of the Local Bond on or as of such Local Reserve Fund Determination Date, then the Trustee shall apply such surplus at the direction of the Local Government.

(e) The Local Government shall replenish the Local Debt Service Reserve Fund pursuant to Section 6.1(a)(6).

(f) Any amount held in the Local Debt Service Reserve Fund shall be invested and reinvested by the Trustee, at the request of and as directed in writing by a Local Representative, in (i) bills, notes and any other obligation or security issued or backed by the full faith and credit of the United States Treasury, (ii) bonds, notes and other obligations issued by any federal government agency or instrumentality or government sponsored enterprise except for collateralized mortgage obligations or (iii) investments provided under the Virginia SNAP. The final maturity of such securities shall not exceed a period of 10 years from the time of purchase or shall be subject to redemption at the option of the Trustee or the Local Government no later than 10 years from the time of purchase.

(g) The Trustee shall transfer any interest earned on the investment of money in the Local Debt Service Reserve Fund to the Revenue Fund to be credited against the next debt service payment on the Local Bond to the extent that such transfer will not cause the balance in the Local Debt Service Reserve Fund to be less than the Local Reserve Requirement.

**Section 5.6 Minimum Enterprise Fund Balance.** In addition to the Revenues and the Local Debt Service Reserve Fund securing the Local Bond as set forth in this Agreement, the Local Government shall maintain in its Enterprise Fund a balance of unrestricted cash and investments of not less than 60 days of annual budgeted operating expenses for the then-current Fiscal Year. For purposes of this covenant, the balance of unrestricted cash and investments will be measured on each June 1. VRA represents that such amount of unrestricted cash and investments does not exceed the reasonable needs for which it is maintained and the amount may be spent for any lawful purpose without restriction so long as it is replenished to the required level by the next measurement date. The requirement set forth in this section will not apply during any Fiscal Year for which the Local Government provides to VRA evidence that all of the Local Government's budgeted operating expenses have been included in the annual budgets adopted by the governing bodies of Fluvanna County and Louisa County.

**Section 5.7 Limitation on Amendments to Certain Documents.** Neither of the Support Agreements, nor the Service Agreement nor the Interjurisdictional Agreement may be terminated, permitted to lapse, modified, altered, amended or supplemented in whole or in part without VRA's prior written consent.

## 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 10 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;

(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; and

(6) to the Trustee, an amount equal to one-sixth (1/6) of the amount of any deficiency in the amount on deposit in the Local Debt Service Reserve Fund as determined by the Trustee on the immediately preceding Local Reserve Fund Determination Date any deficiency in the Local Debt Service Reserve Fund, on the first day of each month after such default in payments until the deficiency is eliminated.

(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 and/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 and/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, however, 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 System in a proper, sound and economical manner in compliance with all legal requirements and shall maintain 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 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 System, or (ii) negatively affect the structural or operational integrity of any part of 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 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 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 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 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 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 System.

**Section 7.6 Ownership.** The Local Government shall not construct, reconstruct or install any part of the System, or both 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 the System, as applicable 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 if it uses the proceeds of such disposition and any other necessary funds to replace such property with property serving the same or a similar function.

(c) 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.

(d) 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 No Free Service.** Except as otherwise required by law and except for the use of the System disclosed on Exhibit H, the Local Government shall not permit connection with or the use of the System, or furnish any services afforded by the System, without making a charge therefor based on the Local Government's uniform schedule of rates, fees and charges.

**Section 7.10 No Competing Service.** To the extent permitted by law, the Local Government agrees not to provide, grant any franchise to provide or give consent for anyone else to provide, any services which would compete with the System.

**Section 7.11 Mandatory Connection.** To the extent permitted by law, the Local Government shall adopt and enforce rules and regulations, consistent with applicable laws, requiring the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by the System and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building to the System, provided, however, that such rules and regulations may permit the continued use of private water or sewage disposal systems approved by the applicable board of health or health officer by any such building already in existence at the time the services of the System become available to it upon such conditions as may be specified in such rules and regulations or until such time as such approved private water or sewage disposal system shall cease to be approved or shall require major repairs to continue to be approved, at which time such building shall be required to connect to the System.

**Section 7.12 Lawful Charges.** The Local Government shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against the System or the Local Government's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the System. The Local Government shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the System or the Revenues (collectively, the "Mechanics' Charges"). The Local Government, however, after giving VRA 10 days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the Local Government may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in VRA's reasonable opinion, such action may impair the lien on Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Trustee or an appropriate court a bond in form and amount satisfactory to VRA. Upon request,

the Local Government shall furnish to VRA proof of payment of all Governmental Charges and Mechanics' Charges the Local Government is required to pay under this Agreement.

**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 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 Engineering Services.** The Local Government shall retain or employ a Consulting Engineer to provide engineering services covering the operation of the System.

## 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 systems similar in size and character to the System, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the System's insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia). 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 System.

(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 utility systems of like size and character to the System. 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 System, (ii) a taking of all or any part of the System or any right in it under the exercise of the power of eminent domain, (iii) any loss of the System because of failure of title or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, the 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 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 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 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 public body politic and corporate and a political subdivision of the Commonwealth of Virginia 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 System's financial position as of the end of such Fiscal Year and the results of the System'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 System 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 (j) of this Section.

**"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; and

(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.

(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 Additional Indebtedness.** The Local Government shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by a pledge of Revenues without VRA's prior written consent.

**Section 9.10 Litigation; Material Change.** The Local Government shall promptly notify VRA of (i) the existence and status of any litigation that general counsel to the Local Government 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 System 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 has covenanted under the Master Indenture to take any and all actions available to it under the laws of the Commonwealth of Virginia, including the invocation of the "state-aid intercept" provisions of Section 62.1-216.1 of the Act, to obtain any payment of the principal of and premium, if any, and interest on the Local Bond either Fluvanna County or Louisa County fails to make in accordance with the Support Agreements.

**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.** Notwithstanding anything in the Local Bond or this Agreement to the contrary, the Local Government's obligations hereunder and under the Local Bond are not its general obligations, but are limited obligations payable solely from the Revenues which are specifically pledged for such purpose. Neither the Local Bond nor this Agreement shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Local Government and the Local Government shall not be obligated to pay the principal of or premium, if any, or interest on the Local Bond or other costs incident to them except from the Revenues and other funds pledged for such purpose. 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 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

[Signature Page of Local Bond Sale and Financing Agreement –  
James River Water Authority]

**JAMES RIVER WATER AUTHORITY**

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

Address for Notices:

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

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

[Signature Page of Local Bond Sale and Financing Agreement –  
James River Water Authority]

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

[Signature Page of Local Bond Sale and Financing Agreement –  
James River Water Authority]

**EXHIBIT A**

**FORM OF LOCAL BOND**

[To be provided by Local Bond Counsel]

## **EXHIBIT B**

### **DESCRIPTION OF THE PROJECT**

The construction of a water intake facility on the James River near the Town of Columbia, a pump station, and approximately 1 mile of pipeline to a "T" connection to serve Fluvanna County and Louisa County, as well as the acquisition of land and right-of-way necessary therefor.



**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 1, 2016 (the "Financing Agreement") between the Virginia Resources Authority and the James River Water Authority (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 2016A Acquisition Fund established under the Thirty-Fifth Supplemental Series Indenture.

Payee:

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: James River Water Authority – VRA 2016A  
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: \_\_\_\_\_

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

## **EXHIBIT E**

### **OPERATING DATA**

*Description of Local Government.* A description of the Local Government including a summary description of the System.

*Debt.* A description of the terms of the Local Government's outstanding debt including a historical summary of outstanding 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 for the System as of the end of the preceding fiscal year, including a description of revenues and expenditures, largest users, a summary of rates, fees and other charges of the System, and a historical summary of debt service coverage.

**EXHIBIT F**

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

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

May \_\_, 2016

James River Water Authority  
Palmyra, Virginia

Virginia Resources Authority  
Richmond, Virginia

\$ \_\_\_\_\_  
**James River Water Authority  
Revenue Bond  
Series 2016**

Ladies and Gentlemen:

I have acted as counsel to the James River Water Authority, Virginia (the "Local Government"), in connection with the issuance and sale by the Local Government of its \$\_\_\_\_\_ Revenue Bond, Series 2016 (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 (as defined in the Financing Agreement), authorizing the issuance and sale of the 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 1, 2016, and between the Local Government and the Virginia Resources Authority ("VRA"); and
- (c) a copy of the Local Tax Document (as defined in the Financing Agreement) and the Support Agreements, the Interjurisdictional Agreement and the Service Agreement (as defined in the Financing Agreement)].

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 public body politic and corporate and a political subdivision of the Commonwealth of Virginia 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 rest of 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 limited 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 (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, (c) the exercise of sovereign police powers of the Commonwealth of Virginia, and (d) 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 or 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 and/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 1, 2016 (the "Financing Agreement") between Virginia Resources Authority and the James River Water Authority a (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 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67.] [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**

**EXHIBIT I**  
**FORM OF ANNUAL BUDGET**

[DATE]

Stephanie L. Hamlett  
Executive Director  
Virginia Resources Authority  
1111 East Main Street, Suite 1920  
Richmond, VA 23219

Dear Ms. Hamlett:

Pursuant to the Local Bond Sale and Financing Agreement between Virginia Resources Authority and the James River Water Authority, dated as of April 1, 2016, a copy of the fiscal year [20xx] annual budget is enclosed. Such annual budget provides for the satisfaction of the rate covenant as demonstrated below.

<b>Revenues</b>	<b>Operation &amp; Maintenance Expenses</b>	<b>Net Revenues Available for Debt Service</b> (Revenues – O&M Expenses)	<b>Debt Service</b>	<b>*Coverage</b> (Net Revenues Available for Debt Service/Debt Service)
-----------------	---------------------------------------------	-----------------------------------------------------------------------------	---------------------	----------------------------------------------------------------------------

Unless otherwise defined herein, the capitalized terms used in this Certificate shall have the meanings set forth in the Financing Agreement[s].

Very truly yours,

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

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

**EXHIBIT J**  
**EXISTING PARITY BONDS**

NONE



**SCHEDULE 1.1**

**FINAL TERMS**

Principal Amount of Related Series of VRA  
Bonds

Principal Amount of Local Bond

Purchase Price

Local Debt Service Reserve Requirement

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

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

[TO COME IF REQUIRED]

## PROJECT BUDGET

### Sources

Par Amount

Premium

Estimated Earnings

---

Total Sources

---

---

### Uses

Construction

Design & Engineering

Local Debt Service Reserve Fund

Deposit to Escrow Fund

Local Costs of Issuance

VRA Costs of Issuance

Capital Reserve Fund - Partial Allocation

Underwriter's Discount

Contingency

---

Total Uses

---

---

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

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

**COUNTY OF LOUISA, VIRGINIA**

By: \_\_\_\_\_  
County Administrator

**JAMES RIVER WATER AUTHORITY**

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

**VIRGINIA RESOURCES AUTHORITY**

By: \_\_\_\_\_  
Executive Director

#24890021v4