

LAM-8/21/64

THIS AGREEMENT, made and entered into as of the 28th day of August, in the year 1964, by and between APPOMATTOX RIVER WATER AUTHORITY (hereinafter referred to as the "Authority"), a public body politic and corporate, organized and existing under the "Virginia Water and Sewer Authorities Act", party of the first part, and the CITY OF PETERSBURG, a municipal corporation of the Commonwealth of Virginia (hereinafter referred to as the "City"), party of the second part.

WHEREAS, the City owns its water distribution system and its water supply facilities; and

WHEREAS, the City is desirous of obtaining a more adequate and dependable water supply; and

WHEREAS, the Authority has been duly created pursuant to the provisions of the Virginia Water and Sewer Authorities Act (hereinafter referred to as the "Act"), and is a public corporation of the Commonwealth of Virginia, and the City has been duly created as a municipal corporation of said Commonwealth and is one of five political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority intends to construct a water supply system designed to provide an adequate supply of water presently to two or more of the political subdivisions which have participated in creating the Authority at this time, and is authorized under the Act to construct such water supply system and to make this agreement with the City and the other political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority is preparing to issue and sell bonds in the approximate amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000.00), together with any additional bonds found necessary to be issued by the Authority for the purpose of constructing said water supply system, including acquisition of land, the construction of the reservoir and pipe line, together with all work necessary for the operation of said water supply system and pipe line; and

WHEREAS, it is understood by the parties hereto that the

Authority will use this Agreement as the basis for obtaining credit through the issuance of the Authority's bonds, and as a means for the payment of its maintenance and operating expenses, and payment of principal and interest on the Authority's bonds and establishment of reserves for such purposes; and

WHEREAS, it is understood that the Authority will make similar agreements with other political subdivisions, and others, and that this Agreement will not become effective unless and until similar agreements are entered into by and between the Authority and the City of Colonial Heights, and by and between the Authority and the Counties of Chesterfield, Dinwiddie and Prince George.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The Authority agrees that it will, as soon as practicable and with all reasonable dispatch after the necessary funds are made available to it through the issuance of its revenue bonds, pursuant to the Act, construct and equip a water supply system as designed by Wiley and Wilson, the Authority's Consulting Engineers, which system has a designed capacity of approximately 16,000,000 gallons per twenty-four hour day, for the purpose of furnishing a supply of water to the participating political subdivisions of the Authority, and to the inhabitants and consumers of water of such political subdivisions and others.
2. The Authority will, as soon as may be practicable and with all reasonable dispatch, and within two years from the effective date of this Agreement, issue and sell, pursuant to the Act, its revenue bonds (hereinafter referred to as "Bonds") in an amount adequate to finance the construction of said water system; provided, however, nothing contained in this Agreement, shall obligate the Authority to issue such Bonds except upon terms deemed reasonable by the Authority.
3. After the construction of the said water system, the Authority will sell, and the City will purchase, water supplied by

the Authority in the quantities and of the quality and under the terms and conditions herein set forth.

4. The City shall take and purchase from the Authority its entire requirements of water for use and for resale through its water distributing system, and its water supply facilities in the City, or elsewhere, and the Authority shall sell and furnish to the City the entire requirements of water of the City, as aforesaid, and the City will not construct, acquire, utilize or take water from any facility other than the facilities of the water supply system constructed by the Authority. The Authority will not sell water to any person, firm or corporation accessible to the water distribution system or the water supply facilities of the City; provided, however, if the City shall fail or refuse to offer to enter into a contract for such supply within ninety (90) days from the date of the application therefor, then and in that event the Authority may supply water to such applicant.

5. The said water supply system, as designed by Wiley and Wilson, the Authority's Consulting Engineers, is defined as follows:

PURPOSE

The purpose of this project is to provide an adequate supply of filtered water for the members of the Appomattox River Water Authority, consisting of the Cities of Petersburg and Colonial Heights and the Counties of Chesterfield, Prince George and Dinwiddie, located adjacent to the Appomattox River. The members of the Authority would be the customers of the system and these customers would in turn retail water to the individual service connections.

SERVICE AREA

The service area to be supplied with water at present consists of the City of Petersburg and its outlying customers, the City of Colonial Heights and the southern portion of Chesterfield County as defined in the contract between the Authority and said county. Dinwiddie and Prince George Counties are also to be served as the need may develop. Areas in these latter counties would be those adjacent to the project and to the City of Petersburg.

## FACILITIES

a. Real Estate: The land to be purchased or acquired amounts to 5,872 acres of which 3,100 acres must be cleared. There will be a marginal strip around the normal water level partially cleared between elevations 158 and 164 feet above sea level.

b. The Dam: The dam will be constructed of mass concrete and is to be located at a point approximately six miles upstream from Petersburg at a point where the river bed is approximately 120 feet above sea level. The spillway of the dam will be approximately 158 feet above sea level. The flood water level and the level to which property will be acquired is elevation 164 feet above sea level. The reservoir will have a storage capacity of approximately 12 billion gallons and an estimated safe yield of approximately 100 million gallons per day from stream flow and storage.

c. Filter Plant: The filter plant complex will be constructed of reinforced concrete, steel and brick and will include the chemical storage and chemical feed building and equipment, the mixing and settling basins, filter house with the control laboratory and office space, pipe galleries and a filtered water collection basin. This plant will have a capacity of 16 million gallons per day and operate as a rapid sand filter plant. The filter plant will be located on the north side of the River, several hundred feet downstream from the dam and under normal conditions water will come to the plant by gravity. The plant will be so arranged that it may be indefinitely increased in capacity.

d. Pumping Station: Adjacent to the filtered water collection basin there will be constructed a reinforced concrete and brick booster pumping station for delivering filtered water from the collection basin through the transmission main to a common point. This pumping station will have a capacity corresponding to that of the filter plant and equipped with several pumping units making up the total capacity required plus one spare unit. The pumping station will be electrically driven and controlled from the central operating office of the filter plant.

### PIPE LINES AND CONNECTIONS

A 30" force main will extend from the pumping station along the north side of the River to Chesterfield Avenue and Davies Road, Ettrick, Virginia, which will be the common distribution point.

Outlets will be left at the pumping station to make future connections as may be required for additional capacity. Outlets also may be taken from the main at other points for future connections to be extended south across the River into Dinwiddie County as may be necessary.

### ACCESS ROAD

An access road will be provided from the main highways on each side of the River to the dam site to facilitate construction and for future use. Parking area will be provided around the filter plant.

### COST

It is estimated that the cost of the entire project will be \$8,500,000."

6. In order to permit the delivery to the City of water sold to the City, the Authority shall permit the said City to connect its water distribution system with the water supply mains maintained by the Authority at points to be designated by the Authority and as set forth in the definition contained in paragraph five above. The volume of water delivered to the City shall be determined by a meter or meters installed by the Authority:

(a) In the event the meter or meters so installed shall fail to register correctly the flow of water for any period of time, the amount of water supplied by the Authority shall be determined by the average daily consumption of water over a period of thirty days preceding the date when such meter or meters failed to register the correct flow.

(b) The Authority will use its best efforts to remain in a position to furnish water as herein contracted, to be sold to the City, but its obligation shall be limited to the amount of water available.

(c) In the event that it should become necessary for the

Authority to limit delivery of water to its users because of scarcity, or otherwise, the City and the other political subdivisions executing Agreements with the Authority effective simultaneously with this Agreement shall have priority in the use of available water, and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by the City and each other such political subdivision during the preceding calendar year bears to the total volume of available water. If, after the requirements of the aforesaid political subdivisions have been met, additional water shall be available the remaining political subdivisions which participated in the creation of the Authority shall have priority in the use of such additional water and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by each of them during the preceding calendar year bears to the total volume of such additional water.

(d) In the event the Authority is unable to furnish all the water required by the City, then the City shall have the right to procure water from any other available source until such time as the Authority is able to furnish water sufficient to satisfy the requirements of the City.

7. The Authority is obligated to treat the water to be delivered by the Authority and received by the City hereunder so as to meet the standards of the State Health Department of the Commonwealth of Virginia or the standards of some other similar agency in the event the State Health Department of the Commonwealth of Virginia should at some future time be replaced by another agency which would establish such standards.

8. Beginning as of the first full calendar month after the Authority first tenders delivery of water to the City, the said City shall pay for all water furnished to it at the rate fixed by the Authority and indicated on the schedule of rates filed by the Authority with the State Corporation Commission. In fixing such rate the Authority shall establish uniform rates at the plant with a transportation charge added to cover the cost of pumping and pipe line amortization.

(a) Payment shall be made for the water furnished every third month not later than ten days after receipt of bill. Bills for water furnished shall be calculated on calendar year quarters. If the first period of service does not coincide with calendar year quarters, then the first payment shall be made at the end of such period so that future quarterly payments will coincide with the calendar year.

9. In the event that the City shall fail to make such quarterly payment within the time specified in Section 8, interest on such amount shall accrue at the rate of five per cent per annum from the date such payment becomes due until paid in full, with interest as herein specified.

(a) On or before February 1, next following the first period of tendered water service, the Board of Directors of the Authority shall analyze the finances of the Authority, including the condition of all funds required to be established and maintained under the resolution authorizing the issuance of bonds or in the indenture securing the bonds, or in both such instruments. At that time the Board shall redetermine the rates to be charged for water and shall fix such rates as will provide fully for maintenance and operating expenses and for the maintenance of all funds and the performance of all covenants prescribed by the resolution authorizing the bonds and the indenture securing the bonds. Such rates shall remain effective throughout the then calendar year and until revised. Similar action shall be taken on or before February 1 of each year thereafter while any of the bonds or interest thereon are outstanding and unpaid; provided that it shall be the duty of the Board at all times to fix, alter and maintain rates for service under this Agreement and under other agreements for similar service which will be sufficient for operation and maintenance of the Authority's water supply system, to establish and maintain all funds which are required under the Bond resolution or under the indenture securing the Bonds and at all events

to prevent any default in the payment of interest on or principal of the Bonds.

(b) After all bonds and interest thereon are paid, the Board of Directors of the Authority shall in like manner, on or before February 1 of each year, fix rates which shall be applicable for the then current calendar year and until revised, which rates shall be sufficient to assure payment of maintenance and operation expenses of the Authority and to pay for such improvements and extensions as may in the opinion of the Board be deemed advisable.

(c) Liability for making payments as herein set forth shall commence on the date of the first tender of delivery of water to the City by the Authority at the point of delivery; provided, however, the City shall have 30 days after first tender of delivery to effect change over.

(d) Rates to be charged the City or any other user for water supplied by the Authority to the City or any other user shall at no time be higher than rates charged any other user of water supplied thereto by the Authority, except by express agreement between the Authority and the five political subdivisions participating in the creation of the Authority.

10. This Agreement shall continue in force and effect for a period from the date of the first tender of delivery by the Authority of water to the City and for the period of time while any of the Bonds are outstanding and unpaid. The City shall have the right to an extension of the terms of this Agreement beyond the initial term in like manner and to the extent of the Authority's existence and the existence as may be extended beyond its initial fifty years term.

11. This Agreement may be changed or modified only with the consent of the governing bodies of both the Authority and the City, and with the consent of the Trustee designated and acting as such at the time such change or modification is made under any resolution authorizing Bonds of the Authority, or under any indenture or agreement made to secure the payment of such Bonds. Such

modification may be requested by either party, in which event a joint meeting of such governing bodies shall be held not less than ninety days after giving such notice, at which joint meeting the requested changes or modifications shall be considered and discussed. No such change or modification may be made which will affect adversely the prompt payment when due of all moneys required to be paid by the City under the terms of this Agreement and no such change shall be effective which would cause a violation of any provision of the resolution authorizing or the indenture securing the bonds.

12. This Agreement shall be subject to all valid rules, regulations and laws applicable hereto passed or promulgated by the United States of America, the Commonwealth of Virginia, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

13. At such time as it shall become necessary to determine the respective interest of the participating political subdivisions (meaning all political subdivisions at any time admitted to the Authority) in the assets of the Authority for the purpose of distributing or otherwise disposing of the same, the interest of each such political subdivision shall be in the ratio that the amount paid by it for water purchased from the Authority bears to the whole amount paid by all such participants for water purchased from the Authority.

14. Nothing in this Agreement shall in any way affect the right and obligation of the City to charge such rates as it may determine for the use of water and other facilities and services supplied by its sewer and water system, as now existing or hereafter extended and enlarged. The Authority hereby covenants and agrees that, without the consent of the City, it will at no time either directly, or indirectly through any user, other than the City, supply water to Fort Lee.

15. The Authority agrees to have made an annual audit of the books of the Authority and to deliver to the City a copy of

said annual audit within ten days after receiving the said annual audit.

IN WITNESS WHEREOF, the Authority and the City have caused their respective corporate seals to be hereunto affixed and attested, and these presents to be signed by their respective officers thereunto duly authorized, and this Agreement to be dated as of the date and year first above written.

APPOMATTOX RIVER WATER AUTHORITY

By: *Evo Mauld*  
Chairman

ATTEST:

*James C. Burton*  
Secretary

CITY OF PETERSBURG

By: *Wm. G. Goff*  
Mayor

ATTEST:

*Wm. G. Goff*  
*Wm. G. Goff*

THIS AGREEMENT, made and entered into as of the 8th day of September in the year 1964, by and between APPOMATTOX RIVER WATER AUTHORITY (hereinafter referred to as the "Authority"), a public body politic and corporate, organized and existing under the "Virginia Water and Sewer Authorities Act", party of the first part, and the COUNTY OF PRINCE GEORGE (hereinafter referred to as the "County"), a County and political subdivision of the Commonwealth of Virginia, party of the second part;

WHEREAS, the County is desirous of obtaining an adequate and dependable water supply; and

WHEREAS, the Authority has been duly created pursuant to the provisions of the Virginia Water and Sewer Authorities Act (hereinafter referred to as the "Act"), and is a public corporation of the Commonwealth of Virginia, and the County has been duly created as a County and political subdivision of said Commonwealth and is one of five political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority intends to construct a water supply system designed to provide an adequate supply of water presently to two or more of the political subdivisions which have participated in creating the Authority at this time, and is authorized under the Act to construct such water supply system and to make this agreement with the County and the other political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority is preparing to issue and sell bonds in the approximate amount of Eight Million Five Hundred Thousand

Dollars (\$8,500,000.00), together with any additional bonds found necessary to be issued by the Authority for the purpose of constructing said water supply system, including acquisition of land, the construction of the reservoir and pipe line, together with all work necessary for the operation of said water supply system and pipe line; and

WHEREAS, it is understood by the parties hereto that the Authority will use this Agreement as the basis for obtaining credit through the issuance of the Authority's bonds, and as a means for the payment of its maintenance and operating expenses, and payment of principal and interest on the Authority's bonds and establishment of reserves for such purposes; and

WHEREAS, it is understood that the Authority will make similar agreements with other political subdivisions, and others, and that this agreement will not become effective unless and until agreements are entered into by and between the Authority and the City of Petersburg, by and between the Authority and the City of Colonial Heights, and the Counties of Chesterfield and Dinwiddie;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The Authority agrees that it will, as soon as practicable and with all reasonable dispatch after the necessary funds are made available to it through the issuance of its revenue bonds, pursuant to the Act, construct and equip a water supply system as designed by Wiley and Wilson, the Authority's Consulting Engineers, which system has a designed capacity of approximately 16,000,000 gallons per twenty-four hour day, for the purpose of furnishing a supply of water to the participating political subdivisions of the

Authority, and to the inhabitants and consumers of water of such political subdivisions, and others.

2. The Authority will, as soon as may be practicable and with all reasonable dispatch, and within two years from the effective date of this agreement, issue and sell, pursuant to the Act, its revenue bonds (hereinafter referred to as "Bonds") in an amount adequate to finance the construction of said water system; provided, however, nothing contained in this agreement shall obligate the Authority to issue such Bonds except upon terms deemed reasonable by the Authority.

3. After the construction of the said water system, the Authority will sell, and the County will purchase, water supplied by the Authority in the quantities and of the quality and under the terms and conditions herein set forth.

4. The County, in order to obtain a supply of water for the County and its inhabitants, will purchase from the Authority its entire requirements of water for use and resale when practical to do so, and the Authority shall sell and furnish to the County its entire requirements of water as aforesaid.

The Authority will not sell water to any person, firm or corporation accessible to the water distribution system or the water supply facilities of the County; provided, however, if the County shall fail or refuse to offer to enter into a contract for such supply within ninety (90) days from the date of the application therefor, then and in that event the Authority may supply water to such applicant.

All payments made by the County to the Authority for water furnished by the Authority hereunder shall be payable solely from revenues received by the County as the proceeds of rates of charge to be paid by the consumers of water in the County, available to the County for such purposes in the fiscal year of the County in which such water shall be furnished, and the County covenants and agrees that it will fix and collect from consumers of water in the County who also consume water furnished by the facilities of the water supply system of the Authority, rates of charge sufficient to make the payments required to be made for water furnished by the Authority under this agreement.

5. The said water supply system, as designed by Wiley and Wilson, the Authority's Consulting Engineers, is defined as follows:

PURPOSE

The purpose of this project is to provide an adequate supply of filtered water for the members of the Appomattox River Water Authority, consisting of the Cities of Petersburg and Colonial Heights, and the Counties of Chesterfield, Prince George and Dinwiddie, located adjacent to the Appomattox River. The members of the Authority would be the customers of the system and these customers would in turn retail water to the individual service connections.

### SERVICE AREA

The service area to be supplied with water at present consists of the City of Petersburg and its outlying consumers, the City of Colonial Heights and the southern portion of Chesterfield County, as defined in the contract between the Authority and said County. Dinwiddie and Prince George Counties are also to be served as the need may develop. Areas in these latter counties would be those adjacent to the project and to the City of Petersburg.

### FACILITIES

a. Real Estate: The land to be purchased or acquired amounts to 5,872 acres of which 3,100 acres must be cleared. There will be a marginal strip around the normal water level partially cleared between elevations 158 and 164 feet above sea level.

b. The Dam: The dam will be constructed of mass concrete and is to be located at a point approximately six miles upstream from Petersburg at a point where the river bed is approximately 120 feet above sea level. The spillway of the dam will be approximately 158 feet above sea level. The flood water level and the level to which property will be acquired is elevation 164 feet above sea level. The reservoir will have a storage capacity of approximately 12 billion gallons and an estimated safe yield of approximately 100 million gallons per day from stream flow and storage.

c. Filter Plant: The filter plant complex will be constructed of reinforced concrete, steel and brick and will include the chemical storage and chemical feed building and equipment, the mixing and settling basins, filter house with the control laboratory and office space, pipe galleries and a filtered water collection basin. This plant will have a capacity of 16 million gallons per day and operate as a rapid sand filter plant. The filter plant will be located on the north side of the River, several hundred feet downstream from the dam and under normal conditions water will come to the plant by gravity. The plant will be so arranged that it may be indefinitely increased in capacity.

d. Pumping Station: Adjacent to the filtered water collection basin there will be constructed a reinforced concrete and brick booster pumping station for delivering filtered water from the collection basin through the transmission main to a common point. This pumping station will have a capacity corresponding to that of the filter plant and equipped with several pumping units making up the total capacity required plus one spare unit. The pumping station will be electrically driven and controlled from the central operating office of the filter plant.

PIPE LINES AND CONNECTIONS

A 30" force main will extend from the pumping station along the north side of the River to Chesterfield Avenue and Davies Road, Ettrick, Virginia, which will be the common distribution point.

Outlets will be left at the pumping station to make future connections as may be required for additional capacity. Outlets also may be taken from the main at other points for future connections to be extended south across the River into Dinwiddie County as may be necessary.

ACCESS ROAD

An access road will be provided from the main highways on each side of the River to the dam site to facilitate construction and for future use. Parking area will be provided around the filter plant.

COST

It is estimated that the cost of the entire project will be \$3,500,000. "

6. In order to permit the delivery to the County of water sold to said County, the Authority shall permit the said County to connect its water distribution system with the water supply mains

maintained by the Authority at points to be designated by the Authority and as set forth in the definition contained in paragraph five above. The volume of water delivered to the County shall be determined by a meter or meters installed by the Authority:

(a) In the event the meter or meters so installed shall fail to register correctly the flow of water for any period of time, the amount of water supplied by the Authority shall be determined by the average daily consumption of water over a period of thirty days preceding the date when such meter or meters failed to register the correct flow.

(b) The Authority will use its best efforts to remain in a position to furnish water as herein contracted, to be sold to the County, but its obligation shall be limited to the amount of water available.

(c) In the event that it should become necessary for the Authority to limit delivery of water to its users because of scarcity, or otherwise, the County and the other political subdivisions executing Agreements with the Authority effective simultaneously with this Agreement shall have priority in the use of available water, and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by the City and each other such political subdivision during the preceding calendar year bears to the total volume of available water. If, after the requirements of the aforesaid political subdivisions have been met, additional water shall be available, the remaining political subdivisions which participated in the creation of the Authority shall have priority in the use of such additional water and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by each of them during the preceding calendar year bears to the total volume of such additional water.

(d) In the event the Authority is unable to furnish all the water required by the County, then the County shall have the right to procure water from any other available source until such time as the Authority is able to furnish water sufficient to satisfy the requirements of the County.

7. The Authority is obligated to treat the water to be delivered by the Authority and received by the County hereunder so as to meet the standards of the State Health Department of the State of Virginia or the standards of some other similar agency in the event the State Health Department of the State of Virginia should at some future time be replaced by another agency which would establish such standards. In fixing such rate the Authority shall establish uniform rates at the plant with a transportation charge added to cover the cost of pumping and pipe line amortization.

8. Beginning as of the first full calendar month after the Authority first tenders delivery of water to the County, the said County shall pay for all water furnished to it at the rate fixed by the Authority and indicated on the schedule of rates filed by the Authority with the State Corporation Commission:

(a) Payment shall be made for the water furnished every third month not later than ten days after receipt of bill. Bills for water furnished shall be calculated on calendar year quarters. If the first period of service does not coincide with calendar year quarters, then the first payment shall be made at the end of such period so that future quarterly payments will coincide with the calendar year.

9. In the event that the County shall fail to make such quarterly payment within the time specified in Section 8, interest on such amount shall accrue at the rate of five per cent per annum

from the date such payment becomes due until paid in full, with interest as herein specified.

(a) On or before February 1 next following the first period of tendered water service, the Board of Directors of the Authority shall analyze the finances of the Authority, including the condition of all funds required to be established and maintained under the resolution authorizing the issuance of Bonds or in the indenture securing the Bonds, or in both such instruments. At that time the Board shall redetermine the rates to be charged for water and shall fix such rates as will provide fully for maintenance and operating expenses and for the maintenance of all funds and the performance of all covenants prescribed by the resolution authorizing the Bonds and the indenture securing the Bonds. Such rates shall remain effective throughout the then calendar year and until revised. Similar action shall be taken on or before February 1st of each year thereafter while any of the Bonds or interest thereon are outstanding and unpaid; provided, that it shall be the duty of the Board at all times to fix, alter and maintain rates for service under this Agreement and other agreements for similar service which will be sufficient for operation and maintenance of the Authority's water supply system, to establish and maintain all funds which are required under the Bond resolution or under the Indenture securing the Bonds and at all events to prevent any default in the payment of interest or on principal of the Bonds.

(b) After all Bonds and interest thereon are paid, the Board of Directors of the Authority shall in like manner,

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on or before February 1st of each year, fix rates which shall be applicable for the then current calendar year and until revised, which rates shall be sufficient to assure payment of maintenance and operation expenses of the Authority and to pay for such improvements and extensions as may in the opinion of the Board be deemed advisable.

(c) Liability for making payments as herein set forth shall commence on the date of the first tender of delivery of water to the County by the Authority at the point of delivery; provided, however, the County shall have 30 days after first tender of delivery to affect change over.

(d) Rates to be charged the County for water supplied by the Authority to the County or any other user shall at no time be higher than rates charged any other user of water supplied thereto by the Authority, except by express agreement between the Authority and the five political subdivisions participating in the creation of the Authority.

10. This agreement shall continue in force and effect for a period from the date of the first tender of delivery by the Authority of water to the County and for the period of time while any of the Bonds are outstanding and unpaid. The County shall have the right to an extension of the terms of this agreement beyond the initial term in like manner and to the extent of the Authority's existence and the existence as may be extended beyond its initial fifty year term.

11. This Agreement may be changed or modified only with the consent of the governing bodies of both the Authority and the County and with the consent of the Trustee designated and acting as

such at the time such change or modification is made under any resolution authorizing Bonds of the Authority, or under any Indenture or agreement made to secure the payment of such Bonds. Such modification may be requested by either party, in which event a joint meeting of such governing bodies shall be held not less than ninety days after giving of such notice, at which joint meeting the requested changes or modifications shall be considered and discussed. No such change or modification may be made which will affect adversely the prompt payment when due of all moneys required to be paid by the County, under the terms of this agreement and no such change shall be affective which would cause a violation of any provision of the resolution authorizing or the Indenture securing the bonds.

12. This Agreement shall be subject to all valid rules, regulations and laws applicable hereto passed or promulgated by the United States of America, the Commonwealth of Virginia, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

13. At such time as it shall become necessary to determine the respective interests of the participating political subdivisions (meaning all political subdivisions at any time admitted to the Authority) in the assets of the Authority for the purpose of distributing or otherwise disposing of the same, the interest of each such political subdivision shall be in the ratio that the amount paid by it for water purchased from the Authority bears to the whole amount paid by all such participants for water purchased from the Authority.

14. The Authority agrees to have made an annual audit of the books of the Authority and to deliver to the County a copy of said annual audit within ten days after receiving

the said audit report.

IN WITNESS WHEREOF, the Authority and the County have caused their respective corporate seals to be hereunto affixed and attested, and these presents to be signed by their respective officers thereunto duly authorized, and this Agreement to be dated as of the date and year first above written.

APPOMATTOX RIVER WATER AUTHORITY

BY:

*W. H. Grassfield*  
Chairman

ATTEST:

*James C. Nuttall*  
Secretary

COUNTY OF PRINCE GEORGE

BY:

*J. L. Thacker*  
Chairman of the Board of Supervisors

ATTEST

*Kenneth L. Sigler*  
Clerk of the Board of Supervisors

THIS AGREEMENT, made and entered into as of the 9th day of September in the year 1964, by and between APPOMATTOX RIVER WATER AUTHORITY (hereinafter referred to as the "Authority"), a public body politic and corporate, organized and existing under the "Virginia Water and Sewer Authorities Act", party of the first part, and the COUNTY OF CHESTERFIELD (hereinafter referred to as the "County"), a County and political subdivision of the Commonwealth of Virginia, party of the second part;

WHEREAS, the County owns its water distribution system and its water supply facilities; and

WHEREAS, the County is desirous of obtaining a more adequate and dependable water supply; and

WHEREAS, the Authority has been duly created pursuant to the provisions of the Virginia Water and Sewer Authorities Act (hereinafter referred to as the "Act"), and is a public corporation of the Commonwealth of Virginia, and the County has been duly created as a County and political subdivision of said Commonwealth and is one of five political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority intends to construct a water supply system designed to provide an adequate supply of water presently to two or more of the political subdivisions which have participated in creating the Authority at this time, and is authorized under the Act to construct such water supply system and to make this agreement with the County and the other political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority is preparing to issue and sell bonds in the approximate amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000.00), together with any additional bonds found necessary to be issued by the Authority for the purpose of constructing said water supply system, including acquisition of land, the construction of the reservoir and pipe line, together with all work necessary for the operation of said water supply system and pipe line; and

WHEREAS, it is understood by the parties hereto that the Authority will use this Agreement as the basis for obtaining credit through the issuance of the Authority's bonds, and as a means for the payment of its maintenance and operating expenses, and payment of principal and interest on the Authority's bonds and establishment of reserves for such purposes; and

WHEREAS, it is understood that the Authority will make similar agreements with other political subdivisions, and others, and that this agreement will not become effective unless and until similar agreements are entered into by and between the Authority and the City of Petersburg, and by and between the Authority and the City of Colonial Heights; and by and between the Authority and the Counties of Dinwiddie and Prince George:

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The Authority agrees that it will, as soon as practicable and with all reasonable dispatch after the necessary funds are made available to it through the issuance of its revenue bonds, pursuant to the Act, construct and equip a water supply system as designed by Wiley and Wilson, the Authority's Consulting Engineers, which system has a designed capacity of approximately 16,000,000 gallons per twenty-four hour day, for the purpose of furnishing a supply of water to the participating political subdivisions of the Authority, and to the inhabitants and consumers of water of such political subdivisions, and others.
2. The Authority will, as soon as may be practicable and with all reasonable dispatch, and within two years from the effective date of this agreement, issue and sell, pursuant to the Act, its revenue bonds (hereinafter referred to as "Bonds") in an amount adequate to finance the construction of said water system; provided, however, nothing contained in this agreement shall obligate the Authority to issue such Bonds except upon terms deemed reasonable by the Authority.
3. After the construction of the said water system, the Authority will sell, and the County will purchase, water supplied by

the Authority in the quantities and of the quality and under the terms and conditions herein set forth.

4. The County of Chesterfield, in order to obtain a supply of water for the needs of the County, will purchase from the Authority its entire requirements of water for use and resale in the southern portion of Chesterfield County generally described as that portion of the County lying south of a line beginning at the confluence of the James River and Proctor's Creek and extending westwardly along Proctor's Creek to approximately the 170 foot contour line being west of Route 1, which contour line serves as the limits of a pressure area, thence southwardly along said contour line and generally paralleling Route 1 to Swift Creek, thence westwardly along Swift Creek to the area of Second Branch, thence westwardly along Second Branch to Route 653, thence southwardly to the Appomattox River at its intersection with Winterpock Creek, with the exception of the area and service connections served or to be served by the existing pipe line on Route 10 eastwardly to Enon, U. S. Route 1 and Harrowgate Road north of the junction of the said two pipe lines provided under a previous bond resolution.

The Authority agrees to furnish and sell water to the County of Chesterfield to be used in any areas of the County; and the Authority will increase its facilities, if necessary, to provide additional supply of water where feasible from an engineering and economic standpoint.

The Authority will not sell water to any person, firm or corporation accessible to the water distribution system or the water supply facilities of the County; provided, however, if the County shall fail or refuse to offer to enter into a contract for such supply within ninety (90) days from the date of the application therefor, then and in that event the Authority may supply water to such applicant; provided further, the Authority shall not sell water to any person, firm or corporation in the County even after said ninety days without the approval of the County.

All payments made by the County to the Authority for water furnished by the Authority hereunder shall be payable solely from revenues received by the County as the proceeds of rates of charge to be paid by the consumers of water in the County, available to the

County for such purposes in the fiscal year of the County in which such water shall be furnished, and the County covenants and agrees that it will fix and collect from consumers of water in the County who also consume water furnished by the facilities of the water supply system of the Authority, rates of charge sufficient to make the payments required to be made for water furnished by the Authority under this agreement.

5. The said water supply system, as designed by Wiley and Wilson, the Authority's Consulting Engineers, is defined as follows:

PURPOSE

The purpose of this project is to provide an adequate supply of filtered water for the members of the Appomattox River Water Authority, consisting of the Cities of Petersburg and Colonial Heights, and the Counties of Chesterfield, Prince George and Dinwiddie, located adjacent to the Appomattox River. The members of the Authority would be the customers of the system and these customers would in turn retail water to the individual service connections.

SERVICE AREA

The service area to be supplied with water at present consists of the City of Petersburg and its outlying consumers, the City of Colonial Heights and the southern portion of Chesterfield County, as defined in the contract between the Authority and said County; and such other areas of the County of Chesterfield as may be determined by the County. Dinwiddie and Prince George Counties are also to be served as the need may develop. Areas in these latter counties would be those adjacent to the project and to the City of Petersburg.

FACILITIES

a. Real Estate: The land to be purchased or acquired amounts to 5,872 acres of which 3,100 acres must be cleared. There will be a marginal strip around the normal water level partially cleared between elevations 158 and 164 feet above sea level.

b. The Dam: The dam will be constructed of mass concrete and is to be located at a point approximately six miles upstream from Petersburg at a point where the river bed is approximately 120 feet above sea level. The spillway of the dam will be approximately 158 feet above sea level. The flood water level and the level to which property will be acquired is elevation 164 feet above sea level.

The reservoir will have a storage capacity of approximately 12 billion gallons and an estimated safe yield of approximately 100 million gallons per day from stream flow and storage.

c. Filter Plant: The filter plant complex will be constructed of reinforced concrete, steel and brick and will include the chemical storage and chemical feed building and equipment, the mixing and settling basins, filter house with the control laboratory and office space, pipe galleries and a filtered water collection basin. This plant will have a capacity of 16 million gallons per day and operate as a rapid sand filter plant. The filter plant will be located on the north side of the River, several hundred feet downstream from the dam and under normal conditions water will come to the plant by gravity. The plant will be so arranged that it may be indefinitely increased in capacity.

d. Pumping Station: Adjacent to the filtered water collection basin there will be constructed a reinforced concrete and brick booster pumping station for delivering filtered water from the collection basin through the transmission main to a common point. This pumping station will have a capacity corresponding to that of the filter plant and equipped with several pumping units making up the total capacity required plus one spare unit. The pumping station will be electrically driven and controlled from the central operating office of the filter plant.

#### PIPE LINES AND CONNECTIONS

A 30" force main will extend from the pumping station along the north side of the River to Chesterfield Avenue and Davies Road, Ettrick, Virginia, which will be the common distribution point.

Outlets will be left at the pumping station to make future connections as may be required for additional capacity. Outlets also may be taken from the main at other points for future connections to be extended south across the River into Dinwiddie County as may be necessary.

#### ACCESS ROAD

An access road will be provided from the main highways on each side of the River to the dam site to facilitate construction and for future use. Parking area will be provided around the filter plant.

COST

It is estimated that the cost of the entire project will be \$8,500,000."

6. In order to permit the delivery to the County of water sold to said County, the Authority shall permit the said County to connect its water distribution system with the water supply mains maintained by the Authority at points to be designated by the Authority and as set forth in the definition contained in paragraph five above. The volume of water delivered to the County shall be determined by a meter or meters installed by the Authority:

(a) In the event the meter or meters so installed shall fail to register correctly the flow of water for any period of time, the amount of water supplied by the Authority shall be determined by the average daily consumption of water over a period of thirty days preceding the date when such meter or meters failed to register the correct flow.

(b) The Authority will use its best efforts to remain in a position to furnish water as herein contracted, to be sold to the County, but its obligation shall be limited to the amount of water available.

(c) In the event that it should become necessary for the Authority to limit delivery of water to its users because of scarcity, or otherwise, the County and the other political subdivisions executing Agreements with the Authority effective simultaneously with this Agreement shall have priority in the use of available water, and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by the County and each other such political subdivision during the preceding calendar year bears to the total volume of available water. If, after the requirements of the aforesaid political subdivisions have been met, additional water shall be available, the remaining political subdivisions which participated in the creation of the Authority shall have priority in the use of such additional water and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by each of them during the preceding

calendar year bears to the total volume of such additional water.

(d) In the event the Authority is unable to furnish all the water required by the County, then the County shall have the right to procure water from any other available source until such time as the Authority is able to furnish water sufficient to satisfy the requirements of the County.

(e) In the event that the requirements of the County in such southern portion exceed the amount which the Authority can furnish because of lack of capacity, then the County may procure and develop other water supply sources for the County to furnish water for such excess.

7. The Authority is obligated to treat the water to be delivered by the Authority and received by the County hereunder so as to meet the standards of the State Health Department of the State of Virginia or the standards of some other similar agency in the event the State Health Department of the State of Virginia should at some future time be replaced by another agency which would establish such standards. In fixing such rate the Authority shall establish uniform rates at the plant with a transportation charge added to cover the cost of pumping and pipe line amortization.

8. Beginning as of the first full calendar month after the Authority first tenders delivery of water to the County, the said County shall pay for all water furnished to it at the rate fixed by the Authority and indicated on the schedule of rates filed by the Authority with the State Corporation Commission:

(a) Payment shall be made for the water furnished every third month not later than ten days after receipt of bill. Bills for water furnished shall be calculated on calendar year quarters. If the first period of service does not coincide with calendar year quarters, then the first payment shall be made at the end of such period so that future quarterly payments will coincide with the calendar year.

9. In the event that the County shall fail to make such a quarterly payment within the time specified in Section 8, interest on such amount shall accrue at the rate of five per cent per annum from the date such payment becomes due until paid in full, with interest as herein specified.

(a) On or before February 1 next following the first period of tendered water service, the Board of Directors of the Authority shall analyze the finances of the Authority, including the condition of all funds required to be established and maintained under the resolution authorizing the issuance of Bonds or in the indenture securing the Bonds, or in both such instruments. At that time the Board shall redetermine the rates to be charged for water and shall fix such rates as will provide fully for maintenance and operating expenses and for the maintenance of all funds and the performance of all covenants prescribed by the resolution authorizing the Bonds and the indenture securing the Bonds. Such rates shall remain effective throughout the then calendar year and until revised. Similar action shall be taken on or before February 1st of each year thereafter while any of the Bonds or interest thereon are outstanding and unpaid; provided, that it shall be the duty of the Board at all times to fix, alter and maintain rates for service under this Agreement and other agreements for similar service which will be sufficient for operation and maintenance of the Authority's water supply system, to establish and maintain all funds which are required under the Bond resolution or under the Indenture securing the Bonds and at all events to prevent any default in the payment of interest or on principal of the Bonds.

(b) After all Bonds and interest thereon are paid, the Board of Directors of the Authority shall in like manner, on or before February 1st of each year, fix rates which shall be applicable for the then current calendar year and until revised, which rates shall be sufficient to assure payment of maintenance and operation expenses of the Authority and to pay for such improvements and extensions as may in the opinion of the Board be deemed advisable.

(c) Liability for making payments as herein set forth shall commence on the date of the first tender of

delivery of water to the County by the Authority at the point of delivery; provided, however, the County shall have 30 days after first tender of delivery to effect change over.

(d) Rates to be charged the County for water supplied by the Authority to the County or any other user shall at no time be higher than rates charged any other user of water supplied thereto by the Authority, except by express agreement between the Authority and the five political subdivisions participating in the creation of the Authority.

10. This agreement shall continue in force and effect for a period from the date of the first tender of delivery by the Authority of water to the County and for the period of time while any of the Bonds are outstanding and unpaid. The County shall have the right to an extension of the terms of this agreement beyond the initial term in like manner and to the extent of the Authority's existence and the existence as may be extended beyond its initial fifty year term.

11. This Agreement may be changed or modified only with the consent of the governing bodies of both the Authority and the County and with the consent of the Trustee designated and acting as such at the time such change or modification is made under any resolution authorizing Bonds of the Authority, or under any Indenture or agreement made to secure the payment of such Bonds. Such modification may be requested by either party, in which event a joint meeting of such governing bodies shall be held not less than ninety days after giving of such notice at which joint meeting the requested changes or modifications shall be considered and discussed. No such change or modification may be made which will affect adversely the prompt payment when due of all moneys required to be paid by the County under the terms of this agreement and no such change shall be effective which would cause a violation of any provision of the resolution authorizing or the Indenture securing the bonds.

12. This Agreement shall be subject to all valid rules, regulations and laws applicable hereto passed or promulgated by the United States of America, the Commonwealth of Virginia, or any

governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

13. At such time as it shall become necessary to determine the respective interests of the participating political subdivisions (meaning all political subdivisions at any time admitted to the Authority) in the assets of the Authority for the purpose of distributing or otherwise disposing of the same, the interest of each such political subdivision shall be in the ratio that the amount paid by it for water purchased from the Authority bears to the whole amount paid by all such participants for water purchased from the Authority.

14. The Authority agrees to have made an annual audit of the books of the Authority and to deliver to the County a copy of said annual audit within ten days after receiving the said audit report.

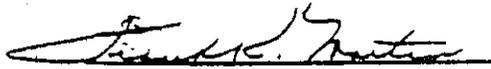
IN WITNESS WHEREOF, the Authority and the County have caused their respective corporate seals to be hereunto affixed and attested, and these presents to be signed by their respective officers thereunto duly authorized, and this Agreement to be dated as of the date and year first above written.

APPCOMATTOX RIVER WATER AUTHORITY

BY:

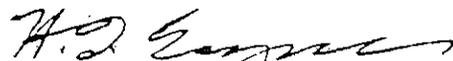
  
Chairman

ATTEST:

  
Secretary

COUNTY OF CHESTERFIELD

BY:

  
Chairman of the Board of Supervisors

ATTEST:

  
Clerk of the Board of Supervisors

LAM-8/27/64 Rev.

THIS AGREEMENT, made and entered into as of the 9th day of September in the year 1964, by and between APPOMATTOX RIVER WATER AUTHORITY (hereinafter referred to as the "Authority"); a public body politic and corporate, organized and existing under the "Virginia Water and Sewer Authorities Act", party of the first part, and the COUNTY OF DINWIDDIE (hereinafter referred to as the "County"), a County and political subdivision of the Commonwealth of Virginia, party of the second part;

WHEREAS, the County is desirous of obtaining an adequate and dependable water supply; and

WHEREAS, the Authority has been duly created pursuant to the provisions of the Virginia Water and Sewer Authorities Act (hereinafter referred to as the "Act"), and is a public corporation of the Commonwealth of Virginia, and the County has been duly created as a County and political subdivision of said Commonwealth and is one of five political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority intends to construct a water supply system designed to provide an adequate supply of water presently to two or more of the political subdivisions which have participated in creating the Authority at this time, and is authorized under the Act to construct such water supply system and to make this agreement with the County and the other political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority is preparing to issue and sell bonds in the approximate amount of Eight Million Five Hundred Thousand

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Dollars (\$8,500,000.00), together with any additional bonds found necessary to be issued by the Authority for the purpose of constructing said water supply system, including acquisition of land, the construction of the reservoir and pipe line, together with all work necessary for the operation of said water supply system and pipe line; and

WHEREAS, it is understood by the parties hereto that the Authority will use this Agreement as the basis for obtaining credit through the issuance of the Authority's bonds, and as a means for the payment of its maintenance and operating expenses, and payment of principal and interest on the Authority's bonds and establishment of reserves for such purposes; and

WHEREAS, it is understood that the Authority will make similar agreements with other political subdivisions, and others, and that this agreement will not become effective unless and until agreements are entered into by and between the Authority and the City of Petersburg, by and between the Authority and the City of Colonial Heights, and the Counties of Chesterfield and Prince George.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The Authority agrees that it will, as soon as practicable and with all reasonable dispatch after the necessary funds are made available to it through the issuance of its revenue bonds, pursuant to the Act, construct and equip a water supply system as designed by Wiley and Wilson, the Authority's Consulting Engineers, which system has a designed capacity of approximately 16,000,000 gallons per twenty-four hour day, for the purpose of furnishing a supply of water to the participating political subdivisions of the

Authority, and to the inhabitants and consumers of water of such political subdivisions, and others.

2. The Authority will, as soon as may be practicable and with all reasonable dispatch, and within two years from the effective date of this agreement, issue and sell, pursuant to the Act, its revenue bonds (hereinafter referred to as "Bonds") in an amount adequate to finance the construction of said water system; provided, however, nothing contained in this agreement shall obligate the Authority to issue such Bonds except upon terms deemed reasonable by the Authority.

3. After the construction of the said water system, the Authority will sell, and the County will purchase, water supplied by the Authority in the quantities and of the quality and under the terms and conditions herein set forth.

4. The County, in order to obtain a supply of water for the County and its inhabitants, will purchase from the Authority its entire requirements of water for use and resale when practical to do so, and the Authority shall sell and furnish to the County its entire requirements of water as aforesaid.

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The Authority will not sell water to any person, firm or corporation accessible to the water distribution system or the water supply facilities of the County; provided, however, if the County shall fail or refuse to offer to enter into a contract for such supply within ninety (90) days from the date of the application therefor, then and in that event the Authority may supply water to such applicant.

All payments made by the County to the Authority for water furnished by the Authority hereunder shall be payable solely from revenues received by the County as the proceeds of rates of charge to be paid by the consumers of water in the County, available to the County for such purposes in the fiscal year of the County in which such water shall be furnished, and the County covenants and agrees that it will fix and collect from consumers of water in the County who also consume water furnished by the facilities of the water supply system of the Authority, rates of charge sufficient to make the payments required to be made for water furnished by the Authority under this agreement.

5. The said water supply system, as designed by Wiley and Wilson, the Authority's Consulting Engineers, is defined as follows:

PURPOSE

The purpose of this project is to provide an adequate supply of filtered water for the members of the Appomattox River Water Authority, consisting of the Cities of Petersburg and Colonial Heights, and the Counties of Chesterfield, Prince George and Dinwiddie, located adjacent to the Appomattox River. The members of the Authority would be the customers of the system and these customers would in turn retail water to the individual service connections.

### SERVICE AREA

The service area to be supplied with water at present consists of the City of Petersburg and its outlying consumers, the City of Colonial Heights and the southern portion of Chesterfield County, as defined in the contract between the Authority and said County. Dinwiddie and Prince George Counties are also to be served as the need may develop. Areas in these latter counties would be those adjacent to the project and to the City of Petersburg.

### FACILITIES

a. Real Estate: The land to be purchased or acquired amounts to 5,872 acres of which 3,100 acres must be cleared. There will be a marginal strip around the normal water level partially cleared between elevations 158 and 164 feet above sea level.

b. The Dam: The dam will be constructed of mass concrete and is to be located at a point approximately six miles upstream from Petersburg at a point where the river bed is approximately 120 feet above sea level. The spillway of the dam will be approximately 158 feet above sea level. The flood water level and the level to which property will be acquired is elevation 164 feet above sea level. The reservoir will have a storage capacity of approximately 12 billion gallons and an estimated safe yield of approximately 100 million gallons per day from stream flow and storage.

c. Filter Plant: The filter plant complex will be constructed of reinforced concrete, steel and brick and will include the chemical storage and chemical feed building and equipment, the mixing and settling basins, filter house with the control laboratory and office space, pipe galleries and a filtered water collection basin. This plant will have a capacity of 16 million gallons per day and operate as a rapid sand filter plant. The filter plant will be located on the north side of the River, several hundred feet downstream from the dam and under normal conditions water will come to the plant by gravity. The plant will be so arranged that it may be indefinitely increased in capacity.

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d. Pumping Station: Adjacent to the filtered water collection basin there will be constructed a reinforced concrete and brick booster pumping station for delivering filtered water from the collection basin through the transmission main to a common point. This pumping station will have a capacity corresponding to that of the filter plant and equipped with several pumping units making up the total capacity required plus one spare unit. The pumping station will be electrically driven and controlled from the central operating office of the filter plant.

#### PIPE LINES AND CONNECTIONS

A 30" force main will extend from the pumping station along the north side of the River to Chesterfield Avenue and Davies Road, Ettrick, Virginia, which will be the common distribution point.

Outlets will be left at the pumping station to make future connections as may be required for additional capacity. Outlets also may be taken from the main at other points for future connections to be extended south across the River into Dinwiddie County as may be necessary.

#### ACCESS ROAD

An access road will be provided from the main highways on each side of the River to the dam site to facilitate construction and for future use. Parking area will be provided around the filter plant.

#### COST

It is estimated that the cost of the entire project will be \$3,500,000. "

6. In order to permit the delivery to the County of water sold to said County, the Authority shall permit the said County to connect its water distribution system with the water supply mains

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maintained by the Authority at points to be designated by the Authority and as set forth in the definition contained in paragraph five above. The volume of water delivered to the County shall be determined by a meter or meters installed by the Authority:

(a) In the event the meter or meters so installed shall fail to register correctly the flow of water for any period of time, the amount of water supplied by the Authority shall be determined by the average daily consumption of water over a period of thirty days preceding the date when such meter or meters failed to register the correct flow.

(b) The Authority will use its best efforts to remain in a position to furnish water as herein contracted, to be sold to the County, but its obligation shall be limited to the amount of water available.

(c) In the event that it should become necessary for the Authority to limit delivery of water to its users because of scarcity, or otherwise, the County and the other political subdivisions executing Agreements with the Authority effective simultaneously with this Agreement shall have priority in the use of available water, and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by the City and each other such political subdivision during the preceding calendar year bears to the total volume of available water. If, after the requirements of the aforesaid political subdivisions have been met, additional water shall be available, the remaining political subdivisions which participated in the creation of the Authority shall have priority in the use of such additional water and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by each of them during the preceding calendar year bears to the total volume of such additional water.

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(d) In the event the Authority is unable to furnish all the water required by the County, then the County shall have the right to procure water from any other available source until such time as the Authority is able to furnish water sufficient to satisfy the requirements of the County.

7. The Authority is obligated to treat the water to be delivered by the Authority and received by the County hereunder so as to meet the standards of the State Health Department of the State of Virginia or the standards of some other similar agency in the event the State Health Department of the State of Virginia should at some future time be replaced by another agency which would establish such standards. In fixing such rate the Authority shall establish uniform rates at the plant with a transportation charge added to cover the cost of pumping and pipe line amortization.

8. Beginning as of the first full calendar month after the Authority first tenders delivery of water to the County, the said County shall pay for all water furnished to it at the rate fixed by the Authority and indicated on the schedule of rates filed by the Authority with the State Corporation Commission:

(a) Payment shall be made for the water furnished every third month not later than ten days after receipt of bill. Bills for water furnished shall be calculated on calendar year quarters. If the first period of service does not coincide with calendar year quarters, then the first payment shall be made at the end of such period so that future quarterly payments will coincide with the calendar year.

9. In the event that the County shall fail to make such quarterly payment within the time specified in Section 8, interest on such amount shall accrue at the rate of five per cent per annum

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from the date such payment becomes due until paid in full, with interest as herein specified.

(a) On or before February 1 next following the first period of tendered water service, the Board of Directors of the Authority shall analyze the finances of the Authority, including the condition of all funds required to be established and maintained under the resolution authorizing the issuance of Bonds or in the indenture securing the Bonds, or in both such instruments. At that time the Board shall redetermine the rates to be charged for water and shall fix such rates as will provide fully for maintenance and operating expenses and for the maintenance of all funds and the performance of all covenants prescribed by the resolution authorizing the Bonds and the indenture securing the Bonds. Such rates shall remain effective throughout the then calendar year and until revised. Similar action shall be taken on or before February 1st of each year thereafter while any of the Bonds or interest thereon are outstanding and unpaid; provided, that it shall be the duty of the Board at all times to fix, alter and maintain rates for service under this Agreement and other agreements for similar service which will be sufficient for operation and maintenance of the Authority's water supply system, to establish and maintain all funds which are required under the Bond resolution or under the Indenture securing the Bonds and at all events to prevent any default in the payment of interest or on principal of the Bonds.

(b) After all Bonds and interest thereon are paid, the Board of Directors of the Authority shall in like manner,

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on or before February 1st of each year, fix rates which shall be applicable for the then current calendar year and until revised, which rates shall be sufficient to assure payment of maintenance and operation expenses of the Authority and to pay for such improvements and extensions as may in the opinion of the Board be deemed advisable.

(c) Liability for making payments as herein set forth shall commence on the date of the first tender of delivery of water to the County by the Authority at the point of delivery; provided, however, the County shall have 30 days after first tender of delivery to effect change over.

(d) Rates to be charged the County for water supplied by the Authority to the County or any other user shall at no time be higher than rates charged any other user of water supplied thereto by the Authority, except by express agreement between the Authority and the five political subdivisions participating in the creation of the Authority.

10. This agreement shall continue in force and effect for a period from the date of the first tender of delivery by the Authority of water, to the County and for the period of time while any of the Bonds are outstanding and unpaid. The County shall have the right to an extension of the terms of this agreement beyond the initial term in like manner and to the extent of the Authority's existence and the existence as may be extended beyond its initial fifty year term.

11. This Agreement may be changed or modified only with the consent of the governing bodies of both the Authority and the County and with the consent of the Trustee designated and acting as

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such at the time such change or modification is made under any resolution authorizing Bonds of the Authority, or under any Indenture or agreement made to secure the payment of such Bonds. Such modification may be requested by either party, in which event a joint meeting of such governing bodies shall be held not less than ninety days after giving of such notice, at which joint meeting the requested changes or modifications shall be considered and discussed. No such change or modification may be made which will affect adversely the prompt payment when due of all moneys required to be paid by the County under the terms of this agreement and no such change shall be effective which would cause a violation of any provision of the resolution authorizing or the Indenture securing the bonds.

12. This Agreement shall be subject to all valid rules, regulations and laws applicable hereto passed or promulgated by the United States of America, the Commonwealth of Virginia, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

13. At such time as it shall become necessary to determine the respective interests of the participating political subdivisions (meaning all political subdivisions at any time admitted to the Authority) in the assets of the Authority for the purpose of distributing or otherwise disposing of the same, the interest of each such political subdivision shall be in the ratio that the amount paid by it for water purchased from the Authority bears to the whole amount paid by all such participants for water purchased from the Authority.

14. The Authority agrees to have made an annual audit of the books of the Authority and to deliver to the County a copy of said annual audit within ten days after receiving



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THIS AGREEMENT, made and entered into as of the 15<sup>th</sup> day of September, in the year 1964, by and between APPOMATTOX RIVER WATER AUTHORITY (hereinafter referred to as the "Authority"), a public body politic and corporate, organized and existing under the "Virginia Water and Sewer Authorities Act", party of the first part, and the CITY OF COLONIAL HEIGHTS, a municipal corporation of the Commonwealth of Virginia (hereinafter referred to as the "City"), party of the second part.

WHEREAS, the City owns its water distribution system and its water supply facilities; and

WHEREAS, the City is desirous of obtaining a more adequate and dependable water supply; and

WHEREAS, the Authority has been duly created pursuant to the provisions of the Virginia Water and Sewer Authorities Act (hereinafter referred to as the "Act"), and is a public corporation of the Commonwealth of Virginia, and the City has been duly created as a municipal corporation of said Commonwealth and is one of five political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority intends to construct a water supply system designed to provide an adequate supply of water presently to two or more of the political subdivisions which have participated in creating the Authority at this time, and is authorized under the Act to construct such water supply system and to make this agreement with the City and the other political subdivisions participating in the creation of the Authority; and

WHEREAS, the Authority is preparing to issue and sell bonds in the approximate amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000.00), together with any additional bonds found necessary to be issued by the Authority for the purpose of constructing said water supply system, including acquisition of land, the construction of the reservoir and pipe line, together

with all work necessary for the operation of said water supply system and pipe line; and

WHEREAS, it is understood by the parties hereto that the Authority will use this Agreement as the basis for obtaining credit through the issuance of the Authority's bonds, and as a means for the payment of its maintenance and operating expenses, and payment of principal and interest on the Authority's bonds and establishment of reserves for such purposes; and

WHEREAS, it is understood that the Authority will make similar agreements with other political subdivisions, and others, and that this Agreement will not become effective unless and until similar agreements are entered into by and between the Authority and the City of PETERSBURG, and by and between the Authority and the Counties of Chesterfield, Dinwiddie and Prince George

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The Authority agrees that it will, as soon as practicable and with all reasonable dispatch after the necessary funds are made available to it through the issuance of its revenue bonds, pursuant to the Act, construct and equip a water supply system as designed by Wiley and Wilson, the Authority's Consulting Engineers, which system has a designed capacity of approximately 16,000,000 gallons per twenty-four hour day, for the purpose of furnishing a supply of water to the participating political subdivisions of the Authority, and to the inhabitants and consumers of water of such political subdivisions and others.

2. The Authority will, as soon as may be practicable and with all reasonable dispatch, and within two years from the effective date of this Agreement, issue and sell, pursuant to the Act, its revenue bonds (hereinafter referred to as "Bonds") in an amount adequate to finance the construction of said water system; provided,

however, nothing contained in this Agreement, shall obligate the Authority to issue such Bonds except upon terms deemed reasonable by the Authority.

3. After the construction of the said water system, the Authority will sell, and the City will purchase, water supplied by the Authority in the quantities and of the quality and under the terms and conditions herein set forth.

4. The City shall take and purchase from the Authority its entire requirements of water for use and for resale through its water distributing system, and its water supply facilities in the City, or elsewhere, and the Authority shall sell and furnish to the City the entire requirements of water of the City, as aforesaid, and the City will not construct, acquire, utilize or take water from any facility other than the facilities of the water supply system constructed by the Authority. The Authority will not sell water to any person, firm or corporation accessible to the water distribution system or the water supply facilities of the City; provided, however, if the City shall ~~XXXXXX~~ refuse to offer to enter into a contract for such supply within ninety (90) days from the date of the application therefor, then and in that event the Authority may supply water to such applicant.

5. The said water supply system, as designed by Wiley and Wilson, the Authority's Consulting Engineers, is defined as follows:

"PURPOSE

The purpose of this project is to provide an adequate supply of filtered water for the members of the Appomattox River Water Authority, consisting of the Cities of Petersburg and Colonial Heights and the Counties of Chesterfield, Prince George and Dinwiddie, located adjacent to the Appomattox River. The members of the Authority would be the customers of the system and these customers would in turn retail water to the individual service connections.

Section in Paragraph Four (4) Approved:  
City of Colonial Heights

By *[Signature]*  
Mayor

Appomattox River Water Authority  
By *[Signature]*  
Chairman

### SERVICE AREA

The service area to be supplied with water at present consists of the City of Petersburg and its outlying consumers, the City of Colonial Heights and the southern portion of Chesterfield County, as defined in the contract between the Authority and said County. Dinwiddie and Prince George Counties are also to be served as the need may develop. Areas in these latter counties would be those adjacent to the project and to the City of Petersburg.

### FACILITIES

a. Real Estate: The land to be purchased or acquired amounts to 5,872 acres of which 3,100 acres must be cleared. There will be a marginal strip around the normal water level partially cleared between elevations 158 and 164 feet above sea level.

b. The Dam: The dam will be constructed of mass concrete and is to be located at a point approximately six miles upstream from Petersburg at a point where the river bed is approximately 120 feet above sea level. The spillway of the dam will be approximately 158 feet above sea level. The flood water level and the level to which property will be acquired is elevation 164 feet above sea level. The reservoir will have a storage capacity of approximately 12 billion gallons and an estimated safe yield of approximately 100 million gallons per day from stream flow and storage.

c. Filter Plant: The filter plant complex will be constructed of reinforced concrete, steel and brick and will include the chemical storage and chemical feed building and equipment, the mixing and settling basins, filter house with the control laboratory and office space, pipe galleries and a filtered water collection basin. This plant will have a capacity of 16 million gallons per day and operate as a rapid sand filter plant. The filter plant will be located on the north side of the River several hundred feet downstream from the dam and under normal conditions water will come to the plant by gravity. The plant will be so arranged that it may be indefinitely increased in capacity.

d. Pumping Station: Adjacent to the filtered water collection basin there will be constructed a reinforced concrete and brick booster pumping station for delivering filtered water from the collection basin through the transmission main to a common point. This pumping station will have a capacity corresponding to that of the filter plant and equipped with several pumping units making up the total capacity required plus one spare unit. The pumping station will be electrically driven and controlled from the central operating office of the filter plant.

#### PIPE LINES AND CONNECTIONS

A 30" force main will extend from the pumping station along the north side of the River to Chesterfield Avenue and Davies Road, Ettrick, Virginia, which will be the common distribution point.

Outlets will be left at the pumping station to make future connections as may be required for additional capacity. Outlets also may be taken from the main at other points for future connections to be extended south across the River into Dinwiddie County as may be necessary.

#### ACCESS ROAD

An access road will be provided from the main highways on each side of the River to the dam site to facilitate construction and for future use. Parking area will be provided around the filter plant.

#### COST

It is estimated that the cost of the entire project will be \$8,500,000."

6. In order to permit the delivery to the City of water sold to the City, the Authority shall permit the said City to connect its water distribution system with the water supply mains maintained by the Authority at points to be designated by the Authority and as set forth in the definition contained in paragraph five above. The volume of water delivered to the City shall be

determined by a meter or meters installed by the Authority:

(a) In the event the meter or meters so installed shall fail to register correctly the flow of water for any period of time, the amount of water supplied by the Authority shall be determined by the average daily consumption of water over a period of thirty days preceding the date when such meter or meters failed to register the correct flow.

(b) The Authority will use its best efforts to remain in a position to furnish water as herein contracted, to be sold to the City, but its obligation shall be limited to the amount of water available.

(c) In the event that it should become necessary for the Authority to limit delivery of water to its users because of scarcity, or otherwise, the City and the other political subdivisions executing Agreements with the Authority effective simultaneously with this Agreement shall have priority in the use of available water, and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by the City and each other such political subdivision during the preceding calendar year bears to the total volume of available water. If, after the requirements of the aforesaid political subdivisions have been met, additional water shall be available the remaining political subdivisions which participated in the creation of the Authority shall have priority in the use of such additional water and the same shall, if necessary, be pro-rated among them in the proportion that the volume of water used by each of them during the preceding calendar year bears to the total volume of such additional water.

(d) In the event the Authority is unable to furnish all the water required by the City, then the City shall have the right to procure water from any other available source until such time as the Authority is able to furnish water sufficient to satisfy the requirements of the City.

7. The Authority is obligated to treat the water to be delivered by the Authority and received by the City hereunder so as to meet the standards of the State Health Department of the Commonwealth of Virginia or the standards of some other similar agency in the event the State Health Department of the Commonwealth of Virginia should at some future time be replaced by another agency which would establish such standards.

8. Beginning as of the first full calendar month after the Authority first tenders delivery of water to the City, the said City shall pay for all water furnished to it at the rate fixed by the Authority and indicated on the schedule of rates filed by the Authority with the State Corporation Commission. In fixing such rate the Authority shall establish uniform rates at the plant with a transportation charge added to cover the cost of pumping and pipe line amortization.

(a) Payment shall be made for the water furnished every third month not later than ten days after receipt of bill. Bills for water furnished shall be calculated on calendar year quarters. If the first period of service does not coincide with calendar year quarters, then the first payment shall be made at the end of such period so that future quarterly payments will coincide with the calendar year.

9. In the event that the City shall fail to make such quarterly payment within the time specified in Section 8, interest on such amount shall accrue at the rate of five per cent per annum from the date such payment becomes due until paid in full, with interest as herein specified.

(a) On or before February 1, next following the first period of tendered water service, the Board of Directors of the Authority shall analyze the finances of the Authority, including the condition of all funds required to be established and maintained under the resolution authorizing

tender of delivery to affect change over.

(d) Rates to be charged the City or any other user for water supplied by the Authority to the City or any other user shall at no time be higher than rates charged any other user of water supplied thereto by the Authority, except by express agreement between the Authority and the five political subdivisions participating in the creation of the Authority.

10. This Agreement shall continue in force and effect for a period from the date of the first tender of delivery by the Authority of water to the City and for the period of time while any of the Bonds are outstanding and unpaid. The City shall have the right to an extension of the terms of this Agreement beyond the initial term in like manner and to the extent of the Authority's existence and the existence as may be extended beyond its initial fifty years term.

11. This Agreement may be changed or modified only with the consent of the governing bodies of both the Authority and the City, and with the consent of the Trustee designated and acting as such at the time such change or modification is made under any resolution authorizing Bonds of the Authority, or under any indenture or agreement made to secure the payment of such Bonds. Such modification may be requested by either party, in which event a joint meeting of such governing bodies shall be held not less than ninety days after giving such notice, at which joint meeting the requested changes or modifications shall be considered and discussed. No such change or modification may be made which will effect adversely the prompt payment when due of all moneys required to be paid by the City under the terms of this Agreement and no such change shall be effective which would cause a violation of any provision of the resolution authorizing or the indenture securing the bonds.

12. This Agreement shall be subject to all valid rules,

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regulations and laws applicable hereto passed or promulgated by the United States of America, the Commonwealth of Virginia, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

13. At such time as it shall become necessary to determine the respective interest of the participating political subdivisions (meaning all political subdivisions at any time admitted to the Authority) in the assets of the Authority for the purpose of distributing or otherwise disposing of the same, the interest of each such political subdivision shall be in the ratio that the amount paid by it for water purchased from the Authority bears to the whole amount paid by all such participants for water purchased from the Authority.

14. Nothing in this Agreement shall in any way affect the right and obligation of the City to charge rates as it may determine for the use of water and other facilities and services supplied by its sewer and water system, as now existing or hereafter extended and enlarged.

15. The Authority agrees to have made an annual audit of the books of the Authority and to deliver to the City a copy of

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said annual audit within ten days after receiving the said annual audit.

IN WITNESS WHEREOF, the Authority and the City have caused their respective corporate seals to be hereunto affixed and attested, and these presents to be signed by their respective officers thereunto duly authorized, and this Agreement to be dated as of the date and year first above written.

APPOMATTOX RIVER WATER AUTHORITY

By: *Eric Brasfield*  
Chairman

ATTEST:

*Frank R. Minter*  
Secretary

CITY OF COLONIAL HEIGHTS

By: *Anthony L. Lusan*  
Mayor

ATTEST:

*Louise W. Williams*  
City Clerk

Approved as to form:

By: *[Signature]*  
City Attorney



AMENDMENT TO 1964 SERVICE AGREEMENTS  
BETWEEN APPOMATTOX RIVER WATER AUTHORITY  
AND PARTICIPATING JURISDICTIONS

THIS AGREEMENT, dated as of the last date of execution set forth below, by and among the Appomattox River Water Authority (the "Authority"), the County of Chesterfield, Virginia ("Chesterfield"), the City of Colonial Heights, Virginia ("Colonial Heights"), the County of Dinwiddie, Virginia ("Dinwiddie"), the City of Petersburg, Virginia ("Petersburg"), and the County of Prince George, Virginia ("Prince George") (collectively, the "Participating Jurisdictions"), is an Amendment to the service agreements dated August 28, 1964 between the Authority and Petersburg, September 8, 1964 between the Authority and Prince George, September 9, 1964 between the Authority and Chesterfield, September 9, 1964 between the Authority and Dinwiddie, and September 15, 1964 between the Authority and Colonial Heights (collectively, the "Service Agreements," copies of which are attached hereto as Exhibits 1 through 5 and specifically incorporated herein by reference).

WHEREAS, the Authority is a public body politic and corporate created in 1960 upon agreement of the governing bodies of the Participating Jurisdictions, and in accordance with the Virginia Water and Sewer Authorities Act, Virginia Code § 15.1-1239, et seq. (the "Act"), for the purpose, inter alia, of servicing the water needs of the Participating Jurisdictions;

WHEREAS, Colonial Heights and Petersburg are municipal corporations and political subdivisions of the Commonwealth of Virginia; and Chesterfield, Dinwiddie and Prince George are counties and political subdivisions of the Commonwealth of Virginia;

WHEREAS, the Service Agreements provide, inter alia, for the sale of water by the Authority to the Participating Jurisdictions;

WHEREAS, on November 4, 1964, the Authority's Board of Directors (the "Board") passed a "Resolution Authorizing the Issuance of \$8,500,000 Water Revenue Bonds" (the "Original Resolution," a copy of which is attached as Exhibit 6 and is specifically incorporated herein by reference), authorizing the issuance by the Authority of "Initial Bonds" and providing the procedure for the issuance of "Additional Bonds;"

WHEREAS, pursuant to the Original Resolution, the Authority in 1964 issued Initial Bonds in the amount of \$8,500,000 and used the proceeds to construct the existing water system;

WHEREAS, the Service Agreements and the Original Resolution contemplated improvements, betterments, repairs, equipment replacements, extensions and expansions ("improvements and expansions") to the water system to meet the future needs of the Participating Jurisdictions;

WHEREAS, in an October 1, 1981 report entitled "Appomattox River Water Authority -- Expansion Study and Preliminary Design" (the "Henningson Study"), the engineering firm of Henningson, Durham & Richardson, Inc. recommended improvement and expansion of the water system;

WHEREAS, on July 21, 1982, the Board passed a "Supplemental Resolution Authorizing the Issuance of \$20,000,000 Water Revenue Bonds" (the "Supplemental Resolution," a copy of which is attached as Exhibit 7 and is specifically incorporated herein by reference), authorizing the issuance of \$20,000,000 in Additional Bonds (the "First Additional Bonds") for the purpose of financing certain of the improvements and expansion (and all costs incident thereto) recommended in the Henningson Study and described in the Supplemental Resolution (the "First Improvements and Expansion");

WHEREAS, the Authority and the Participating Jurisdictions wish to amend the method through which these First Improvements and Expansion, and all future improvements and expansions, will be funded;

WHEREAS, it is understood by the Authority and the Participating Jurisdictions that the Authority will use this Agreement as the basis for obtaining credit through the issuance of the First Additional Bonds and future Additional Bonds, and as a means for the payment of operating and maintenance expenses, and payment of principal of and interest on the First Additional Bonds and future Additional Bonds, and the establishment of reserves for such purposes; and

WHEREAS, this Agreement has been approved by resolution of the Board dated December 2, 1982 (a copy of which is attached hereto as Exhibit 8 and specifically incorporated herein by reference), and by subsequent resolutions of the governing bodies of the Participating Jurisdictions (copies of which are attached hereto as Exhibits 9-13 and specifically incorporated herein by reference);

THEREFORE, in consideration of the mutual promises set forth below, the parties agree as follows:

1. Reaffirmation of Service Agreements. The Authority and the Participating Jurisdictions hereby reaffirm and acknowledge the binding effect, as modified by this Agreement, of the Service Agreements, which shall govern all matters covered thereby to the extent not inconsistent with this Agreement, and which shall remain in effect after all the Original Bonds have been retired. All references in the Service Agreements to the Authority's water system shall include the system as improved and expanded from time to time.

2. First Improvements and Expansion. The Authority agrees that it will, as soon as practicable and with all reasonable dispatch after the necessary funds are made available to it through the issuance of the First Additional Bonds, pursuant to the Act, undertake the First Improvements and Expansion generally in accordance with the Henningson Study and the Supplemental Resolution, which First Improvements and Expansion are expected to increase capacity approximately to either 46, or 38, million gallons per twenty-four hour day ("mgd"), so as to further the Authority's purpose of furnishing a supply of water to the Participating Jurisdictions; provided, however, that the Authority shall increase capacity to 46 mgd if the funds from the First Additional Bonds allow.

3. Sale of First Additional Bonds. The Authority will, as soon as may be practicable and with all reasonable dispatch, issue and sell, pursuant to the Act, First Additional Bonds in an

amount, not to exceed \$20,000,000, adequate to finance the First Improvements and Expansion; provided, however, that nothing contained in this Agreement shall obligate the Authority to issue such First Additional Bonds except upon terms deemed reasonable by the Authority.

4. Purchase of Water; Water Rates. After issuance of the first Additional Bonds, and thereafter as future Additional Bonds are issued, the Authority will sell, and the Participating Jurisdictions will purchase, water supplied by the Authority in the quantities and under the terms and conditions established in paragraph 4 of the respective Service Agreements, and as further set forth in this paragraph and in paragraph 5 below:

a. General. On or before July 1 of each year hereafter, the Board shall analyze the finances of the Authority, including the funds required to be established and maintained under (1) the Original Resolution, (2) the Supplemental Resolution or any indenture securing the First Additional Bonds, or in both such instruments, and (3) any future Board resolutions authorizing, or indentures securing, any future Additional Bonds, or under all such instruments. At each such time, the Board shall set for each Participating Jurisdiction a rate to be charged for water, which rate shall have two components. The first component shall be a "Base Rate" as set forth in paragraphs 4.b and 5.c below. The second component shall be an "Expansion Rate" as set forth in paragraphs 4.d, 4.e, 4.f, 5.d and 5.e below. The Board shall fix, alter and at all times maintain a Base Rate and Expansion Rates so that together they will prevent

any default in the payment of principal of or interest on the Initial Bonds, the First Additional Bonds or any future Additional Bonds.

b. The Base Rate. The Board shall fix, alter and at all times maintain a "Base Rate" to be charged for all water as will (1) provide fully for the maintenance of all funds and the performance of all covenants prescribed by the Original Resolution, (2) provide fully for the operation and maintenance of the Authority's water system, as improved and expanded from time to time, and (3) provide fully for the establishment and maintenance of all funds and the performance of all covenants related to the "First Improvements Cost" (as defined in paragraph 4.c below) and any "Future Improvements Costs" (as defined in paragraph 5.b below). At all times the Base Rate shall be a uniform, per 1,000 gallon rate applied equally to all water purchases by each Participating Jurisdiction. The Base Rate shall be based annually upon the total projected actual water usage for all Participating Jurisdictions for a given fiscal year beginning July 1, but may be adjusted as necessary during the year. The projection of water usage shall take into account all relevant factors, including without limitation prior water usage, population trends and projected industrial growth or decrease.

c. Apportionment of Improvement and Expansion Costs.

The parties agree that one-third of the principal of and interest on the First Additional Bonds shall be designated as the "First Improvements Cost," and that the balance (two-thirds) of the principal of and interest on the First Additional Bonds shall be

designated as the "First Expansion Cost." As to any future Additional Bonds, the Board shall designate as between improvements and expansion cost, respectively, based substantially on the consulting engineer's final report as provided for in paragraph 5.a below.

d. The Expansion Rate. In addition to the Base Rate, the Board shall fix, alter and at all times maintain, for each Participating Jurisdiction, a per 1,000 gallon "Expansion Rate," which Expansion Rates, when applied respectively to each Participating Jurisdiction's water purchases, shall in the aggregate provide fully for the establishment and maintenance of all funds and performance of all covenants related to the First Expansion Cost and to any "Future Expansion Costs" (as defined in paragraph 5.b below).

e. Expansion Rate for First Expansion Cost: Establishment and Alteration. An Expansion Rate shall be fixed annually on or before July 1 for each Participating Jurisdiction based upon its projected actual water usage for the year beginning July 1. This projection shall take into account all relevant factors, including without limitation prior water usage, population trends and projected industrial growth or decrease. The Expansion Rate for each Participating Jurisdiction shall be fixed, altered and at all times maintained so as to provide for such Participating Jurisdiction's share of the amount necessary to provide for the First Expansion Cost ("Expansion Share"). Each Participating Jurisdiction's Expansion Share shall be based, proportionately, upon the "Initial Expansion Percentages," or "Reallocated Expansion Percentages," set forth below:

(1) The parties agree that in setting the Expansion Share for the fiscal year, or part thereof, after issuance of the First Additional Bonds, the payments necessary to provide for the First Expansion Cost shall be allocated to each Participating Jurisdiction proportionately in accordance with the following Initial First Expansion Percentages:

Initial First Expansion Percentages

<u>Participating Jurisdiction</u>	<u>Percent of Expansion Capacity</u>
Chesterfield	65%
Colonial Heights	3%
Dinwiddie	2%
Petersburg	30%
Prince George	<u>0%</u>
	100%

(2) At the end of the first fiscal year and similarly for each fiscal year thereafter, an Expansion Share for each Participating Jurisdiction will be fixed so as to provide for all funds necessary to support the respective Participating Jurisdiction's allocated portion of the First Expansion Cost. The Initial First Expansion Percentages set forth in paragraph 4.e(1) above shall be applied until "Reallocated" (as defined in paragraph 4.e(3) below), at which time each Participating Jurisdiction's Expansion Share shall be fixed proportionately in accordance with such Reallocated Expansion Percentages; provided, however, that upon occurrence of the circumstances set forth in paragraph 5.e below, there shall be a return to the Initial First Expansion Percentages, at which time the Expansion Shares shall be fixed as set forth in paragraph 5 below.

(3) The Initial First Expansion Percentages shall be "Reallocated" when a Participating Jurisdiction's "Capacity Demand" (as defined in paragraph 4.e(3)(a) below) exceeds its "Initial Allocation of Total Capacity" (as defined in paragraph 4.e(3)(a) below) or, in the case of Prince George, when it requests an Initial Allocation. The First Expansion Percentages shall thereafter be further Reallocated as necessary and in accordance with the following procedure:

(a) The First Expansion Percentages shall be Reallocated annually as of July 1 if any Participating Jurisdiction's "Capacity Demand" (as defined herein) for the prior fiscal year exceeds its portion of the "Allocation of Total Capacity" (sometimes referred to as "Allocation") (as to the need for interim adjustment, see paragraph 4.f(3) below). The "Initial Allocation of Total Capacity" shall be as follows:

Initial Allocation of Total Capacity

<u>Participating Jurisdiction</u>	<u>Allocation if Expansion to 46 mgd</u>	<u>Allocation if Expansion to 38 mgd</u>
Chesterfield	24.7 mgd	19.5 mgd
Colonial Heights	3.7 mgd	3.5 mgd
Dinwiddie	1.5 mgd	1.3 mgd
Petersburg	16.1 mgd	13.7 mgd
Prince George	0 mgd	0 mgd
	46 mgd	38 mgd

The "Capacity Demand" of a Participating Jurisdiction for a particular fiscal year is such Participating Jurisdiction's actual average daily water usage, as metered by the Authority, multiplied by a conversion factor of 1.5. If a Participating

Jurisdiction's Allocation of Total Capacity is greater than its Capacity Demand, then the difference is its "Unused Allocation of Total Capacity." If any Participating Jurisdiction's Capacity Demand exceeds its Allocation of Total Capacity, then the schedule of Allocation of Total Capacity (paragraphs 4.e(3)(a), (b)) and the schedule of Expansion Percentages (paragraphs 4.e(3)(c), (d)) shall be Reallocated as follows:

[1] A Participating Jurisdiction whose Capacity Demand exceeds its Allocation of Total Capacity shall have its Allocation of Total Capacity increased in increments of .5 mgd (e.g., if Allocation is 1.9 mgd and Capacity Demand reaches 1.91 mgd, Allocation would be increased to 2.4 mgd); provided, however, that in accordance with paragraph 4.f(4) below, Prince George shall be allowed to request an Initial Allocation of .25 mgd and to have its next increase occur in an increment of .25 mgd; and the other Participating Jurisdictions, as necessary, shall have their respective Allocations of Total Capacity decreased in increments of .01 mgd; provided, however, that [a] only those Participating Jurisdictions with an Unused Allocation of Total Capacity greater than .5 mgd are subject to any decrease in Allocation, and [b] no incremental decrease shall cause a Participating Jurisdiction's Allocation of Total Capacity to fall below .5 mgd. A Participating Jurisdiction's Unused Allocation of Total Capacity, adjusted for [a] and [b] above, is its "Available Unused Allocation of Total Capacity."

[2] The decrease in any Participating Jurisdiction's Allocation of Total Capacity shall be calculated by the formula  $V = (A \div B) \times C$ , where

- V = decrease in given Participating Jurisdiction's Allocation;
- A = that Participating Jurisdiction's Available Unused Allocation;
- B = total Available Unused Allocation of all Participating Jurisdictions; and
- C = total of all increased Allocations.

[3] All decreases in Allocations of Total Capacity shall be rounded to the nearest .01 mgd and adjusted so that their total equals the total of all increases in Allocation of Total Capacity.

(b) For each year in which a Reallocation of Total Capacity is necessary, the Authority shall establish, as set forth above, a new schedule reflecting the new Allocation of Total Capacity, which schedule shall become the basis for determining the need for Reallocations in subsequent years.

(c) Whenever a Participating Jurisdiction's increase in Capacity Demand necessitates a Reallocation of Total Capacity as set forth above, the Expansion Percentages shall be adjusted as follows:

[1] Each Participating Jurisdiction that receives an increase in its Allocation of Total Capacity shall have its Expansion Percentage increased in accordance with the formula  $W = (D \div E) \times 100$ , where

- W = increase in a given Participating Jurisdiction's Expansion Percentage;
- D = increase in that Participating Jurisdiction's Allocation of Total Capacity (in mgd); and
- E = additional capacity created by the applicable improvements and expansion (in mgd)

(e.g., the First Improvements and Expansion will create additional capacity of 24, or 16, mgd, as funds allow; therefore if the additional capacity were 24 mgd, and if a given Participating Jurisdiction had an Expansion Percentage of 25% and had an increase in its Allocation of Total Capacity of .5 mgd, then its Expansion Percentage would increase by 2.08%  $[(.5 \div 24) \times 100]$ , from 25% to 27.08%).

[2] Each Participating Jurisdiction that receives a decrease in its Allocation of Total Capacity shall have its Expansion Percentage decreased in accordance with the formula  $X = (F \div G) \times 100$ , where

- X = decrease in a given Participating Jurisdiction's Expansion Percentage;
- F = decrease in that Participating Jurisdiction's Allocation of Total Capacity (in mgd); and
- G = additional capacity created by the applicable improvements and expansion (in mgd)

(e.g., the First Improvements and Expansion will create additional capacity of 24, or 16, mgd, as funds allow; therefore if the additional capacity were 24 mgd, and if a given Participating Jurisdiction had an Expansion Percentage of 25% and had a decrease in its Allocation of Total Capacity of .2 mgd, then its Expansion Percentage would decrease by .83%  $[(.2 \div 24) \times 100]$ , from 25% to 24.17%).

(d) For each year in which a Reallocation of Expansion Percentages is necessary, the Board shall establish as set forth above a new schedule reflecting the Reallocated Expansion Percentages, which schedule shall become the basis for

determining the appropriate Expansion Share and the appropriate Expansion Rate for each respective Participating Jurisdiction.

f. Expansion Rates; Interim Adjustments.

(1) If in any given fiscal year, the monies generated as a result of a Participating Jurisdiction's Expansion Rate are different from that Participating Jurisdiction's applicable Expansion Share or Future Expansion Share (as defined in paragraph 5.d below), then in maintaining the respective Participating Jurisdiction's Expansion Rate for the following fiscal year, the applicable Expansion Share or Future Expansion Share of such Participating Jurisdiction shall be adjusted as follows:

(a) If for the given year the monies generated as a result of the Expansion Rate are greater than such Participating Jurisdiction's applicable Expansion Share or Future Expansion Share, then for the following fiscal year, the difference shall be subtracted from the Expansion Share or Future Expansion Share as applicable and the Expansion Rate adjusted accordingly.

(b) If for the given fiscal year the monies generated as a result of the Expansion Rate are less than such Participating Jurisdiction's applicable Expansion Share or Future Expansion Share, then for the following fiscal year, the difference shall be added to the Expansion Share or Future Expansion Share as applicable and the Expansion Rate adjusted accordingly.

(c) If a Participating Jurisdiction ceases its water purchase from the Authority under circumstances

otherwise permitted, then any adjustment required by this paragraph 4.f(1) shall be made if and when water purchases by such Participating Jurisdiction are resumed.

(2) Any adjustment to the Expansion Rate of a Participating Jurisdiction required by paragraph 4.f(1) above shall be made as soon as the data is available and in all cases on or before August 31, and such adjustments shall be effective as of the preceding July 1.

(3) Any change in the Expansion Rate of a Participating Jurisdiction required as a result of a Reallocation pursuant to paragraph 4.e(3) above or paragraph 5.e below shall be made as of July 1 and adjusted, as necessary, as soon as the data is available and in all cases on or before August 31, effective as of the preceding July 1.

(4) If within five years after the date of this Agreement, Prince George begins to receive water from the Authority and thereby requests either [a] an Initial Allocation of Total Capacity of .25 mgd, [b] an Initial Allocation of .5 mgd, or [c] an Initial Allocation of .25 mgd, and subsequently but within five years after the date of this Agreement, increases its Allocation in an increment of .25 mgd or otherwise in accordance with paragraph 4.e(3) above, then, in addition to the other provisions of this Agreement, Prince George shall be treated under this Agreement as if it had chosen as of the date of this Agreement an Initial Allocation of either .25 mgd if [a] above applies, or .5 mgd if [b] or [c] above applies; in particular, paragraphs 5.d(2) and 5.e of this Agreement shall be applied as

If the schedules set forth in paragraphs 4.e(1) and 4.e(3)(a), respectively, were as follows:

Initial First Expansion Percentages if .25 mgd Applies

<u>Participating Jurisdiction</u>	<u>Percent of Expansion Capacity if Expansion to 46 mgd</u>	<u>Percent of Expansion Capacity if Expansion to 38 mgd</u>
Chesterfield	64.32%	63.99%
Colonial Heights	2.97%	2.95%
Dinwiddie	1.98%	1.97%
Petersburg	29.69%	29.53%
Prince George	<u>1.04%</u>	<u>1.56%</u>
	100.00%	100.00%

Initial First Expansion Percentages if .5 mgd Applies

<u>Participating Jurisdiction</u>	<u>Percent of Expansion Capacity if Expansion to 46 mgd</u>	<u>Percent of Expansion Capacity if Expansion to 38 mgd</u>
Chesterfield	63.64%	62.97%
Colonial Heights	2.94%	2.91%
Dinwiddie	1.96%	1.93%
Petersburg	29.38%	29.06%
Prince George	<u>2.08%</u>	<u>3.13%</u>
	100.00%	100.00%

Initial Allocation of Total Capacity if .25 mgd Applies

<u>Participating Jurisdiction</u>	<u>Allocation if Expansion to 46 mgd</u>	<u>Allocation if Expansion to 38 mgd</u>
Chesterfield	24.54 mgd	19.34 mgd
Colonial Heights	3.69 mgd	3.49 mgd
Dinwiddie	1.49 mgd	1.29 mgd
Petersburg	16.03 mgd	13.63 mgd
Prince George	<u>.25 mgd</u>	<u>.25 mgd</u>
	46 mgd	38 mgd

Initial Allocation of Total Capacity if .5 mgd Applies

<u>Participating Jurisdiction</u>	<u>Allocation if Expansion to 46 mgd</u>	<u>Allocation if Expansion to 38 mgd</u>
Chesterfield	24.38 mgd	19.18 mgd
Colonial Heights	3.68 mgd	3.48 mgd
Dinwiddie	1.48 mgd	1.28 mgd
Petersburg	15.96 mgd	13.56 mgd
Prince George	<u>.50 mgd</u>	<u>.50 mgd</u>
	46 mgd	38 mgd

provided, however, that if Prince George elects to take an Initial Allocation within five years of the date of this Agreement, then, for each increment of .25 mgd requested, Prince George's Expansion Share or Future Expansion Share for the remainder of the term of the First Additional Bonds shall be increased in accordance with the formula  $Y = (H \times I) \div J$ , where

Y = amount to be added to Prince George's Expansion Share or any subpart of its Future Expansion Share that is applicable to the First Expansion Cost;

H = 1.04% of the amount necessary to provide for the First Expansion Cost if Expansion to 46 mgd, and 1.56% of the amount necessary to provide for the First Expansion Cost if Expansion to 38 mgd;

I = a whole number between one and five representing the number of the year during which Prince George elects to receive the given .25 mgd increment, where the date of this Agreement begins year number one; and

J = a number representing the difference between the term of the First Additional Bonds and "I" as defined above

(e.g., if the term of the First Additional Bonds is 30 years and the Expansion is to 46 mgd, and if Prince George elects to receive water in year number three under [a] above, then for each year during the remaining term of the First Additional Bonds, its Expansion Share (as well as any Future Expansion Share if applicable) will be increased by  $Y$  where  $Y = (H \times 3) \div 27$ , or  $.1111H$ ; if Prince George elects to receive water in year number four under [b] above (two increments of .25 mgd at once), then for each year during the remaining term of the First Additional Bonds, its Expansion Share (as well as any Future Expansion Share if applicable) shall be increased by  $2Y$  where  $Y = (H \times 4) \div 26$ , or  $.1538H$ , hence the increase in the applicable Expansion Share will be  $.3076H$ ; and if Prince George elects to receive water in year numbers three and five under [c] above, then for each year during the remaining term of the First Additional Bonds, its Expansion Share (as well as any Future Expansion Share, if applicable) shall be increased by  $Y$  in year number three and again by  $Y'$  in year number five where  $Y = (H \times 3) \div 27$ , or  $.1111H$ , and where  $Y' = (H \times 5) \div 25$ , or  $.2H$ ).

5. Future Improvements and Expansion.

a. Consultant; Decision to Improve and Expand. If the flow from the plant exceeds at any time the then current plant design capacity, or if the average daily flow of the plant for three consecutive months is 80% or more of then current design capacity, the Authority shall, as soon as practicable, retain a consulting engineer to study the need for improvements and expansion of its water supply system; provided, however, that this

requirement shall not apply in the event a majority of the Board determines that design capacity was exceeded because of extenuating physical or natural circumstances not suggesting the need for expansion, such as unusual fires, flooding or other natural disaster, or chemical spill. If the consulting engineer's final report recommends improvements or expansion, then the Authority shall proceed substantially as recommended by the consulting engineer. As soon as practicable after any decision to improve or expand, and with all reasonable dispatch, the Authority will issue and sell, pursuant to the Act, Additional Bonds, in amounts to be established by Board resolution, that are adequate to finance such improvements or expansion; provided, however, that nothing in this Amendment shall obligate the Authority to issue any such Additional Bonds except upon terms deemed reasonable by the Authority.

b. Future Improvement and Expansion Costs. As set forth in paragraph 4.c above, the Board, with respect to principal of and interest on any future Additional Bonds used to finance future improvements and expansions (e.g., "Second Improvements and Expansion," then "Third Improvements and Expansion," etc.), shall designate, substantially as recommended in the final report of the consulting engineer, as between improvements costs ("Second Improvements Cost," then "Third Improvements Cost," etc., collectively "Future Improvements Costs") and expansion costs ("Second Expansion Cost," then "Third Expansion Cost," etc., collectively, "Future Expansion Costs"), respectively.

c. Future Base Rate. As set forth in paragraph 4.b above, the Base Rate shall, inter alia, be fixed, altered and at

all times maintained as will provide fully for the establishment and maintenance of all funds and performance of all covenants related to all Future Improvements Costs.

d. Future Expansion Rates. As set forth in paragraph 4.d above, the Expansion Rates, when applied to the respective Participating Jurisdictions' water purchases, shall, inter alia, be fixed, altered and at all times maintained as will provide for the establishment and maintenance of all funds and performance of all covenants related to all Future Expansion Costs. When it is necessary to fund any Future Expansion Costs, the Expansion Rate for each Participating Jurisdiction shall be altered and at all times maintained in accordance with the mechanism set forth in paragraphs 4.d, 4.e and 4.f above. The respective "Future Expansion Share" shall be determined as follows:

(1) The Future Expansion Share then shall have two or more sub-parts, one sub-part applicable to the First Expansion Cost, another sub-part applicable to the then current Expansion Cost (e.g., in the case of the Second Improvements and Expansion, the then current Expansion Cost shall be the "Second Expansion Cost"), and other sub-parts as necessary and applicable to all prior Expansion Costs other than those arising from the First Expansion (e.g., in the case of the Fourth Improvements and Expansion, the then current Expansion Cost shall be the "Fourth Expansion Cost," and other prior Expansion Cost shall be the "Second Expansion Cost" and the "Third Expansion Cost").

(2) The first sub-part of each Participating Jurisdiction's Future Expansion Share shall be determined by

allocating among the respective Participating Jurisdictions, proportionately in accordance with the Initial First Expansion Percentages set forth in paragraph 4.e(1) above, the funds necessary to provide for the First Expansion Cost.

(3) Another sub-part of each Participating Jurisdiction's Future Expansion Share (for then current Expansion Cost) shall be determined by allocating to each respective Participating Jurisdiction, proportionately in accordance with either (a) the appropriate Initial Future Expansion Percentage, or (b) the appropriate Reallocated Future Expansion Percentage, the funds necessary to provide for the then current Expansion Cost.

(4) As necessary, a third and additional sub-parts (for all prior Expansion Costs other than those arising from the First Expansion) shall be added and determined by allocating to each Participating Jurisdiction proportionately in accordance with the prior Initial Expansion Percentages, as appropriate, the funds necessary to provide for any other prior Expansion Costs.

e. Allocation and Reallocation of New Capacity -- The Then Current Expansion Cost. The additional capacity created by any given future improvements and expansion (the "New Capacity") shall be allocated among the Participating Jurisdictions as follows:

(1) First, the prior Allocation of Total Capacity (e.g., with respect to the Second Improvements and Expansion, the applicable Allocation of Total Capacity would be that set forth in paragraph 4.e(3)(a) above) shall be re-established for each Participating Jurisdiction, and this shall determine each

Participating Jurisdiction's Allocation of Total Capacity in the then existing facility (e.g., with respect to the Third Improvements and Expansion, the applicable Allocation of Total Capacity shall be the schedule established in accordance with paragraph 5.e(2)(c) below).

(2) The New Capacity shall be allocated as follows:

(a) Any Participating Jurisdiction whose then current Capacity Demand exceeds its applicable Initial Allocation of Total Capacity shall be required to accept an Allocation of the New Capacity equal to the amount by which its then current Capacity Demand exceeds its applicable Initial Allocation of Total Capacity.

(b) The New Capacity, not otherwise allocated in accordance with paragraph 5.e(2)(a) above, shall be divided among the Participating Jurisdictions in accordance with their future requirements as set forth in the consulting engineer's final report.

(c) A schedule shall be prepared showing each Participating Jurisdiction's Initial Allocation of Total Capacity as increased by its Allocation of New Capacity.

(d) A second schedule shall be prepared showing each Participating Jurisdiction's applicable Initial Expansion Percentage, which schedule, as appropriate, shall be referred to as the "Initial Second Expansion Percentages," or "Initial Third Expansion Percentages," etc. The applicable Initial Expansion Percentage shall be a percentage share of New

Capacity for each Participating Jurisdiction, which shall be calculated by the formula  $Z = (K \div L) \times 100$ , where

Z = applicable Initial Expansion Percentage;

K = share of New Capacity that a given Participating Jurisdiction receives as a result of paragraphs 5.e(2)(a) and 5.e(2)(b); and

L = total New Capacity.

(e) As necessary, the schedule established pursuant to paragraph 5.e(2)(c) above shall be varied in accordance with the mechanism generally set forth in paragraph 4.e(3) above, and the schedule established pursuant to paragraph 5.e(2)(d) above shall be varied in accordance with the mechanism generally set forth in paragraph 4.e(3) above.

6. Interest. In the event any Participating Jurisdiction shall fail to make timely payment for the water it purchases, interest on the amount owed shall accrue at the then current "Prime Rate" of the Trustee for the Initial Bonds and Additional Bonds from the date such payment becomes due until paid in full. Prime Rate shall mean the rate of interest announced from time to time as the Trustee's prime interest rate.

7. Amendments. This Amendment may be changed or further amended only with the consent of the governing bodies of both the Authority and all five Participating Jurisdictions, and with the consent of the Trustee designated and acting as such at the time such change or further amendment is made under the Original Resolution, the Supplemental Resolution or any future Board resolution authorizing, or indenture securing, the Original Bonds or

any Additional Bonds of the Authority. No such change or further amendment may be made which will affect adversely the prompt payment when due of all moneys required to be paid by the Participating Jurisdictions under the terms of this Amendment; and no such change or further amendment shall be effective which would cause a violation of any provision of the Original Resolution, the Supplemental Resolution or any future Board resolution authorizing, or indenture securing, the Original Bonds or any Additional Bonds.

8. Entire Agreement. The parties acknowledge having fully read, understood and voluntarily accepted the terms of this Agreement. This Agreement, together with its exhibits, states the entire agreement among the parties relating to the matters covered herein. There is no promise, agreement or understanding, verbal or written, for any additional consideration whatever.

9. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect any other provision of this Amendment.

10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be of the same force and effect as any other executed counterpart.

11. Headings. The underlined headings herein are for convenience only and shall not affect the interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and attested by their duly authorized officers as of the dates indicated below.

APPOMATTOX RIVER WATER AUTHORITY

By *John P. Bond*  
John P. Bond

Attest: *J. Darrell Rice*  
J. Darrell Rice

Dated: 9 Dec 1982

COUNTY OF CHESTERFIELD

By *Joan Girone*  
Joan Girone

Attest: *Richard L. Hedrick*  
Richard L. Hedrick

Dated: December 16, 1982

CITY OF COLONIAL HEIGHTS

By *Byron E. Haner*  
Byron E. Haner

Attest: *Kimberly P. Griffin*  
Kimberly P. Griffin

Dated: December 9, 1982

COUNTY OF DINWIDDIE

By *George E. Robertson, Jr.*  
George E. Robertson, Jr.

Attest:

*[Signature]*  
William C. Knott

Dated: 12-9-82

CITY OF PETERSBURG

By *[Signature]*  
John P. Bond

Attest:

*[Signature]*  
Barbara W. Moore

Dated: 12-9-82

COUNTY OF PRINCE GEORGE

By *[Signature]*  
H. W. Williams, Jr.

Attest:

*[Signature]*  
Sandra J. Squires

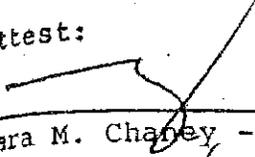
Dated: December 15, 1982

As Trustee under the Original Bond Resolution as such term is defined above, and on behalf of the holders of the Original Bonds as defined above, the undersigned hereby consents to this Amendment.

UNITED VIRGINIA BANK

By *[Signature]*  
Senior Vice President

Attest:

  
Sara M. Chaney - Assistant Secretary

Dated: 12/20/1987

Exhibits 1 - 5

Refer to Service Agreements between the Appomattox River Water Authority and  
the City of Petersburg, dated August 28, 1964,  
the County of Prince George, dated September 8, 1964,  
the County of Chesterfield, dated September 9, 1964,  
the County of Dinwiddie, dated September 9, 1964, and  
the City of Colonial Heights, dated September 15, 1964

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**Resolution**

AUTHORIZING THE ISSUANCE OF

\$8,500,000

WATER REVENUE BONDS

OF THE

APPOMATTOX RIVER WATER AUTHORITY

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**RESOLUTION AUTHORIZING THE ISSUANCE  
OF \$3,500,000 WATER REVENUE BONDS  
OF THE APPOMATTOX RIVER WATER AUTHORITY**

WHEREAS, the Appomattox River Water Authority (herein referred to as "Authority"), is a public body politic and corporate of the Commonwealth of Virginia, organized and existing under the Virginia Water and Sewer Authorities Act, and has lawful authority to acquire, purchase, lease as lessee, construct, reconstruct, improve, extend, operate and maintain the water facilities (hereinafter referred to as "System") within or without or partly within and partly without one or more of the political sub-divisions the governing bodies of which created the Authority; and

WHEREAS, the Authority is authorized to issue its revenue bonds as hereinafter provided to finance the cost of constructing the Water System Improvements (a part of the System, in accordance with Section 201 of this Resolution); and

WHEREAS, the Resolution also provides for the issuance of Additional Bonds for the purposes set forth in Section 401 of this Resolution; and

WHEREAS, the Authority desires to enter into agreements for the construction of the System and has determined that it will be necessary to raise the sum of \$3,500,000 to finance the cost thereof; and

WHEREAS, the Act gives the Authority power of eminent domain in accordance with the provisions of Section 15.1-1250 of the code of Virginia; and

WHEREAS, The State-Planters Bank of Commerce and Trusts of Richmond, Virginia, which is appointed to be Trustee under the Resolution by the provisions of Section 901, has consented to act as such Trustee; and

WHEREAS, the Authority has entered into an agreement with the City of Petersburg dated August 28, 1964, and an agreement with the City of Colonial Heights dated September 15, 1964, and an agreement with the County of Chesterfield dated September 9, 1964, which agreements (herein referred to as "Service Contracts") obligate said City of Petersburg, said City of Colonial Heights and the County of Chester-

field to purchase water from the Authority at a price fixed in accordance with and upon the terms and conditions stated in such agreements and Chesterfield County is obligated to take water for a portion of the County described in the Service Contract, and may take in addition water for any other part of the County which agreements will be in effect while any of the bonds are outstanding and unpaid, and for such period as the legislature may extend the existence of the Authority beyond the initial fifty year term; and

WHEREAS, the Authority has entered into an agreement with the County of Dinwiddie dated September 9, 1964 and the County of Prince George dated September 8, 1964, which agreements provide for the sale of water to said Counties when water is required when practicable by said counties: Now, THEREFORE,

BE IT RESOLVED by the Appomattox River Water Authority as follows:

## ARTICLE I

### GENERAL PROVISIONS

SECTION 101. *Authority for the Resolution.* This Resolution is adopted by virtue of the Act (as herein defined) and pursuant to its provisions, and the Authority has ascertained and hereby determines that each and every matter and thing as to which provision is made in the Resolution is necessary in order to carry out and effectuate the purposes of the Authority in accordance with the Act.

SECTION 102. *Resolution to constitute a contract.* In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Resolution shall be deemed to be and shall constitute contracts between the Authority, the Trustee and the holders from time to time of the Bonds and coupons; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all of the Bonds and coupons, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof except as expressly provided herein.

SECTION 103. *Definitions.* Whenever the following terms, or any of them, are used in this Resolution, the same, unless the context shall indicate another or different meaning or intent, shall be construed, are used and are intended to have meanings as follows:

(1) Words importing the singular number include the plural number and vice versa and words importing persons include firms, associations and corporations.

(2) Words importing the redemption or redeeming or calling for redemption of Bonds do not include or connote the payment of Bonds at their stated maturity, or the payment of Bonds upon declaring such Bonds due and payable in advance of their maturity, or the purchase of Bonds.

(3) Articles and Sections mentioned by number are the respective Articles and Sections of the Resolution so numbered.

(4) "Act" means the Virginia Water and Sewer Authorities Act as contained in Chapter 28 of Title 15.1 of the Code of Virginia, as amended, and the acts amendatory thereof and supplemental thereto.

(5) "Authority" means the Appomattox River Water Authority, a public body politic and corporate organized and existing under the Act and created by the governing bodies of the Counties of Chesterfield, Dinwiddie and Prince George of the Commonwealth of Virginia, and of the City of Petersburg and the City of Colonial Heights, municipalities of the Commonwealth of Virginia, and by a certificate of incorporation issued by the State Corporation Commission of the Commonwealth of Virginia on November 21, 1960, the creation of which has been validated by Chapter 88 of the Acts of Assembly of 1962 of Virginia.

(6) "Resolution" means this resolution.

(7) "Bonds" means the initial revenue bonds authorized by the Resolution and includes any additional bonds referred to in Section 401.

"Initial Bonds" means the revenue bonds referred to in Section 301.

"Additional Bonds" means the revenue bonds referred to in Section 401.

"Serial Bonds" means that portion of the Initial Bonds which mature serially as stated in Section 304, and

"Term Bonds" means that portion of the Initial Bonds referred to in Section 304, and which mature on a single date subsequent to the Serial Bonds; and

(8) "Bondholder" or "holder of Bonds" or any similar term means any person who shall be the bearer of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered otherwise than to bearer.

(9) "Trustee" means the fiduciary appointed by Section 901 of the Resolution, and its successor or successors, and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

(10) "System" means all plants, systems, facilities or properties owned or maintained by the Authority and used in connection with the supply or distribution of water, including dams, water supply systems, water distribution systems, reservoirs, wells, intakes, mains, laterals, pumping stations, standpipes, filtration plants, purification plants, hydrants, meters, valves and equipment and apparatus and all properties, rights, easements and franchises relating thereto and deemed necessary or convenient by the Authority for the operation of the System, including the Water System Improvements referred to in Section 201. ✓

(11) "Service Charges" means the rates, fees and charges for water or other services furnished by, and for the use of, the System, as prescribed or fixed by the Authority.

(12) "Revenues" means all Service Charges and other income derived by the Authority from the operation of the System. It shall not however include revenues derived from the sale of timber in connection with the initial clearing of land of the Authority.

(13) "Operating Expenses" means the Authority's reasonable and necessary current expenses of maintaining, repairing and operating the System, including without limiting the generality of the foregoing, all administrative, general and commercial expenses, insurance and surety bond premiums, payments for the billing and collection of Service Charges, engineering expenses, legal expenses, any taxes which may be lawfully imposed on the Authority or its income or operations or the property under its control, ordinary and current rentals of equipment or other property, usual expenses of maintenance and repair, and any other current expenses required to be paid by the Authority under the provisions of the Resolution or by law, all to the extent properly and directly attributable to the System, and the expenses, liabilities and compensation of the Trustee required to be paid hereunder, but not including any reserves for operation, maintenance or repair or any allowance for depreciation, amortization, interest on Bonds, or similar charges.

(14) "Construction Fund" means the fund so designated which is established in Section 501.

(15) "Water Revenue Fund", "Operating Fund", "Debt Service Fund", "Replacement Fund" and "Bond Redemption Fund" mean the funds so designated which are established in Section 602.

(16) "Annual Budget" means the budget or amended budget for a Fiscal Year adopted by the Authority or in effect pursuant to Section 605.

(17) "Fiscal Year" means the period of twelve calendar months ending with June 30 of any year.

(18) "Issuance Date" means the first day on which any of the Bonds are authenticated and delivered by the Trustee.

(19) "Completion Date" means the date on which the construction of the Water System Improvements is completed, as certified to the Trustee by the Consulting Engineers.

(20) "Authorized Officer of the Authority" means the Chairman, Vice-Chairman, Secretary-Treasurer of the Authority, or any other person authorized by resolution of the Authority.

(21) "Water System Improvements" means the Water System Improvements referred to in Section 201.

(22) "Service Contracts" means the agreements with the City of Petersburg, the City of Colonial Heights and the Counties of Chesterfield, Dinwiddie and Prince George referred to in the preambles of the Resolution.

(23) "Consulting Engineers" means the engineering firm of Wiley & Wilson of the City of Lynchburg, Virginia, and such other or different engineer or engineering firm as may from time to time be employed by the Authority as Consulting Engineer or as successor to or in place of Wiley & Wilson, in accordance with the provisions of Section 719.

(24) "Level Debt Service" means, the amount plus 10% thereof specified in Section 601, and in the case of Additional Bonds the amount specified in the supplemental resolution as Level Debt Service in accordance with Section 401 subdivision (2). With respect to the Initial Bonds, it is an annual amount which will remain constant over the life of the Initial Bonds, and will be sufficient to amortize the Serial Initial Bonds and the interest thereon and the interest on the Term Bonds, and to pay the principal on the Term Bonds when due, and to maintain the Replacement Fund in the amount provided in Section 606, Subdivision (3). With respect to Additional Bonds, it means an annual amount which will remain constant over the life of the Additional Bonds sufficient to pay principal of and interest on any Additional Serial Bonds and the interest on any Additional Term Bonds, plus 10% of such annual amount which will be sufficient to pay the principal on any Additional Term Bonds and to maintain the Replacement Fund in an amount in the same proportion that the Initial Bonds bear to the Replacement Fund of the Initial Bonds.

(25) "Debt Service" means, as of any particular date of computation and with respect to a particular Fiscal Year and any particular Bonds (including Additional Bonds, if any) an amount of money equal to the aggregate of (a) all interest payable during such Fiscal Year on all such Bonds outstanding (including Additional Bonds, if any) on said date of computation, plus (b) the

principal amount of all such Bonds (including Additional Bonds, if any) outstanding on said date of computation which mature in said Fiscal Year, all calculated on the assumption that such bonds (including Additional Bonds, if any) will after said date of computation cease to be outstanding by reason, but only by reason, of the payment of such Bonds (including Additional Bonds, if any) at their respective maturity dates.

(26) "Net Revenue" means the Revenues derived by the Authority less Operating Expenses.

ARTICLE II

AUTHORIZATION OF WATER SYSTEM IMPROVEMENTS

SECTION 201. *Water System Improvements to be financed.* In order to provide a supply of water in accordance with the Act the following Water System Improvements shall be acquired or constructed:

FACILITIES

a. *Real Estate:* The land to be purchased or acquired amounts to approximately 5,872 acres of which approximately 3,100 acres must be cleared. There will be a marginal strip around the normal water level partially cleared between elevations 158 and 164 feet above sea level.

b. *The Dam:* The dam will be constructed of mass concrete and is to be located at a point approximately six miles upstream from Petersburg at a point where the river bed is approximately 120 feet above sea level. The spillway of the dam will be approximately 158 feet above sea level. The flood water level and the level to which property will be acquired is elevation 164 feet above sea level. The reservoir will have a storage capacity of approximately 12 billion gallons and an estimated safe yield of approximately 100 million gallons per day from stream flow and storage.

c. *Filter Plant:* The filter plant complex will be constructed of reinforced concrete, steel and brick and will include the chemical storage and chemical feed building and equipment, the mixing and settling basins, filter house with the control laboratory and office

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space, pipe galleries and a filtered water collection basin. This plant will have a capacity of 16 million gallons per day and operate as a rapid sand filter plant. The filter plant will be located on the north side of the River, several hundred feet down stream from the dam and under normal conditions water will come to the plant by gravity. The plant will be so arranged that it may be indefinitely increased in capacity.

d. *Pumping Station:* Adjacent to the filtered water collection basin there will be constructed a reinforced concrete and brick booster pumping station for delivering filtered water from the collection basin through the transmission main to a common point. This pumping station will have a capacity corresponding to that of the filter plant and equipped with several pumping units making up the total capacity required plus one spare unit. The pumping station will be electrically driven and controlled from the central operating office of the filter plant.

#### PIPE LINES AND CONNECTIONS

A 30" force main will extend from the pumping station along the north side of the River to Chesterfield Avenue and Davies Road, Ettrick, Virginia, which will be the common distribution point.

Outlets will be left at the pumping station to make future connections as may be required for additional capacity. Outlets also may be taken from the main at other points.

#### ACCESS ROAD

An access road will be provided from the main highways on each side of the River to the dam site to facilitate construction and for future use. Parking area will be provided around the filter plant.

SECTION 202. *Estimated Cost of Water System Improvements.* The Authority has ascertained and hereby determines that the estimated cost of the Water System Improvements described in Section 201 hereof is \$8,500,000 including the sum of \$50,000 to be paid into the Operating Fund to cover the first year's Operating Expenses, a sum sufficient to pay the interest maturing during construction and for one year after completion of construction, following the Issuance Date, and a sum representing discount to be incurred upon the sale of the Initial Bonds.

SECTION 203. *Construction of Improvements.* The Authority shall forthwith proceed to construct the Water System Improvements in conformity with law and all requirements of governmental authorities having jurisdiction thereover and in accordance with and as more fully shown on the plans therefor which have been prepared by Wiley & Wilson, Consulting Engineers, at the instance of, and approved by the Authority, subject to such modifications of such plans as may be approved from time to time by the Authority as necessary or advisable to effectuate the general plan therefor.

SECTION 204. *Covenant to Fix and Collect Rates.* The Authority covenants and agrees that it will fix, charge, revise and collect rates, fees and charges for water or other services furnished by, or for the use of, the System as required by the Act and the provisions of the Resolution. ✓

SECTION 205. *Covenant to Perform Obligation of Service Contracts.* The Authority covenants and agrees that it will perform the obligations assumed by it in the Service Contracts and it will take all reasonable measures permitted by the Act or otherwise by law to enforce prompt payment to it of the amounts to which it may become entitled to receive under the Service Contracts, and that it will not rescind, change or modify any of the Service Contracts except with the consent of the Trustee and the consent of the governing bodies as provided in the Service Contracts. ✓

SECTION 206. *Issuance of Initial Bonds and Disbursement of Proceeds of Sale.* The Initial Bonds may be executed by or on behalf of the Authority and delivered to the Trustee for authentication by the Trustee, and thereupon the Initial Bonds shall be authenticated by the Trustee and, upon fulfillment of the conditions set forth in Section 207, delivered by the Trustee to the Authority or upon its order. Of the proceeds of sale of the Initial Bonds, including accrued interest, the following amounts shall, simultaneously with issuance of the Initial Bonds, be paid by the Authority as follows:

(a) To the Authority, the sum of \$50,000 for deposit in the Operating Fund.

(b) To the Trustee for deposit in the Debt Service Fund the interest accrued on the Initial Bonds from October 1, 1964 to the

date of delivery of such bonds, plus a sum which together with such accrued interest shall be sufficient to pay interest during construction and for one year after completion of construction.

(c) To the Trustee, to be held in the Construction Fund, any balance of such proceeds remaining after the foregoing payments have been made.

*SECTION 207. Conditions Precedent to the Issuance of the Initial Bonds.* The Trustee shall not deliver to the Authority or upon its order any of the Initial Bonds pursuant to the Resolution unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(a) A copy of the Resolution certified by the Secretary-Treasurer of the Authority.

(b) A copy of a resolution or resolutions of the Authority certified by its Secretary-Treasurer which shall (1) specify the principal amount of the Initial Bonds to be authenticated and delivered, and (2) determine the rate or rates of interest to be borne by such Initial Bonds, and (3) request the Trustee to authenticate and deliver such Initial Bonds.

(c) The written order of the Authority as to the delivery of Bonds, signed by the Chairman or Vice-Chairman of the Authority and stating the amount of the proceeds of sale thereof.

(d) The amount to be turned over to the Authority for deposit in the Operating Fund, referred to in the preceding section.

(e) The amount to be held by the Trustee in the Debt Service Fund, referred to in the preceding Section.

(f) The amount, to be held by the Trustee in the Construction Fund, referred to in the preceding Section.

(g) A certificate of the Consulting Engineers, stating;

1) The estimated cost of the Water System Improvements, and his opinion that the amount referred to in Subdivision (f), above will be sufficient to pay the cost of the acquisition and construction of the Water System Improvements.

2) The estimated completion date for construction of the

Water System Improvements, and the amount to be held by the Trustee in the Debt Service Fund in accordance with Section 206(b) hereof.

3) The estimated date when the Water System Improvements will be placed in operation.

(h) An opinion of counsel for the Authority stating that the issuance of such bonds has been duly authorized and that all conditions precedent to the delivery of such bonds have been fulfilled.

### ARTICLE III

#### AUTHORIZATION AND ISSUANCE OF INITIAL BONDS.

SECTION 301. *Authorization of Initial Bonds.* In order to finance the cost of acquiring and constructing the Water System Improvements, the Authority shall issue, pursuant to and in accordance with the Act, Initial Bonds of the aggregate principal amount of \$8,500,000, in anticipation of the collection of the Revenues to be derived by the Authority from the operation of the System. Each of the Initial Bonds shall bear the designation "Water Revenue Bond."

SECTION 302. *Initial Bonds To Be Coupon Bonds.* The Initial Bonds shall be issued as coupon bonds, registerable at the option of the holder as to principal only or as to both principal and interest.

SECTION 303. *Obligation of Initial Bonds.* The principal of and interest on the Initial Bonds shall be payable solely from the Net Revenue of the Authority derived from the operation of the System, and the claim for such principal and interest shall be a valid claim solely against the Revenue pledged thereto in this Resolution. The Initial Bonds shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof. The issuance of the Initial Bonds shall not directly or indirectly or contingently obligate the Commonwealth of Virginia or any county, city, town or other subdivision of the Commonwealth to levy any taxes whatever therefor or to make any appropriation for their payment except from the funds pledged thereto by the Resolution.

SECTION 304. *Maturities of Initial Bonds.* The Bonds initially issued shall constitute:

(1) An issue of Serial Bonds payable in annual installments

on October 1 of the following years, in the respective principal amounts set opposite such years:

<i>Year</i>	<i>Amount</i>	<i>Year</i>	<i>Amount</i>
1970.....	\$110,000	1979.....	\$155,000
1971.....	110,000	1980.....	160,000
1972.....	115,000	1981.....	165,000
1973.....	120,000	1982.....	170,000
1974.....	125,000	1983.....	180,000
1975.....	130,000	1984.....	185,000
1976.....	135,000	1985.....	195,000
1977.....	140,000	1986.....	200,000
1978.....	145,000		

and

(2) An issue of \$5,960,000 Term Bonds payable on October 1, 2004.

The Initial Bonds shall consist of seventeen hundred bonds of the denomination of \$5,000 each, numbered from 1 to 1,700, inclusive, in the order of their maturity, and shall be dated October 1, 1964. Each bond shall bear interest from its date until the Authority's obligation with respect to the payment of the principal sum of such Initial Bond shall be discharged, at the rate of not exceeding six per centum (6%) per annum as may be determined by the Authority, and the interest shall be payable semi-annually on April 1 and October 1. The Initial Bonds shall be redeemable prior to their respective stated maturities, upon the terms and conditions prescribed by Sections 316 to 321, inclusive.

Section 305. *Place or Places of Payment.* Both principal of and interest on the Initial Bonds shall be payable at the place or places specified in the form of bond set forth in Section 306, in any coin or currency of the United States of America which, on the respective dates of payment, shall be legal tender for the payment of public and private debts. In the event that the paying agent in the Borough of Manhattan, City and State of New York, shall resign or shall become incapable of acting as such paying agent, a successor in the Borough of Manhattan, City and State of New York shall be appointed by the Authority upon the advice of the Trustee within thirty (30) days of

such event and if the Authority fails to appoint a successor to such paying agent within such time, the Trustee shall appoint a successor paying agent.

SECTION 306. *Form of Initial Bond.* Subject to the provisions of the Resolution, each Initial Bond, the coupons to be attached thereto, and the provisions for registration to be endorsed thereon and the certificate of authentication to appear thereon shall be, respectively, in substantially the following form, with such omissions, insertions, endorsements and variations as may be required or permitted by the Resolution or as may be consistent with the Resolution:

[FORM OF COUPON BOND]

No. ....

\$5,000

UNITED STATES OF AMERICA  
 COMMONWEALTH OF VIRGINIA  
 APPOMATTOX RIVER WATER AUTHORITY  
 WATER REVENUE BOND

APPOMATTOX RIVER WATER AUTHORITY (hereinafter called the "Authority"), a public body politic and corporate of the Commonwealth of Virginia, acknowledges itself indebted and for value received hereby promises to pay, solely from the revenues hereinafter described and pledged to the payment of this bond, to the bearer hereof or, if this bond be registered, to the registered owner hereof, the principal sum of

FIVE THOUSAND DOLLARS (\$5,000)

on October 1, 19 , and to pay interest on such principal sum from the date hereof at the rate of per centum ( %): per annum, payable semi-annually on April 1 and October 1 in each year, until the Authority's obligation with respect to the payment of such principal sum shall be discharged, but only, in the case of interest due on or before maturity of this bond so long as

it is not registered as to interest, according to the tenor of the respective coupons therefor annexed hereto and upon presentation and surrender of said coupons as they severally become due. Both principal of and interest on this bond are payable at the principal office of the State-Planters Bank of Commerce and Trusts, in Richmond, Virginia, or at the office of its successor as Trustee under the Resolution hereinafter referred to, or, at the option of the holder, at the office of Chase Manhattan Bank, New York, New York, in any coin or currency of the United States of America, which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This bond may be registered in the name of the holder hereof in conformity with the provisions endorsed hereon and subject to the terms and conditions set forth in the Resolution, and unless so registered this bond shall be transferable by delivery.

This bond is one of a duly authorized issue of bonds (herein called "Bonds") of the Authority, aggregating in principal amount \$8,500,000, and consisting of seventeen hundred bonds of the denomination of \$5,000 each, numbered from 1 to 1700, inclusive, all of like date and tenor except as to maturity, rate of interest and redemption provision, \$2,540,000 of which Bonds mature serially in annual installments in the years 1970 to 1986, inclusive (hereinafter called "Serial Bonds") and \$5,960,000 of which Bonds mature in the year 2004 (hereinafter called "Term Bonds"), issued pursuant to and in accordance with the Virginia Water and Sewer Authorities Act (Chapter 28 of Title 15.1 of the Code of Virginia, as amended), and a Resolution (herein called the "Resolution"), duly adopted by the Authority. The Resolution designates the State-Planters Bank of Commerce and Trusts, Richmond, Virginia, to be Trustee under the Resolution and a copy of the Resolution is on file at the office of the Authority, in the City of Petersburg, Virginia, and also at the office of said Trustee.

Reference to the Resolution is made for a description of the nature and extent of the security for the Bonds, the funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the holders or registered owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of the rights, duties, immunities and obliga-

tions of the Authority and of the Trustee. The pledge of the revenues and other obligations of the Authority under the Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution. To the extent and in the respects permitted by the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by action on behalf of the Authority taken in the manner and subject to the conditions and exceptions prescribed in the Resolution.

The Bonds are issued to finance the cost of constructing water system improvements, described in the Resolution, to be owned, maintained and operated by the Authority. Pursuant to the Resolution the Authority may issue for the purposes and on the conditions prescribed in the Resolution, additional bonds (herein referred to as "Additional Bonds") which shall be secured equally and ratably with the Bonds by a pledge of the revenues of the System of the Authority comprised of the said water system improvements and any future improvements thereof or additions thereto.

The Bonds are redeemable at the option of the Authority on any interest payment date as a whole or in part, as follows:

(1) The Bonds outstanding at any time may be redeemed as a whole prior to their stated maturity on or after ten years from the date hereof, from any moneys made available therefor, at a redemption price of par and accrued interest to the date of redemption plus a premium of 4% of their par value if redeemed on or before fifteen years from the date hereof; or a premium of 3% of their par value if redeemed thereafter, but on or before twenty years from the date hereof; or a premium of 2% of their par value if redeemed thereafter, but on or before twenty-five years from the date hereof; or a premium of 1% of their par value if redeemed thereafter, but on or before thirty years from the date hereof; and without premium if redeemed after thirty years from the date hereof, (2) The Bonds outstanding at any time may be redeemed in part prior to their stated maturity, on or after seven years from the date hereof, from moneys available therefor in the Bond Redemption Fund, as follows: (a) The Term Bonds shall be redeemed prior to the calling of any Serial Bonds for redemption, and if less than all of the Term Bonds are called for redemp-

tion; they shall be selected by lot; (b) The Serial Bonds cannot be called for redemption unless all of the Term Bonds have been redeemed or called for redemption and if less than all of the outstanding Serial Bonds are called for redemption, they shall be called in the inverse order of their number. The Bonds may be called at a redemption price of par and accrued interest to the date of redemption plus a premium of 3% of their par value if redeemed on or before ten years from the date hereof; or a premium of 2½% of their par value if redeemed thereafter; but on or before fifteen years from the date hereof; or a premium of 2% of their par value if redeemed thereafter, but on or before twenty years from the date hereof; or a premium of 1½% of their par value if redeemed thereafter; but on or before twenty-five years from the date hereof; or a premium of 1% of their par value if redeemed thereafter; but on or before thirty years from the date hereof; and without premium if redeemed after thirty years from the date hereof. Notice of any redemption of Bonds, stating the redemption date and identifying the Bonds by reference to their numbers and further stating that on such redemption date there shall become due and payable upon each bond so to be redeemed at the principal office of the Trustee, the principal thereof and the redemption premium, if any, together with the interest accrued to the redemption date and that from and after such date interest thereon shall cease to accrue, shall be given by publication at least once in a financial newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, not less than 30 days nor more than 60 days prior to the redemption date fixed in said notice. If notice of redemption shall have been published as aforesaid, the Bonds specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein fixed, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds to be redeemed, shall be held by the Trustee so as to be available therefor on said date, then, from and after the redemption date the Bonds so specified shall cease to bear interest and the coupons for interest thereon due subsequent to the redemption date shall be void.

Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other subdivision of the Commonwealth of Virginia are pledged to the payment of the

principal of or interest on this bond, and this bond does not directly or indirectly or contingently obligate such Commonwealth or any county, city, town or other subdivision of such Commonwealth to levy any taxes whatever therefor or to make any appropriation for its payment except from the funds pledged by the Resolution under the provisions of the statute hereinbefore referred to.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the Commonwealth of Virginia or the Resolution to exist, to have happened or to have been performed precedent to and in the issuance of this bond and the adoption of the Resolution, exist, have happened and have been performed as so required, and that the Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by said Constitution or statutes.

IN WITNESS WHEREOF, the Authority has caused this bond to be signed in its name and on its behalf by its Chairman and its corporate seal to be hereunto affixed and to be countersigned by its Secretary-Treasurer, and the annexed interest coupons to be authenticated by the facsimile signature of said Chairman, and this bond to be dated October 1, 1964.

APPOMATTOX RIVER WATER AUTHORITY

By.....  
Chairman

COUNTERSIGNED:

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Secretary-Treasurer

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CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Resolution.

STATE PLANTERS BANK OF COMMERCE AND TRUSTS

*Trustee*

By .....  
*Authorized Officer*

PROVISIONS FOR REGISTRATION

(Principal only or both Principal and Interest)

This bond may be registered in the name of the holder as to principal only on books of the Authority kept by the Trustee under the within mentioned Resolution, as Registrar, upon presentation hereof to said Registrar who shall make notation of such registration in the registration blank below, after which no transfer shall be valid unless made on said books by the registered owner or his attorney duly authorized in writing and similarly noted in the registration blank below, but it may be discharged from registration by being in like manner registered to bearer, after which it shall be transferable by delivery and it may be again registered as before. The registration of this bond as to principal only shall not restrain the transferability of the coupons appurtenant hereto by delivery, but the unmatured coupons may be surrendered to the Registrar and the interest made payable only to the registered owner, in which event the Registrar shall note in the registration blank below that the bond is registered as to interest, as well as principal. At the request of the registered owner or his attorney duly authorized in writing, this bond, whenever registered as to both principal and interest, may be converted into a coupon bond payable to bearer at the expense of the registered owner, for other than the first conversion, upon presentation hereof to the Registrar with a written instrument of transfer to bearer satisfactory to the Registrar duly executed by such registered owner or attorney, and such coupon bond

may again be registered as to principal only or as to both principal and interest as hereinabove provided. Upon any such conversion of this bond, coupons for every unpaid installment of interest on this bond due at or prior to its maturity shall be attached hereto by the Registrar and the Registrar shall note in the registration blank below that this bond is transferred and registered to bearer. Every privilege of registration, transfer or conversion hereinabove provided shall be exercised only in accordance with and subject to the terms and provisions of said Resolution.

<i>Date of Registration</i>	<i>Name of Registered Owner</i>	<i>Manner of Registration</i>	<i>Signature of Registrar</i>
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.....	.....	.....	.....

[FORM OF COUPON]

No. .... \$.....

April,

On the first day of October, 19 (unless the bond hereinafter mentioned shall have been duly called for previous redemption and payment of the redemption price made or duly provided for), APPOMATTOX RIVER WATER AUTHORITY, a body politic and corporate of the Commonwealth of Virginia, will pay to the bearer hereof, solely from the revenues pledged to the payment of the bond hereinafter mentioned at the principal office of the State-Planters Bank of Commerce and Trusts, in Richmond, Virginia, or its successor as Trustee, or, at the option of the holder, at the office of Chase Manhattan Bank, New York, New York, upon surrender of this coupon,

Dollars (\$ ) in any coin or currency of the United States of America which, on the date of such payment, is legal tender for the payment of public and private debts, being six months' interest then due on its Water Revenue Bond, dated October 1, 1964, No.

.....  
Chairman

SECTION 307. *Execution of Initial Bonds.* Each Initial Bond shall be executed in the name of the Authority by its Chairman and countersigned by its Secretary-Treasurer and its corporate seal shall be thereunto affixed. In case any officer who shall have signed or sealed any of such Bonds shall cease to be such officer of the Authority before the Bonds so signed or sealed shall have been authenticated and delivered by the Trustee, such Bonds may nevertheless be authenticated and delivered as herein provided as if the person who so signed or sealed such Bonds had not ceased to be such officer. Any Initial Bond may be signed or sealed on behalf of the Authority by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not have held such office. The coupons appurtenant and to be attached to any Initial Bond shall bear and be authenticated by the facsimile signature of any Chairman of the Authority, and the Authority may from time to time adopt and use for that purpose the facsimile signature of any person who shall have been Chairman of the Authority at any time on or after the date of such Bond, notwithstanding that at the date of such Bond such person may not have held such office or that at the time when such Bond shall be authenticated and delivered or such coupons shall be attached such person may have ceased to hold such office.

SECTION 308. *Authentication of Initial Bonds.* The Initial Bonds shall bear thereon a certificate of authentication, substantially in the form set forth in Section 306, duly executed by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under the Resolution. No Initial Bond and no coupon appurtenant thereto shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee, and such certificate of authentication by the Trustee upon such Bond executed on behalf of the Authority shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the holder thereof and of any coupons appurtenant thereto is entitled to the benefit of the Resolution. Except as otherwise provided in Section 312, the Trustee, before authenticating and delivering any Bond, shall cut off and cancel all matured coupons thereto attached.

SECTION 309. *Negotiability and Transfer.* The Initial Bonds shall be negotiable instruments and title to any Bond shall pass by delivery merely, as a negotiable instrument payable to bearer, unless such Bond is registered as herein provided. The Authority shall maintain and keep, at the principal office of the Trustee, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at said principal office, the Authority shall register or cause to be registered therein, and permit to be transferred or discharged from registration thereon any Bond qualified under the Resolution for registration, transfer or discharge from registration, in every case subject to such reasonable regulations as it or the Trustee may prescribe and upon payment of a charge sufficient to reimburse the Authority and the Trustee for any tax or other governmental charge to be paid by them in connection therewith. The Trustee is hereby appointed the agent of the Authority and Registrar for the registration and transfer of Bonds. During the ten days next preceding any date for payment of interest on the Bonds; or next preceding the date of the first publication of notice of any proposed redemption of Bonds, neither the Authority nor the Trustee shall be required to make any registration or transfer under the provisions of Section 310.

SECTION 310. *Registration as to Principal Only.* Any Initial Bond may, at the request of the holder thereof, be registered in his name as to principal only on the books of the Authority, at the principal office of the Trustee, upon presentation thereof at said principal office. Such registration as to principal shall, thereupon be noted on such Bond by the Trustee. After such registration no transfer of such Bond shall be valid unless made, at the request of the registered owner thereof in person or by his attorney duly authorized in writing, on said books and similarly noted on such Bond, upon presentation thereof at said principal office with a written instrument of transfer satisfactory to the Trustee duly executed by such registered owner or attorney; but such Bond may be discharged from registration by being in like manner registered to bearer, after which it shall again become transferable by delivery. Thereafter such Bond may again, from time to time, be registered or discharged from registration in the same manner. Registration of any Bond as to principal only shall not affect the negotiability of the coupons appurtenant thereto, and title to every such coupon shall continue

to pass by delivery merely and such coupon shall remain payable to bearer.

SECTION 311. *Registration as to Principal and Interest.* Any Initial Bond which is registered as to principal only may, at the request of the registered owner thereof in person or by his attorney duly authorized in writing, be registered as to interest, as well as principal, on the books of the Authority at the principal office of the Trustee, upon presentation thereof (with all coupons appurtenant thereto for which payment has not been provided) at said principal office and the surrender to the Trustee of all such coupons not then due. Such registration as to interest shall thereupon be noted on such Bond by the Trustee. After such registration no transfer of such Bond to bearer shall be made on said books except in accordance with the provisions of Section 312.

SECTION 312. *Reconversion of Fully Registered Bonds.* Any Initial Bond which is registered as to both principal and interest may, at the request of the registered owner thereof in person or by his attorney duly authorized in writing, be discharged from registration on the books of the Authority at the principal office of the Trustee and converted into a coupon Bond payable to bearer, upon presentation thereof at said principal office with a written instrument of transfer thereof to bearer satisfactory to the Trustee, duly executed by such registered owner or attorney, and the payment of a charge for other than the first such conversion sufficient in the judgment of the Authority and the Trustee to reimburse the Authority and the Trustee for the cost and expense of preparing, executing and attaching to such Bond the coupons hereinafter mentioned. Such discharge from registration shall thereupon be noted on such Bond by the Trustee, and coupons shall be attached by the Trustee to such Bond for the several unpaid installments of interest on such Bond due at or prior to its maturity, and in case any such installment shall have been paid in part, appropriate notation shall be made on the coupon to evidence such fact.

SECTION 313. *Ownership of Bonds and Effect of Registration.* The Authority and the Trustee may treat and consider the bearer of any Initial Bond which shall not at the time be registered as to principal otherwise than to bearer as the holder and absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal and redemption premium, if any, and for all other pur-

poses whatsoever except for the purpose of receiving payment of coupons. The Authority and the Trustee may treat and consider the bearer of any coupon appurtenant to a Bond as the holder and absolute owner thereof, whether such coupon or such Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever. The Authority and the Trustee may treat and consider the person in whose name any Bond for the time being shall be registered as to principal upon the books of the Authority as the holder and absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal and redemption premium, if any, and for all other purposes whatsoever except for the purpose of receiving payment of coupons; and payment of, or on account of, the principal of and redemption premium, if any, on such Bond shall be made only to, or upon the order of, such registered owner thereof, but such registration may be changed or discharged as herein provided. All payments made as in this Section 313 provided shall be valid and effectual to satisfy and discharge the liability upon the several Bonds to the extent of the sum or sums so paid. The Authority agrees to indemnify and save the Trustee harmless from and against any and all loss, costs, charges, expense, judgments or liability incurred by it acting in good faith and without negligence hereunder in any action taken by the Trustee pursuant to this Section.

*SECTION 314. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds.* In case any outstanding Initial Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver a new Bond (with appropriate coupons attached) of like tenor, number and amount as the Bond and appurtenant coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond and upon surrender of such mutilated Bond and appurtenant coupons, if any, or in lieu of and substitution for the Bond and appurtenant coupons, if any, destroyed, stolen or lost upon filing with the Trustee evidence satisfactory to the Authority and the Trustee that such Bond and appurtenant coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee may prescribe and paying such expenses as the Authority and Trustee may incur in connection therewith.

SECTION 315. *Regulations with Respect to Transfers, Conversion and Reissuance of Bonds.* All coupons surrendered to the Trustee in connection with registration as to principal and interest and all Initial Bonds or coupons surrendered to the Trustee under the provisions of Section 314 of the Resolution shall be cancelled by the Trustee. In all cases in which Initial Bonds are to be converted under the provisions of Section 312, the Authority shall execute coupons as required by the transaction. In all cases in which new Initial Bonds are to be delivered under the provisions of Section 314, the Trustee shall deliver a certificate specifying the Initial Bonds destroyed, stolen or lost to the Authority, and the Authority shall execute coupons or bonds and the Trustee shall authenticate bonds, as required by the transaction. During the ten days next preceding any date for payment of interest on the Initial Bonds, or next preceding the date of the first publication of notice of any proposed redemption of Initial Bonds, neither the Authority nor the Trustee shall be required to make any registration, transfer or conversion under the provisions of Section 310, Section 311 or Section 312.

SECTION 316. *Redemption of Initial Bonds.* The Initial Bonds are redeemable at the option of the Authority on any interest payment date as a whole or in part, as follows:

(1) The Initial Bonds outstanding at any time may be redeemed as a whole prior to their stated maturity on or after ten years from the date thereof, from any moneys made available therefor, at a redemption price of par and accrued interest to the date of redemption plus a premium of 4% of their par value if redeemed on or before fifteen years from the date thereof; or a premium of 3% of their par value if redeemed thereafter, but on or before twenty years from the date thereof; or a premium of 2% of their par value if redeemed thereafter, but on or before twenty-five years from the date thereof; or a premium of 1% of their par value if redeemed thereafter, but on or before thirty years from the date thereof; and without premium if redeemed after thirty years from the date thereof. (2) The Initial Bonds outstanding at any time may be redeemed in part prior to their stated maturity, on or after seven years from the date thereof, from moneys available therefor in the Bond Redemption Fund, as follows; (a) The Term Bonds shall be redeemed prior to the calling of any Serial Bonds for redemption, and if less than all of the Term Bonds are

called for redemption, they shall be selected by lot, (b) The Serial Bonds cannot be called for redemption unless all of the Term Bonds have been redeemed or called for redemption and if less than all of the outstanding Serial Bonds are called for redemption, they shall be called in the inverse order of their number. The Initial Bonds may be called at a redemption price of par and accrued interest to the date of redemption plus a premium of 3% of their par value if redeemed on or before ten years from the date thereof; or a premium of 2½% of their par value if redeemed thereafter, but on or before fifteen years from the date thereof; or a premium of 2% of their par value if redeemed thereafter, but on or before twenty years from the date thereof; or a premium of 1½% of their par value if redeemed thereafter; but on or before twenty-five years from the date thereof; or a premium of 1% of their par value if redeemed thereafter, but on or before thirty years from the date thereof; and without premium if redeemed after thirty years from the date thereof.

SECTION 317. *Notice of Redemption.* When the Trustee shall be required or authorized or shall receive notice from the Authority of its election to redeem Bonds, the Trustee shall in accordance with the terms and provisions of the Bonds and of the Resolution select the bonds to be redeemed and shall give notice of the redemption of such Bonds. Notice of any redemption of Bonds, stating the redemption date and identifying the Bonds by reference to their numbers and further stating that on such redemption date there shall become due and payable upon each Bond so to be redeemed at the principal office of the Trustee, the principal thereof and the redemption premium, if any, together with the interest accrued to the redemption date and that from and after such date interest thereon shall cease to accrue, shall be given (a) by publication at least once in a financial newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, not less than 30 days nor more than 60 days prior to the redemption date fixed in said notice, and (b) by mail to each registered owner of Bonds then outstanding, not less than 30 days nor more than 60 days prior to the redemption date fixed in said notice, such mailing of notice shall be fully complied with if it is mailed postage prepaid to each registered owner of Bonds then outstanding at his address, if any, appearing upon the books of the Authority kept at the principal office of the

Trustee, and (c) by mail to the paying agent in the Borough of Manhattan, City and State of New York.

SECTION 318. *Authority's Election to Redeem.* The Authority shall give written notice to the Trustee of its election to redeem Initial Bonds and of the redemption date which notice shall be given at least 45 days prior to the redemption date or at such later date as shall be acceptable to the Trustee. In the event that the required notice of redemption shall have been given, the Authority shall, and hereby covenants that it will, prior to the redemption date pay to the Trustee an amount in cash which, in addition to any other moneys available therefor held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the Initial Bonds which are to be redeemed.

SECTION 319. *Payment of Bonds Called for Redemption.* Notice of redemption having been given by publication, the Initial Bonds so called for redemption shall become due and payable on the redemption date so designated at the redemption price, plus interest accrued to the redemption date, and, upon presentation and surrender thereof at the principal office of the Trustee together with, in the case of bonds registered otherwise than to bearer, a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney and, in the case of bonds not registered as to interest, all appertenant coupons maturing subsequent to the redemption date, such bonds shall be paid at the redemption price plus interest accrued to the redemption date. All interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If, on the redemption date, moneys for payment of the redemption price of all bonds to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date the bonds so called for redemption shall cease to bear interest and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void and said bonds and coupons shall no longer be considered as outstanding hereunder. All moneys held by the Trustee for the redemption of particular Initial Bonds shall be held in trust for the account of the holders of the bonds so to be redeemed.

SECTION 320. *Authority to Redeem by Resolution.* The option of the Authority to redeem any Bonds shall be exercised by resolution duly adopted by the Authority.

SECTION 321. *Trustee's Cremation Certificate.* All Bonds and coupons paid by the Trustee in accordance with their terms, all coupons detached from the Bonds when the Bonds are to be registered, and all Bonds redeemed prior to maturity by the Trustee under the provisions of this Resolution, together with the unexpired coupons, if any, shall be cancelled by the Trustee forthwith and delivered to the Authority, or the Trustee may cremate such Bonds and coupons and furnish a cremation certificate to the Authority fully describing the Bonds and coupons so cremated.

#### ARTICLE IV

##### ADDITIONAL BONDS AND THE MANNER OF THEIR ISSUANCE

SECTION 401. *Authorized Purposes of Additional Bonds.* (1) After the execution, authentication and delivery of all the Initial Bonds, the Authority may authorize the issuance of its Bonds (which shall be deemed to be Additional Bonds for the purposes of the Resolution) pursuant to and in accordance with the Act either (a) for the purpose of raising funds to pay any part of the cost of acquisition, construction or completion of the Water System Improvements including any cost thereof as provided in Section 503, or (b) for the purpose of raising funds to pay the cost of acquisition or construction of any part (other than the Water System Improvements) of the System of the Authority, including cost of construction of extensions, replacements, equipment, improvements or betterments and of all or any property, rights, easements and franchises deemed by the Authority to be necessary or useful and convenient therefor, or (c) for the purpose of refunding any Bonds (including Additional Bonds) of the Authority.

(2) Additional Bonds of the Authority shall be issued only after authorization thereof by a supplemental resolution of the Authority complying with the Act and stating the purpose or purposes of issuance of such Additional Bonds, directing the application of the proceeds thereof to such purpose or purposes, directing the execution and authen-

tication thereof, fixing and determining the date, principal amount, maturities, designation and numbers thereof, the maximum rate of interest to be borne thereby, the amount referred to as Level Debt Service (the amount and 10% thereof, computed as provided in Section 103, subdivision (24)), the redemption privileges of the Authority with respect thereto and other provisions thereof in accordance with the Resolution, and upon such authorization such Additional Bonds may at one time or from time to time be executed by or on behalf of the Authority and delivered to the Trustee for authentication by the Trustee as provided in Section 308 and thereupon such Additional Bonds shall be authenticated by the Trustee and, upon fulfillment of the applicable conditions hereinbelow set forth in Section 402, delivered by the Trustee to the Authority or upon its order.

(3) All Additional Bonds shall be substantially in the form and tenor of Initial Bonds except that, notwithstanding any other provision of the Resolution, such Additional Bonds shall be dated October 1, 1961 or some subsequent April 1 or October 1, shall bear such distinguishing symbol prefixed to their numbers, shall bear such numbers, shall mature on October 1 of such years in such principal amounts, shall bear interest payable semi-annually on April 1 and October 1 in such years, and shall be subject to redemption prior to their respective maturities on such terms and conditions, as may be fixed and determined by the supplemental resolution of the Authority authorizing and directing their execution and authentication, and shall bear interest at such rate or at such different or varying rates per annum as may be fixed by the Authority prior to their authentication by the Trustee.

(4) No Bonds, notes or other obligations of the Authority shall constitute Additional Bonds unless they are authenticated by the Trustee as herein and in Section 402 provided, or shall be entitled to any right or benefit under the Resolution unless they are so authenticated, and no Additional Bonds and no coupon appurtenant thereto shall be valid and obligatory for any purpose of the Resolution unless said Additional Bonds shall have been so authenticated.

(5) After their authentication by the Trustee and delivery, all Additional Bonds shall for all purposes hereof be deemed to constitute Bonds and shall be entitled to the pledge of the Revenues provided by the Resolution and shall have equal rank with the Initial Bonds with

respect thereof. All such Additional Bonds and any coupons for interest thereon, equally with the Initial Bonds and all Additional Bonds previously authenticated and delivered and coupons for interest thereon, shall be entitled to the security and benefit of such pledge and of the provisions of the Resolution, and all the provisions, covenants and agreements in the Resolution set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all of the Initial Bonds and Additional Bonds and coupons for interest thereon, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank in respect thereof without preference, priority or distinction of any of such bonds or coupons over any other thereof except as expressly provided in the Resolution.

SECTION 402. *Issuance of Additional Bonds.* The Trustee shall not authenticate or deliver to the Authority or upon its order any Additional Bonds pursuant to the Resolution unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(1) A copy of the supplemental resolution of the Authority, as provided in Section 401, certified by the Secretary of the Authority;

(2) A copy of a resolution of the Authority, certified by its Secretary, fixing the rate or rates of interest on such Additional Bonds;

(3) The written order of the Authority as to the delivery of the Additional Bonds, signed by the Chairman or Vice Chairman of the Authority and stating the amount of the proceeds (which amount shall not exceed the full amount of the interest accruing on such Additional Bonds during the period of time required for completion of the acquisition or construction of the improvement as estimated by the Consulting Engineer in the certificate described in subdivision (c) of subsection (3) of this Section 402) which will be paid by the Authority to the Trustee for deposit in the Debt Service Fund;

(4) The amount, if any, stated in the written order as to the amount of such proceeds which will be paid by the Authority to

the Trustee for deposit in the Debt Service Fund, which amount shall be held by the Trustee in the Debt Service Fund;

(5) If such Additional Bonds are authorized for any purpose other than the refunding of Bonds, a certificate of the Consulting Engineer stating (a) his opinion that the improvement described in such supplemental resolution is a part of the System, and (b) his opinion that the remainder of such proceeds after deducting the amounts referred to in subsection (4) above, will be sufficient to pay the cost of acquisition, construction or completion of such improvement, and (c) his opinion as to the period of time which will be required for completion of the acquisition or construction of the improvement, and (d) his opinion either (i) that such improvement is necessary to complete the Water System Improvements, or (ii) that failure to make or complete such improvement will result in an interruption or the continuance of an interruption of Revenues, or (iii) that such improvement is the construction, acquisition or enlargement of the System and that the so-called Level Debt Service (the amount plus the 10% thereof as stated in the Supplemental Resolution) is sufficient and that the System will earn such amount plus the Operation and Maintenance Charges in the year following the Completion Date of the improvement being financed;

(6) The amount of such proceeds remaining after deducting the amounts, if any, paid to the Trustees in accordance with subsection (4) above; and

(7) Counsel's opinion approving the form of such supplemental resolution and stating, that its terms and provisions conform with the requirements of the Act and of the Resolution, and that the order, certificates and amounts of moneys so delivered or paid to the Trustee constitute compliance with the conditions hereinabove stated for the authentication and delivery of such Additional Bonds.

If such Additional Bonds are authorized for the purpose of refunding Bonds, the Trustee shall apply the part of the proceeds thereof referred to in subsection (6) of this Section 402 to such refunding in accordance with the said supplemental resolution of the Authority authorizing such Additional Bonds. If such Additional Bonds are au-

thorized for a purpose other than refunding of Bonds, the Trustee shall deposit the part of the proceeds thereof referred to in subsection (6) of this Section 402 in the Construction Fund, and the moneys so deposited shall be applied by the Authority and by the Trustee to pay the cost of the improvement or acquisition described in said supplemental resolution of the Authority authorizing such Additional Bonds in the same manner and with the same effect as if such improvement or acquisition were part of the Water System Improvements.

## ARTICLE V

### CONSTRUCTION FUND

SECTION 501. *Establishment of Construction Fund.* The Authority hereby establishes and creates a special fund, designated the "Construction Fund", which shall be held by the Trustee and in which shall be deposited all amounts which Section 206 requires to be paid to the Trustee and deposited in such fund, and in which may be deposited any moneys received by the Authority from any source for the construction or acquisition of the System. The moneys in the Construction Fund shall be held by the Trustee in trust and applied (in accordance with and subject to the limitations of this Article) to pay the cost of the Water System Improvements, and are hereby pledged, pending application to such payment of such cost, for the security of the payment of the principal of and interest on all Bonds issued to pay the cost of the Water System Improvements and shall at all times be subject to the lien of such pledge.

SECTION 502. *Purpose of Construction Fund.* The Trustee shall make payment of the cost of the Water System Improvements from the Construction Fund as in this Article provided. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article and the Authority shall not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

SECTION 503. *Items of Cost.* The cost of the Water System Improvements shall be the cost thereof as defined in the Act and shall include the following: the cost of all lands, properties, rights, easements, franchises, and permits acquired, the cost of all machinery and equipment,

financing charges, interest prior to and during construction and for one year after the Completion Date, cost of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenues, other expenses necessary or incident to the determining of the feasibility or practicability of such construction, administrative expenses, and such other expenses as may be necessary or incident to the financing herein authorized, to the construction of the Water System Improvements, and the placing of the same in operation by the Authority. Such cost shall include any obligation or expense incurred by the Authority prior to the issuance of Bonds for engineering studies and for estimates of cost and of revenues and for other technical or professional services which may be utilized in the construction of such Water System Improvements.

SECTION 504. *Payments from Construction Fund.* The Trustee shall, during and upon completion of construction of the Water System Improvements, make payments from the Construction Fund, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this Section 504. Before any such payment shall be made, the Authority shall file with the Trustee:

(a) its requisition therefor, signed by its Chairman or Vice-Chairman, or any other official of the Authority designated by the Authority stating in respect of each payment to be made:

- (1) the name of the person, firm or corporation to whom payment is due,
- (2) the amount to be paid, and
- (3) in reasonable detail the purpose for which the obligation was incurred;

(b) its certificate attached to the requisition, signed by its Chairman or Vice-Chairman, certifying:

- (1) that obligations in the stated amounts have been incurred by the Authority in or about the construction of the Water System Improvements, and that each item thereof is a proper charge against the Construction Fund and is a proper cost of the Water System Improvements as provided in Section 503 and has not been paid,

(2) that there has not been filed with or served upon the Authority notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named in such requisition, or if any such lien, attachment or claim has been filed or served upon the Authority, that such lien, attachment or claim has been released or discharged, and.

(3) that such requisition contains no item representing payment on account of any retained percentages which the Authority is at the date of such certificate entitled to retain; and.

(c) in the case of payments made for labor or to contractors, builders or materialmen in connection with the construction of the Water System Improvements or payments made for machinery, materials or equipment or for the restoration of property damaged or destroyed in connection with such construction, a certificate, signed by the Consulting Engineer and attached to such requisition, certifying that each such obligation has been properly incurred, and that in so far as such obligation was incurred for work, machinery, materials or equipment, such work was actually performed or such machinery, materials or equipment were actually furnished or installed in or about the construction of the Water System Improvements or such machinery, materials or equipment were fabricated for the construction of the Water System Improvements.

Upon receipt of each such requisition and accompanying certificates the Trustee shall transfer from the Construction Fund to the credit of a special account in the name of the Authority, an amount equal to the total of the amounts to be paid as set forth in such requisition, the amounts in such special account to be held solely for the payment of the obligations set forth in such requisition. Each such obligation shall be paid by check, signed by an authorized officer of the Authority, drawn on such special account to the order of the person named in and in accordance with the requisition. Moneys deposited to the credit of such special account shall be deemed to be a part of the Construction Fund until checked out as above provided. If for any reason the Authority should decide prior to the payment of any item in a requisition not to

pay such item and if no check drawn to pay such item is then outstanding and unpaid, the Treasurer of the Authority shall give notice of such decision to the Trustee and thereupon the Trustee shall transfer the amount of such item from such special account to such Construction Fund.

SECTION 505. *Requisitions with Respect to Land Costs.* If any requisition filed with the Trustee in accordance with Section 504 contains any item for the payment of the cost and expense of acquisition of any lands, easements, or rights or interests in or relating to lands, there shall be attached to such requisition, before any transfer or payment with respect to such item shall be made, in addition to the certificates mentioned in said Section 504:

(a) a certificate by the Consulting Engineer to the effect that such lands, easements, rights or interests have been or are being acquired and are necessary or useful and convenient for the construction of the Water System Improvements, and

(b) a written opinion of a person certified by the Authority to be counsel for the Authority to the effect that the Authority is authorized under the provisions of the Act to acquire such lands, easements, rights or interests, and that the Authority will have upon the payment of such item title in fee simple to, or perpetual easements for the purposes of the System over and through, such lands, subject to no lien, charge or encumbrance thereon or affecting the title thereto except such as will not under any circumstances cause the possession and use of the property by the Authority for its purposes to be disturbed, or if such payment be a part payment for any such purpose, the written approval signed by such counsel for such payment as proper, and of the acquisition of such lesser right or interest as sufficient, for the purposes of the Authority.

In making any payment requested in any such requisition, the Trustee may rely upon such certificate and written opinion.

SECTION 506. *Investment of Construction Fund.* Any moneys in the Construction Fund shall be invested by the Trustee, upon receipt of a copy of a resolution of the Authority, certified by its Secretary, directing such investment, in such direct obligations of the United States of America as the Authority may approve, provided the maturity of every

such obligation shall not be later than 36 months from the date of such investment.

SECTION 507. *Disposition of Balance in Construction Fund.* Any moneys in the Construction Fund which are not required to finance the cost of the Water System Improvements, including the payment of interest on the Bonds prior to and during construction of the Water System Improvements and for one year after Completion Date, shall be deposited in Bond Redemption Fund as soon as may be practicable after the Completion Date.

SECTION 508. *Semiannual Audits of Construction Fund.* The Authority shall cause its books and accounts relating to the Construction Fund to be audited semiannually by a certified public accountant selected by the Authority and satisfactory to the Trustee and copies of the reports of such audits so made shall be furnished to the Authority, the Trustee and the underwriters. In preparing such reports of audit, the accountant may rely on reports of funds held by the trustee, furnished by the Trustee, without verification of independent audit thereof.

## ARTICLE VI

### REVENUES AND REVENUE FUNDS

SECTION 601. *Covenant for Service Charges.* The authority covenants and agrees that it will, in accordance with the provisions of the Act, fix rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and will from time to time revise such rates, fees and other charges, in such manner that the Revenues derived by the Authority from the operation of the System will be sufficient, for so long as any Bonds and Additional Bonds, if any, shall be outstanding, to produce or yield, in each Fiscal Year, an amount which is equal to the sum of the following two amounts:

(a) in the Fiscal Year in which the 30 days following tender of service shall occur, an amount adequate for the payment of the expenses (herein referred to as "Operating Expenses") necessary for the administration and operation of the System and for the preservation of the System in good repair and working order, which

shall accrue and become payable after the water is taken or tender time expires and prior to the end of such Fiscal Year, and in each succeeding Fiscal Year an amount adequate to pay such Operating Expenses as they shall accrue and be payable during such Fiscal Year, and

(b) in each Fiscal Year beginning with the Fiscal Year in which the tender of service shall occur, an additional amount equal to the so-called Level Debt Service of \$435,000 plus 10% thereof attributable to such portion of such Fiscal Year, and in each succeeding Fiscal Year an additional amount equal to the so-called Level Debt Service to pay the principal of and interest on any Bonds and Additional Bonds if any, and

The Authority, in its discretion, from time to time, may reduce or alter the rates, fees and charges provided such reduction or alteration does not have the effect of reducing the revenues to be produced in any Fiscal Year to an amount less than the Revenues required for the purposes stated above in such Fiscal Year.

SECTION 602. *Establishment of Funds.* The Authority hereby establishes and creates the following special funds: (a) Water Revenue Fund, to be held by the Trustee; (b) Operating Fund, to be held by the Authority; (c) Debt Service Fund, to be held by the Trustee; (d) Replacement Fund, to be held by the Trustee, and (e) Bond Redemption Fund, to be held by the Trustee.

SECTION 603. *Deposit of Revenues.* All Revenues, as collected by or on behalf of the Authority shall, so far as may be practicable, be paid whenever received to the Trustee and shall be deposited in the Water Revenue Fund.

SECTION 604. *Pledge Securing the Bonds.* Subject only to the right of the Authority to cause amounts to be withdrawn from the Water Revenue Fund and paid into the Operating Fund or from the Replacement Fund, under the provisions of Sections 606 and 609 respectively, the Revenues and all moneys and securities paid or to be paid to or held or to be held by the Trustee under the Resolution (in addition to the moneys and securities in the Construction Fund pledged as provided in Section 501), are hereby pledged to secure the payment of the princi-

pal of, redemption premium, if any, and interest on Bonds and Additional Bonds, if any, and this pledge shall be valid and binding from and after the date of the first delivery of any Bonds, and the Revenues, as received by the Authority, and other moneys hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

SECTION 605. *Annual Budget.* (1) The Authority covenants and agrees that, for the purpose of providing for, regulating and controlling the disbursement of moneys for Operating Expenses, it will adopt a budget for the period beginning with the Completion Date and ending on the day preceding the commencement of the next Fiscal Year, and that it will, prior to the first day of each Fiscal Year commencing after such Completion Date, adopt a budget for such Fiscal Year. Each such budget is referred to in this Resolution as "Annual Budget."

(2) Each Annual Budget shall be prepared in such manner as to show the amounts to be expended from the Operating Fund for Operating Expenses and the purposes for which such amounts shall be expended pursuant to Section 607, during the Fiscal year for which such Annual Budget is adopted. The Annual Budget shall show the amounts estimated to be required for such purposes during each calendar month of the Fiscal Year for which the budget is adopted, and shall comply with any reasonable request of the Consulting Engineer or Trustee as to the classification of purposes.

(3) Not less than 45 days prior to the first day of any Fiscal Year and, after obtaining from the Consulting Engineer a report giving advice and making recommendations as to the proper maintenance, repair and operation of the System during such Fiscal Year and estimating the amount necessary for such purposes, the Authority shall prepare and file with its Secretary a preliminary budget which shall, in form and content, comply with the requirements pre-

scribed for an Annual Budget by Subdivision (2). Not less than 15 days before the beginning of such Fiscal Year the Authority shall hold a public hearing at which any holder of Bonds may appear in person or by agent or attorney and present any objections he may have to the final adoption of the Annual Budget for such Fiscal Year. Notice of the time and place of such hearing shall be published at least once in a newspaper of general circulation published in the City of Richmond, Virginia, at least 10 days before such hearing, and the Authority shall at least 10 days before such hearing cause a copy of such notice to be mailed to every holder of Bonds who within two years prior to the date of such notice shall have filed with the Authority a statement of his name and address together with a request for copies of such notices.

(4) Until an Annual Budget has been adopted for a Fiscal Year, the preliminary budget for such Fiscal Year, if it has been prepared, or otherwise the last previously adopted Annual Budget, shall be deemed to provide for, and regulate and control expenditures during such Fiscal Year from the Operating Fund for Operating Expenses, as provided in Sections 606 and 607.

(5) The Authority may at any time during any Fiscal Year amend the Annual Budget for such Fiscal Year. A copy of the Annual Budget adopted by the Authority for each Fiscal Year shall be filed with the Trustee prior to the beginning of such Fiscal Year. A copy of any amendment to an Annual Budget shall be filed with the Trustee within 10 days after its adoption. A copy of the Annual Budget and any amendment thereof shall be mailed to the underwriters.

SECTION 606. *Withdrawals from Revenue Fund.* The Trustee shall, at the times herein indicated, withdraw from the Water Revenue Fund the moneys necessary to make, and shall forthwith make, the following payments:

Subdivision (1). As of the first day of each month following the month in which revenues are received beginning with the first month commencing after the month in which the moneys are received, but not later than the tenth day of such month, to the Authority to be held in the Operating Fund, such sum, if any, as may be needed to increase the amount in the Operating Fund so that it equals the sum

of the following amounts: (a) the amount of the Operating Expenses for the current month and for the next succeeding three months as provided for in the Annual Budget or Budgets for the Fiscal Year or Fiscal Years of which such months may be a part, and (b) the aggregate amount of all checks drawn upon the Operating Fund to pay Operating Expenses not theretofore presented for payment or paid. In making any such payment the Trustee may rely upon the certified copies of such Annual Budgets filed with the Trustee pursuant to Section 605 and a certificate by an Authorized Officer of the Authority stating the aggregate amount of checks drawn upon the Operating Fund to pay Operating Expenses not theretofore presented for payment or paid.

Subdivision (2). As of the first day of each month following the month in which revenues are received beginning with the first month commencing after the month in which the moneys are received, but not later than the tenth day of such month, in to the Debt Service Fund the amount, if any, required to increase the amount in said Fund so that it equals the amount of unpaid interest on outstanding Bonds (including Additional Bonds, if any) which has or will become due and payable on or prior to the first days of April and October, next ensuing, plus the amount of all unpaid principal of outstanding Bonds (including Additional Bonds, if any) which has or will become due and payable on or prior to the first day of October next ensuing.

Subdivision (3). As of the first day of each month following the month in which revenues are received beginning with the first month commencing after the month in which the moneys are received, but not later than the tenth day of such month, into the Replacement Fund an amount required to increase the amount in such fund so that it equals the sum of \$200,000.

Subdivision (4). As of the first day of each month following the month in which revenues are received beginning with the first month commencing after the month in which the moneys are received, but not later than the tenth day of such month, into the Bond Redemption Fund all moneys then remaining in the Revenue Fund.

Each payment required by any subdivision of this Section 606 to be made from the Water Revenue Fund shall be made only within the limitations with respect thereto stated in such subdivision and shall be made only after the making of all other payments required in previous subdivisions of this Section 606 to be made as of the same or an earlier date.

SECTION 607. *Application and Investment of the Operating Fund.*

(1) The Authority shall from time to time apply moneys held in the Operating Fund to the payment of Operating Expenses in accordance with the Annual Budget and in the amounts not exceeding the unencumbered balance of the moneys provided therefor in the Annual Budget or any amendment thereof or supplement thereto. All moneys held in said fund shall be held in trust for the payment of such Operating Expenses. No amount shall be withdrawn or paid out of the Operating Fund except as in this Section 607 provided.

(2) Any moneys in the Operating Fund may be invested by the Authority in such direct obligations of, or obligations guaranteed by, the United States of America which shall be subject to redemption at the option of the holder thereof, or which shall mature, within ninety-one days after the date of the purchase thereof as the Authority may approve. As often as may be practicable the Authority shall withdraw from the Operating Fund any income derived from such investment and shall pay the sum so withdrawn to the Trustee for deposit in the Water Revenue Fund.

SECTION 608. *Application and Investment of the Debt Service Fund.*

(1) The Trustee shall withdraw from the Debt Service Fund, prior to each April 1 and October 1, beginning with the April 1 or October 1 next ensuing after the last installment of interest is paid from moneys held in the Construction Fund, an amount equal to the aggregate amount of the principal or interest payable on said day with respect to the Bonds and Additional Bonds, if any, and shall apply the same to the payment of such principal and interest when due. Moneys deposited in the Debt Service Fund shall be held in trust for such purpose, and no amount shall be withdrawn from or paid out of the Debt Service Fund except as in this Section 608 provided.

(2) Any moneys in the Debt Service Fund may be invested by the Trustee in such direct obligations of, or obligations guaranteed by, the

United States of America which shall be subject to redemption at the option of the holder thereof, or which shall mature, within ninety-one days after the date of the purchase thereof as the Authority may approve. As often as may be practicable the Trustees shall withdraw from the Debt Service Fund any income derived from such investment and shall credit the sum so withdrawn to the Water Revenue Fund.

SECTION 609. *Application and Investment of the Replacement Fund.*

(1) The Trustee shall upon request from time to time, apply moneys held in the Replacement Fund to reasonable and necessary expenses with respect to the System for major repairs, replacements or maintenance items of a type not recurring annually or at shorter intervals, or for reconstruction of parts of the System and the construction of additions to or extensions of the System. If, at any time, the amount available in the Water Revenue Fund is or has been insufficient to make the payments into the Operating Fund, or the Debt Service Fund authorized under the provisions of Section 606, the Trustee shall withdraw from the Replacement Fund, to the extent that moneys therein are available, and pay into the Water Revenue Fund, such amount as is required to remedy such deficiencies.

(2) The Authority may request the Trustee to expend funds for the purposes of the Replacement Fund. Such request shall be accompanied by a certificate of the Consulting Engineer stating that such expenditures are for items for which the Replacement Fund is applicable and that such items are part of the System. The Trustee may rely on such request and certification and shall not be liable for relying thereon.

(3) Any moneys in the Replacement Fund shall be invested by the Trustee in such direct obligations of, or obligations guaranteed by, the United States of America which shall be subject to redemption at the option of the holder thereof, or which shall mature, within 18 months after the date of the purchase thereof as the Authority may approve. As often as may be practicable the Trustee shall withdraw from the Replacement Fund any income derived from such investment and shall credit the sum so withdrawn to the Water Revenue Fund.

(4) No amount shall be withdrawn from or paid out of the Replacement Fund except as in this Section 609 provided.

SECTION 610. *Application and Investment of the Bond Redemption Fund.* (1) Whenever the moneys held in the Bond Redemption Fund shall exceed \$10,000, the Trustee may purchase at the most advantageous price which must, however, be less than the price at which they could be redeemed pursuant to Article III, an amount of Bonds sufficient to exhaust as nearly as may be the moneys in the Bond Redemption Fund.

(2) Whenever the moneys held in the Bond Redemption Fund is in excess of \$100,000 in each year but not oftener than once a year the Trustee shall call for redemption on the earliest payment date which shall occur more than 45 days thereafter, in accordance with the provisions of Article III, an amount of Bonds, if any, subject to redemption on such interest payment date, sufficient to exhaust as nearly as may be the moneys in the Bond Redemption Fund. All Bonds purchased or redeemed as provided in this Section, together with the unmatured coupons, if any, representing interest payable thereon, shall be cancelled or cremated as provided in Section 321 and the Trustee forthwith shall deliver such cancelled bonds and coupons or a cremation certificate to the Authority. Moneys deposited in the Bond Redemption Fund shall be held in trust for the purchase or redemption of Bonds as provided in this Section and no amount shall be withdrawn from or paid out of the Bond Redemption Fund except as in this Section 610 provided.

(3) Any moneys in the Bond Redemption Fund shall be invested by the Trustee in such direct obligations of, or obligations guaranteed by, the United States of America which shall be subject to redemption at the option of the holder thereof, or which shall mature, within ninety-one days after the date of the purchase thereof as the Authority may approve. Income derived from such investment shall remain in the Bond Redemption Fund.

## ARTICLE VII

### PARTICULAR COVENANTS OF THE AUTHORITY

SECTION 701. *General.* The Authority hereby particularly covenants and agrees with the Trustee and with the holders of the Bonds and coupons and makes provisions which shall be a part of its contracts with such holders to the effect and with the purpose set forth in the following provisions of this Article.

SECTION 702. *Payment of Bonds.* The Authority shall duly and punctually pay, or cause to be paid, the principal of all Bonds issued under the Resolution, and the interest thereon, on the dates, at the place and in the manner set forth in such Bonds and in the coupons thereto appertaining, and it shall faithfully do and perform and at all times fully observe any and all covenants, undertakings, stipulations and provisions contained herein or in the Bonds at any time outstanding hereunder. Except as in the Resolution otherwise provided, such principal and interest are payable solely from the Revenues derived from the System, which Revenues are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified.

SECTION 703. *Construction of Project.* The Authority shall, with all practicable dispatch and in a sound and economical manner consistent in all respects with the provisions of Section 202, complete the construction of the Water System Improvements, and do all acts and things necessary and reasonably possible to entitle it to receive and collect Service Charges with respect to the System at the earliest practicable time.

SECTION 704. *Operation and Maintenance of System.* The Authority shall at all times operate the System in a proper, sound and economical manner, and shall maintain, preserve and keep the System, or cause the same to be maintained, preserved and kept, in good repair, working order and condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

SECTION 705. *Rules, Regulations and Other Details.* The Authority shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. All compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the System shall be reasonable and no more than would be paid by other corporations, municipalities or public bodies for similar services. The Authority shall observe and perform all of the terms and conditions contained in the Act, and shall comply with all valid acts, rules, regulations, orders and directions of any legisla-

ive, executive, administrative or judicial body applicable to the System of the Authority.

Section 706. *Payment of Lawful Charges.* The Authority shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System or upon any part thereof or upon any revenue therefrom, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the System, and shall not create or suffer to be created any lien or charge upon the System or any part thereof or upon the Revenues therefrom, except the pledge and lien created by the Resolution for the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Authority shall pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or the Revenues therefrom; provided, however, that nothing in this Section 706 contained shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith, and by appropriate legal proceedings.

Section 707. *Limitation on Operating Expenses.* The Authority shall not incur Operating Expenses in any year in excess of the reasonable and necessary amount thereof, and shall not expend any amount or incur any indebtedness in any Fiscal Year for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget adopted for such Fiscal Year. Nothing in this Section 707 contained shall limit the amount which the Authority may expend for Operating Expenses in any Fiscal Year provided any amounts expended therefor in excess of the Annual Budget for such Fiscal Year shall be received by the Authority from some source other than the Revenues and the Authority shall not make or receive any reimbursement therefor out of Revenues.

Section 708. *Sale or Encumbrance.* No part of the System shall be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of;

provided, however, that the Authority may sell, exchange or lease at any time and from time to time any property or facilities constituting part of the System and not useful in the construction, reconstruction or operation thereof, but any proceeds of any such sale or exchange received and not used to replace such property so sold or exchanged shall be paid to the Trustee and added to the Bond Redemption Fund, and any proceeds of any such lease received shall be deposited by the Authority as Revenues. Notwithstanding this Section the Authority may sell timber for purposes of clearing the land and any revenues therefrom shall not be deemed Revenues under this Resolution.

SECTION 709. *Creation of Liens:* The Authority shall not issue any Bonds or other evidences of indebtedness, other than the Bonds (including Additional Bonds), secured by a pledge of the Revenues (including amounts which the Authority may thereafter be entitled to withdraw from the Water Revenue Fund for Operating Expenses) and shall not create or cause to be created any lien or charge on such Revenues, or on any amounts held by the Trustee under the Resolution; provided, however, that neither this Section nor any other provision of the Resolution shall prevent the Authority from issuing Bonds or notes for the purposes of the Authority payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in Section 1001, or from issuing Additional Bonds in accordance with the Resolution subject to the terms and conditions of Article IV.

SECTION 710. *Extension of Payment of Bonds and Coupons.* The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the coupons or claims for interest by the purchase or funding of such Bonds, coupons or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled in case of any default hereunder to the benefit of the Resolution or to any payment out of any assets of the Authority or the funds (except funds held in trust by the Trustee for the payment of particular Bonds, coupons or claims for interest pursuant to the Resolution) held by the Trustee

except subject to the prior payment of the principal of all Bonds issued and outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest.

SECTION 711. *Accounts and Audit.* The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the System or any part thereof, and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to the inspection of the Trustee or the holder or holders of not less than 5% in principal amount of the bonds then outstanding or their representatives duly authorized in writing. The Authority shall cause its books and accounts to be audited annually by a certified public accountant selected by the Authority and satisfactory to the Trustee, and annually within three months after the close of each Fiscal Year copies of the reports of such audits so made shall be furnished to the Authority and the Trustee, including statements in reasonable detail, accompanied by a certificate of said accountant, of financial condition, of Revenues and Operating Expenses, of all funds held by the Trustee and the security held therefor, and of the number, amount and classification of users and services of the System, and of the Service Charges and Revenues collected in each classification. In preparing such reports and statements, the accountant may rely on reports of funds held by the Trustee furnished by the Trustee, without verification of independent audit thereof. The Authority shall cause a copy of every such report of audit to be mailed to the underwriters and to every Bondholder who within two years prior to the date of such report shall have filed with the Authority a statement of his name and address together with a request for copies of such reports.

SECTION 712. *Further Assurances.* At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every 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 all and singular the rights, Revenues and other funds hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or assign, or as may be reasonable and required to carry out the purposes of the Resolu-

tion and comply with the Act. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other funds pledged hereunder and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever.

**SECTION 713. *Ownership of System.*** The Authority shall make no contract requiring payment for labor or to contractors, builders or materialmen on account of the construction or reconstruction of any part of the System, unless such part is located on lands to which title or over which perpetual easement, in either case sufficient for the purposes of the Authority, is owned or can be acquired by the Authority, or unless such part is lawfully located in a public street or highway or is a main, conduit, pipe line, main connection or facility located on land in which a right or interest less than a fee simple or perpetual easement has been acquired and such lesser right or interest has been approved by written opinion of counsel to the Authority as sufficient for the purposes of the Authority.

**SECTION 714. *Insurance and Reconstruction.*** The Authority shall at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to water systems of like character against loss of or damage to the System and against public and other liability to the extent reasonably necessary to protect the interest of the Authority and the Bondholders and in all events in amounts approved by the Consulting Engineers. If any useful part of the System shall be damaged or destroyed, the Authority shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the Authority and (except for proceeds of use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and, to the extent not so applied, shall together with proceeds of any such use and occupancy insurance be deposited by the Authority as Revenues. In the event that the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance, funds in the Replacement Fund shall be used to the extent necessary for such purposes. At the time each insurance policy, or renewal thereof, for the insurance required by this section is obtained, the Authority shall file

with the Trustee a certificate signed by an Authorized Officer of the Authority setting forth the name of each insurer and the kind of insurance provided by each such insurer. The Trustee shall be under no duty or obligation with respect to (1) the procurement or maintenance of such insurance or the amounts or the provisions of the respective policies, or (2) the application of the proceeds of insurance, except to the extent the proceeds thereof are deposited with it by the Authority as Revenues.

SECTION 715. *Conditions Precedent.* Upon the date of issuance of the Bonds, all conditions, acts and things required by the Constitution or statutes of the Commonwealth of Virginia or the Resolution to exist, to have happened and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened and have been performed, and the Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by said Constitution or statutes.

SECTION 716. *Restrictions on Issuance of Additional Bonds.* The Authority shall not issue any Additional Bonds except for one or more of the purposes described in Section 401 and in accordance with Article IV hereof. ✓

SECTION 717. *Payment from Revenues and Proceeds of Bonds.* Nothing contained in the Resolution shall be construed to require the Authority to make any payment except from the Revenues of the System or from the moneys raised by the issuance of the Bonds. Funds received from sale of timber are hereinbefore excluded from Revenues.

SECTION 718. *No Free Service.* So long as the Bonds, or any of them, are outstanding, the Authority shall not permit connections with or the use of the System, or furnish any water or services afforded by the System, without making a charge therefor except such as would not result in the consumption of water.

SECTION 719. *Consulting Engineers.* The Authority shall employ Wiley and Wilson or some other engineer or engineering firm as Consulting Engineer whose duties shall be, among such other duties as may be imposed upon him by the Authority or by the Resolution, to supervise

the construction of the Water System Improvements and to submit to the Authority advices and recommendations as to the proper maintenance, repair and operation of the System. No engineer or engineering firm shall be employed as Consulting Engineer unless the same be an individual engineer or engineering firm of recognized standing and favorable repute for skill in the construction and operation of water supply systems. The written consent of the Trustee as to the employment of any such other Consulting Engineer shall be obtained but such consent shall not be unreasonably withheld.

SECTION 720. *Performance Bonds and Insurance for Contractors.* The Authority shall require each person, firm or corporation with whom it may contract for the construction or improvement of the System or any part thereof, to furnish a performance bond in the full amount of any contract exceeding Twenty-five Hundred Dollars (\$2,500) in amount and to, for any contract, carry such workman's compensation and employers' liability insurance as may be required by law, and to carry such public liability, property damage and builders risk insurance as may be recommended and approved by the Consulting Engineers.

SECTION 721. *Contracts in Excess of \$5,000.* No contract in excess of \$5,000 in connection with the Construction or improvement of the System shall be made without the approval of the Consulting Engineers.

## ARTICLE VIII

### REMEDIES OF BONDHOLDERS

SECTION 801. *Coupons and Interest in Case of Default.* No coupon which in any way before, at, or after maturity shall have been transferred or pledged separate and apart from the Bond to which it appertains shall, unless accompanied by such Bond, be entitled, in case of default hereunder, to any benefit of or from the Resolution, except after the prior payment in full of the principal of all Bonds and of all coupons not so transferred or pledged. In case the time for the payment of any coupon or the interest on any Bond registered as to both principal and interest shall be extended, whether or not such extension be by or with the consent of the Authority, such coupon or such interest so

extended shall not be entitled in case of default hereunder to the benefit or security of the Resolution except subject to the prior payment in full of the principal of all Bonds then outstanding and of all coupons and interest the time for the payment of which shall not have been extended.

SECTION 802. *Event of Default Defined.* Each of the following events is hereby declared an "event of default", that is to say: If

(a) payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due and payable or within 30 days thereafter; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) any part of the System shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be due to the impracticability of such repair, replacement or reconstruction or to lack of funds therefor or for any other reason); or

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

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

(g) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution on the

part of the Authority to be performed including the construction of the Water System Improvements, and such default shall continue for 30 days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than 20% in principal amount of the Bonds then outstanding.

SECTION 803. *When Principal of Outstanding Bonds May Be Declared Due and Payable.* Upon the happening and continuance of any event of default specified in Section 802 of this Article, then and in every such case the Trustee may, and upon the written request of the holders of not less than 20% in principal amount of the Bonds then outstanding shall, by a notice in writing to the Authority, declare the principal of all the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, moneys shall have accumulated in the Debt Service Fund or Replacement Fund or the Bond Redemption Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all the Bonds then outstanding (except the principal of any Bonds not then due by their terms and the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the

holders of not less than 20% in principal amount of the Bonds not then due by their terms and then outstanding shall, by written notice to the Authority, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 804. *Continuance of Default.* Upon the happening and continuance of any event of default specified in Section 802 of this Article, subject to provisions of Section 902, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than 20% in principal amount of the Bonds then outstanding hereunder shall proceed, subject to the provisions of Section 802 of the Resolution, to protect and enforce its rights and the rights of the Bondholders under the laws of the Commonwealth of Virginia or under the Resolution by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. In the enforcement of any remedy under the Resolution the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal, interest or otherwise under any of the provisions of this Resolution or of the Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Authority, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from moneys in the Debt Service Fund or the Replacement Fund or the Bond Redemption Fund and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 805. *Restoration of Rights After Proceedings.* In case any proceeding taken by the Trustee on account of any default shall

have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 806. *Bondholders Selection of Place of Remedial Proceedings.* Anything in the Resolution to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then outstanding hereunder shall have the right, subject to the provisions of Section 902 of the Resolution, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

SECTION 807. *Restriction on Independent Suits.* No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the holders of not less than 20% in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions

precedent to the execution of the powers and trusts of the Resolution or for any other remedy hereunder. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such outstanding Bonds and coupons.

SECTION 808. *Trustee Action Not Dependent Upon Possession of Bonds or Coupons.* All rights of action under the Resolution or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds and coupons, subject to the provisions of the Resolution.

SECTION 809. *Right to Enforce Bonds Unimpaired.* Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his Bonds, or the obligation of the Authority to pay the principal of and interest on each Bond issued hereunder to the holder thereof at the time and place in said Bond and the appurtenant coupons, if any, expressed.

## ARTICLE IX

### Trustees

SECTION 901. *Appointment of Trustee.* The State-Planters Bank of Commerce and Trusts of Richmond, Virginia, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all Bonds thereafter to be issued

hereunder, but only, however, upon the terms and conditions set forth in the Resolution.

SECTION 902. *Responsibilities of the Trustee.* The recitals of fact in the Resolution and in the Bonds contained shall be taken as the statements of the Authority and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Resolution or of the Bonds or in respect of the security afforded by the Resolution, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, or the application of the proceeds thereof except to the extent that such proceeds are paid to the Trustee in its capacity as Trustee, or the application of any moneys paid to the Authority or others in accordance with the Resolution. The Trustee shall be under no obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect to the Resolution or Bonds or to advance any of its own moneys, unless properly indemnified. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or default.

SECTION 903. *Property Held in Trust.* All moneys and securities held by the Trustee at any time pursuant to the terms of the Resolution in either the Construction Fund or the Water Revenue Fund or the Debt Service Fund or the Replacement Fund or the Bond Redemption Fund shall be and hereby are assigned, transferred and set over unto such Trustee in trust for the purposes and under the terms and conditions of the Resolution.

SECTION 904. *Deposit and Security of Funds.* All moneys (not including securities) held by the Trustee may, subject to the provisions of this Section 904, be deposited by the Trustee, on demand or time deposit, in its banking department or with such other bank or trust company having its principal office in the Commonwealth of Virginia as may be designated by the Trustee. No such moneys shall be deposited with any bank or trust company, other than the Trustee, in an amount exceeding 50% of the amount which an officer of such bank or trust company shall certify to the Trustee and the Authority as the combined capital and surplus of such bank or trust company. No such moneys

shall be deposited or remain on deposit with any bank or trust company including the Trustee in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency, unless (a) such bank or trust company shall have lodged with the trust department of the Trustee or, with the written approval of the Trustee and Authority, pledged to some other bank or trust company, for the benefit of the Authority and the holders of Bonds, as collateral security for the moneys deposited, direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States of America or the Commonwealth of Virginia or any other political subdivision thereof, having a market value (exclusive of accrued interest) at least equal to the amount of such moneys, or (b) in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the trust department of the Trustee, for the benefit of the Authority and the holders of Bonds, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States of America and qualified to transact business in the state in which such bank or trust company is located in a sum at least equal to the amount of such moneys or part thereof. The Trustee shall allow and credit interest on any such moneys deposited in its banking department held by it at such rate if any as it customarily allows upon similar funds of similar size and under similar conditions or as required by law. Interest in respect of moneys or on securities in any fund or account shall be credited in each case to the fund or account in which such moneys or securities are held.

SECTION 905. *Evidence on Which the Trustee May Act.* The Trustee may rely upon and shall be protected in acting, or refraining from acting, in accordance with any notice, resolution, request, requisition, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed and presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be of counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in

respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer of the Authority, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Authority to the Trustee shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer of the Authority.

SECTION 906. *Compensation.* Unless otherwise provided by contract with the Trustee, the Authority shall pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, and also all its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties hereunder and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder. The Authority shall indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

SECTION 907. *Permitted Acts.* The Trustee may become the owner of or may deal in Bonds as fully and with the same rights as if it were not Trustee. The Trustee may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not such committee shall represent the holders of a majority in principal amount of the Bonds outstanding.

SECTION 908. *Resignation of Trustee.* The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than 60 days' written notice to the Authority and publishing notice thereof, specifying the date when

such resignation shall take effect at least once in a newspaper printed in the English language and customarily published on each business day and of general circulation in the City of Richmond, in the Commonwealth of Virginia, the first publication to be made within 20 days after the giving of such written notice. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or Bondholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

SECTION 909. *Removal of Trustee.* The Trustee, or any successor thereof, may be removed at any time by the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to the Authority. Copies of each such instrument shall be delivered by the Authority to the Trustee, and any successor thereof.

SECTION 910. *Successor Trustee.* In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof or of its property shall be appointed, or if any public officer shall take charge or control thereof or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to the Authority. Pending such appointment by Bondholders, the Authority shall forthwith appoint a successor to act until such appointment is made by Bondholders. Copies of each such instrument and of any resolution of the Authority providing for any such appointment shall be delivered by the Authority to the successor and to the predecessor Trustee. The Authority shall publish notice of any such appointment at least once in a newspaper printed in the English language and customarily published on each business day and of general circulation in the City of Richmond, in the Commonwealth of Virginia, the first publication to be made within 20 days after such appointment.

Any appointment made by the Authority shall, immediately and without further act, be superseded and revoked by appointment subsequently made by Bondholders. If in a proper case no appointment of a successor shall be made within 45 days after the giving of written notice in accordance with Section 908 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction for the appointment of such a successor, and said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint such successor. Any successor appointed under the provisions of this Section 910 shall be a bank or trust company or national banking association doing business and having its principal office located in the Commonwealth of Virginia, and having a capital and surplus aggregating at least \$5,000,000, if there be such a bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by the Resolution.

*SECTION 911. Transfer of Rights and Property to Successor Trustee.* Any successor appointed under the provisions of Section 910 of the Resolution shall execute, acknowledge and deliver to its predecessor, and also to the Authority, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally appointed herein as Trustee, but the Trustee then ceasing to act shall nevertheless, on request of the Authority or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of such Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to such successor any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing shall,

on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority.

SECTION 912. *Merger or Consolidation.* Any company in which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company or national banking association qualified to be a successor to the Trustee under the provisions of Section 910, shall be the successor to the Trustee, without any further act, deed or conveyance.

## ARTICLE X

### MISCELLANEOUS

SECTION 1001. *Defeasance.* (1) If the Authority shall pay or cause to be paid to the holders of the Bonds and coupons, the principal and interest and redemption premium, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of the Revenues and other moneys and securities hereby pledged and all other rights granted hereby shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption after deducting any compensation due it and the amount of any expenses for which it is entitled to be reimbursed.

(2) Bonds or coupons for the payment or redemption of which moneys shall then be held by the Trustee (through deposit by the Authority of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Authority shall have taken all action

necessary to redeem such Bonds and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice; and provided further that, if the maturity or redemption date of any such Bond shall not then have arrived, provision shall have been made by the Authority for the payment to the holders of any such Bonds and coupons, upon surrender thereof, whether or not prior to the maturity or redemption date thereof, of the full amount to which they would be entitled by way of principal, redemption premium and interest to the date of such maturity or redemption, and provision shall have been made by the Authority, satisfactory to the Trustee, for the publication, at least twice, at an interval of not less than 7 days between publications, in a financial newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York, of a notice to the holders of such Bonds and coupons that such moneys are so available for such payment.

(3) Any such moneys so deposited with the aforesaid Trustee as provided in paragraph (2) of this Section may be invested and reinvested in Government Obligations at the direction of the Authority, until needed for the payment or redemption of Bonds at their call or maturity date and all income from such Government Obligations in the hands of the aforesaid Trustee shall be paid to the Authority as and when realized and collected.

*SECTION 1002. Priority of Payments After Default.* Notwithstanding any other provisions of the Resolution other than those contained in Section 710, in the event that the funds held by the Trustee shall be insufficient for the payment of interest and principal then due on the Bonds, such fund (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or otherwise) and any other moneys received or collected by the Trustee, after making provision for the payment of any expenses necessary in its opinion to preserve the continuity of the Revenues or to provide for the continued operation of the System or otherwise to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties hereunder, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable.

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to the difference, if any, in the respective rates of interest specified in the bonds or coupons; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment ratably, according to the amounts of principal due on such dates, to the persons entitled thereto, without any discrimination or preference; and

(b) If the principal of all the Bonds shall have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or preference, except as to the difference, if any, in the respective rates of interest specified in the Bonds or coupons.

SECTION 1003. *Evidence of Signatures of Bondholders and Ownership of Bonds.* Any request, consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (1) the execution of any such instrument, or of an instrument appointing any such attorney, or (2) the holding by any person of the Bonds or coupons appertaining thereto, shall be sufficient for any purpose of the Resolution (except as

otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with the corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary;

(b) The amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an officer of a trust company, bank, banker or other depository wherever situated, showing that at the date therein mentioned such person exhibited to such officer or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by such officer that the depository held the Bonds therein referred to on the date of the certificate and that they will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee, and a certificate of the Trustee, which need not be acknowledged or verified, that such consent has not been given.

The ownership of Bonds registered otherwise than to bearer and the amount, maturity, number and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of

anything done or suffered to be done by the Authority or the Trustee in accordance therewith.

SECTION 1004. *Execution of Payment Documents.* Every requisition, certificate or request of the Authority to be delivered to or filed with the Trustee under the provisions of the Resolution shall be signed by the Chairman or Vice Chairman of the Authority or any other official of the Authority designated by the Authority. Every certificate of the Consulting Engineers to be delivered to or filed with the Trustee under the provisions of the Resolution shall, if the Consulting Engineers be an engineering firm, be signed in the firm's name by a member of the firm or by a person authorized by the firm to so sign.

SECTION 1005. *Preservation and Inspection of Documents.* All requisitions, requests, certificates, opinions and other documents received by the Trustee under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the Consulting Engineers and Bondholders and their agents and their representatives, any of whom may make copies thereof.

SECTION 1006. *Regulations Regarding Investment of Funds.* Obligations purchased as an investment of moneys in any Fund established under the Resolution shall be deemed at all times to be a part of such Fund, and any loss resulting on the sale thereof shall be charged to such Fund. In computing the amount in any such Fund for any purpose hereunder, such obligations shall be valued at the lower of cost or market. The Trustee shall sell at the best price obtainable any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to make any withdrawal or payment from such Fund, and shall not be liable or responsible for any loss resulting from any such investment made in accordance with the Resolution. For the purposes of any such investment, obligations of the United States of America shall be deemed to mature on the maturity date thereof.

SECTION 1007. *Parties interested Herein.* Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation other than the Authority,

the Trustee and the holders of the Bonds and the coupons thereunto appertaining, if any, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the holders of the Bonds and the coupons thereunto appertaining, if any.

SECTION 1008. *Successors and Assigns.* Whenever in the Resolution the Authority is named or referred to it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Authority shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

SECTION 1009. *No Recourse on the Bonds.* No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or on the Resolution against any member or other officer of the Authority or any person executing the Bonds.

SECTION 1010. *Severability of Invalid Provision.* If any one or more of the covenants or agreements provided in the Resolution on the part of the Authority of the Trustee to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution or of the Bonds.

SECTION 1011. *Effective Date.* This Resolution shall take effect immediately.

## ARTICLE XI

### AMENDMENTS

SECTION 1101. *Mailing and Publication; Application of Article.*

(1) Any provision in this Article XI for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage

prepaid only (a) to each registered owner of Bonds then outstanding at his address, if any, appearing upon the books of the Authority kept at the principal office of the Trustee, (b) to each holder of any Bond payable to bearer who shall have filed with the Trustee within two years preceding such mailing an address for notices, and (c) to the Trustee.

(2) Any provision in this Article XI for publication of a notice or other matter shall require the publication thereof only in a financial newspaper printed in the English language and customarily published on each business day and of general circulation in the Borough of Manhattan, City and State of New York.

SECTION 1102. *Powers of Amendment.* Any modification or amendment of the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto and of the rights and obligations of the Authority and of the holders of the Bonds and coupons thereunder, in any particular, may be made by resolution of the Authority as hereinafter specified, with the written consent given as hereinafter provided in Section 1103 of the holders of at least three-fifths in principal amount of the Bonds outstanding, at the time such consent is given, but no such modification or amendment shall permit a change in the maturity or terms of redemption of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the amount of principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto, or shall reduce the percentages or otherwise affect the description of Bonds the consent of the holders of which is required to effect any such modification or amendment.

SECTION 1103. *Consent of Bondholders.* The Authority may at any time adopt a resolution making a modification or amendment permitted by the provisions of Section 1102 to take effect when and as provided in this Section 1103. Upon the adoption of such resolution, a copy thereof, certified by the Secretary, shall be delivered to and held by the Trustee for the inspection of the Bondholders. A copy of such resolution (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by

the Authority to Bondholders and shall be published at least once a week for two successive weeks (but failure to mail such copy and request shall not affect the validity of the resolution when consented to as in this Section provided). Such resolution shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of holders of the percentages of outstanding Bonds specified in Section 1102 and (ii) a written opinion of counsel certified by the Authority to be counsel for the Authority stating that such resolution has been duly and lawfully adopted by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (b) a notice shall have been published as hereinafter in this Section 1103 provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1003. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient under the provisions of Section 1003 shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange thereof (whether or not such subsequent holder thereof has notice thereof), provided that, notwithstanding the provisions of Section 1003, such consent may be subsequently revoked by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1103 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1003. The fact that a consent has not been revoked may likewise be proved by a certificate by the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the holders of the required percentages of Bonds shall have filed their consents to the resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such

consents have been so filed. At any time thereafter notice, stating in substance that the resolution (which may be referred to as a resolution adopted by the Authority on a stated date a copy of which is on file with the Trustee) has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section 1103 shall be given to Bondholders by the Authority by mailing such notice to bondholders (but failure to mail such notice shall not prevent such resolution from becoming effective and binding as in this Section 1103 provided) and by publishing the same at least once not more than ninety days after the holders of the required percentages of Bonds shall have filed their consents to the resolution and the written statement of the Trustee hereinabove provided for is filed. The Authority shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record, consisting of the papers required or permitted by this Section 1103 to be filed with the Trustee, shall be proof of the matters therein stated. Such resolution making such modification or amendment shall be deemed conclusively binding upon the Authority, the Trustee and the holders of all Bonds and coupons at the expiration of forty days after the filing with the Trustee of the proof of the first publication of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such resolution in a legal action or equitable proceeding for such purpose commenced within such forty-day period, of which decree timely notice shall have been given to the Trustee; *provided, however*, that the Trustee and the Authority during such forty-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such resolution as they may deem expedient.

*Section 1104: Modifications by Unanimous Action.* Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of the Resolution or any resolution amendatory thereof or supplemental thereto and the rights and obligations of the Authority and of the holders of the Bonds and coupons thereunder may be modified or amended in any respect upon the adoption by the Authority and filing with the Trustee of a resolution to that effect and the consent of the holders of all the Bonds then outstanding, such con-

sent to be given as provided in Section 1103 except that no notice to Bondholders either by mailing or publication shall be required; *provided, however*, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

SECTION 1105. *Exclusion of Bonds.* Bonds owned or held by or for the account of the Authority shall not be deemed outstanding and shall be excluded for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Article, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 1106. *Notation on Bonds.* Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the holder of any Bond outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the holder of any Bond then outstanding shall be exchanged, without cost to such Bondholder, for Bonds then outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

SECTION 1107. *Contracts or Indentures.* The Authority, in so far as authorized by law, may, and if requested by the Trustee shall, enter into a contract or an indenture with the Trustee giving effect to any

modification or amendment of the Resolution or any resolution amendatory thereof or supplemental thereto as hereinabove in Article XI provided.

SECTION 1108. *Amendment Prior to Issuance of Initial Bonds.* Prior to issuance of the Initial Bonds and notwithstanding anything contained in this Article, the Authority, by resolution (herein called "amending resolution"), may modify or amend any of the terms or provisions of the Resolution in any respect. A copy of each such amending resolution certified by the Secretary shall be filed in the office of the Trustee.

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SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE  
OF \$20,000,000 WATER REVENUE BONDS OF THE  
APPOMATTOX RIVER WATER AUTHORITY

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WHEREAS, the Appomattox River Water Authority (herein referred to as "Authority"), is a public body politic and corporate of the Commonwealth of Virginia, organized and existing under the Virginia Water and Sewer Authorities Act, being Chapter 28, Title 15.1, Code of Virginia, as amended (herein referred to as the "Act") and created by the governing bodies of the Counties of Chesterfield, Dinwiddie and Prince George of the Commonwealth of Virginia and of the City of Petersburg and the City of Colonial Heights, Municipalities of the Commonwealth of Virginia and by a certificate of incorporation issued by the State Corporation Commission of the Commonwealth of Virginia on November 21, 1960, with lawful power and authority to acquire, purchase, lease as lessee, construct, reconstruct, improve, extend, operate and maintain water facilities within or without or partly within and partly without one or more of the political subdivisions the governing bodies of which created the Authority; and

WHEREAS, said Authority has, by resolution entitled "RESOLUTION AUTHORIZING THE ISSUANCE OF \$8,500,000

WATER REVENUE BONDS OF THE APPOMATTOX RIVER WATER AUTHORITY", adopted by said Authority on November 4, 1964 (hereinafter referred to as the "Resolution"), authorized the issuance of \$8,500,000 Appomattox River Water Authority (Virginia) Water Revenue Bonds of said Authority to finance the construction of improvements to the System operated by the Authority, all of which Bonds are served equally and ratably by the Revenues of the System; and

WHEREAS, the Articles of Incorporation of the Authority approved in a concurrent resolution adopted in October 1960 provides that the purpose for which the Authority was created is the construction of a water reservoir or water reservoirs suitable to provide a supply of water, to be located on the Appomattox River, including water distribution systems, intakes, mains, laterals, pumping stations, stand pipes, filtration plants, purification plants and the equipment or appurtenances necessary or suitable therefor and including the acquisition of any properties, rights, easements or franchises relating thereto and deemed necessary or convenient by the Authority for their operation; and

WHEREAS, the System presently maintained and operated by the Authority is not adequate to meet the growing demand for filtered water within the Service Area (as defined in the Service Agreements); and

WHEREAS, the Authority has by agreement dated September 9, 1964 (hereinafter defined) agreed to increase its facilities to provide an additional supply of water to certain areas of Chesterfield County; and

WHEREAS, the Resolution provides for the issuance of Additional Bonds for the purposes set forth in Section 401 of the Resolution; and

WHEREAS, said Authority deems it necessary to issue 1982 Series Bonds for the purpose of improving or developing the System, which 1982 Series Bonds shall be Additional Bonds as such term is defined in the Resolution and authorized thereby; and

WHEREAS, said Authority deems it necessary in order to authorize the issuance of said 1982 Series Bonds to adopt a supplemental resolution (hereinafter referred to as the "Supplemental Resolution") in accordance with Section 401 of the Resolution; and

WHEREAS, said Authority has caused the firm of Henningson, Durham & Richardson, Inc. to prepare a Report dated October 1, 1981 with respect to the 1982 Water System Improvements (hereinafter described); and

WHEREAS, the Authority has entered into an agreement with the City of Petersburg dated August 28, 1964, and an agreement with the City of Colonial Heights

Mechanical

Electrical

Dam Safety Improvements

3. Sludge Handling Facilities
  4. Rehabilitation of Raw Water Intake Structure
  5. Raw Water Intake Structure
  6. Rehabilitation of Existing Rapid Mix and Flocculation Basins
  7. Rehabilitation of Existing Sedimentation Basins
  8. Rapid Mix and Flocculation Basins
  9. Sedimentation Basins
  10. Filter Building
  11. Modification of Existing High Service Pump Station
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12. High Service Pump Station
  13. Rehabilitation of Existing Administration Building
  14. Rehabilitation of Existing Chemical Building
  15. Chemical Building
  16. Administration Building
  17. Maintenance Building
  18. Instrumentation
  19. Intake Standby Unit
  20. Plant Standby Power Unit

21. 24" Water Line on Temple Avenue

subject to all such modification or revision as heretofore or hereafter approved by the Authority as necessary or advisable for the purposes of the System or the Authority under the Act.

Section 4. Estimated Construction Cost. The Authority estimates that the total estimated cost of the 1982 Water System Improvements will be not less than \$20,000,000 and that it will be necessary to authorize the issuance of the 1982 Series Bonds to provide for the financing of such cost.

Section 5. Determination of Authority. The Authority has power under the Act and is under a duty as provided in the Service Agreements, and did heretofore and does hereby determine with all practical speed to commence, proceed with and complete the construction, completion and operation of the 1982 Water System Improvements in conformity with law and all requirements of governmental authorities having jurisdiction thereover and in accordance with the plans for such improvements approved by the Authority, subject to such modifications of such plans as may be approved from time to time by the Authority.

Section 6. Principal Amount of 1982 Series Bonds. Pursuant to the Act and the Resolution and for the purposes

In the Act and the Resolution provided, 1982 Series Bonds of the Authority, each constituting an Additional Bond as mentioned and described in the Resolution, are hereby authorized to be issued in one or more Series in the aggregate principal amount of \$20,000,000 subject to the terms, conditions and limitations provided herein and in a Supplemental Resolution to be adopted by the Authority prior to the execution and delivery thereof. All of said 1982 Series Bonds constitute, and each of such 1982 Series Bonds is part of, the \$20,000,000 principal amount of bonds hereby authorized to be issued pursuant to the Act, which are and shall be as in this Supplemental Resolution and by Article IV of the Resolution set forth or otherwise determined.

Section 7. Date or Dates of Maturity of Additional Bonds and the Date of Additional Bonds in Coupon Form.

(A) The 1982 Series Bonds shall mature on October 1 over the thirty-year period subsequent to their date in such amounts (whether serial installments or sinking fund installments) and at such times as will fully amortize such Bonds based upon the application of monies raised as Level Debt Service pursuant to the Resolution.

(B) The 1982 Series Bonds of each Series coupon in form shall be dated October 1, 1982 or the April 1 or October 1 next preceding their authentication and delivery

and shall bear interest at a rate not to exceed 14% per annum from such date as shall prior to their authentication and delivery be specified and determined by a Supplemental Resolution adopted prior to the authentication and delivery thereof.

Section 8. Level Debt Service. The amount referred to as Level Debt Service (the amount and 10% thereof, computed as provided in Section 103, subdivision (24) of the Resolution) shall be specified and determined by a further Supplemental Resolution adopted prior to the authentication and delivery of the 1982 Series Bonds.

Section 9. Redemption. The 1982 Series Bonds shall be subject to redemption prior to their respective maturities to such extent, in such order, at such times, on such terms and conditions and at such redemption prices as shall be specified and determined herein or by such further Supplemental Resolution.

Section 10. Place of Payment. The 1982 Series Bonds shall be payable, as to interest, principal and redemption price (if any), at the Principal Office of the Trustee or of such Paying Agent or Paying Agents as shall be specified and determined by such Supplemental Resolution.

Section 11. Execution and Delivery. The 1982 Series Bonds shall be executed and delivered in accordance with Section 401 of the Resolution.

Section 12. Conditions Precedent to Delivery of any 1982 Series Bonds. The Trustee shall not deliver the 1982 Series Bonds upon original issuance unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee:

(1) A copy of this Supplemental Resolution or Resolutions of the Authority, as provided in Section 401, certified by the Secretary of the Authority;

(2) A copy of a resolution of the Authority, certified by its Secretary, fixing the rate or rates of interest on such Additional Bonds;

(3) The written order of the Authority as to the delivery of the Additional Bonds, signed by the Chairman or Vice Chairman of the Authority and stating the amount of the proceeds will be paid by the Authority to the Trustee for deposit in the Debt Service Fund;

(4) The amount, if any, stated in the written order as to the amount of such proceeds which will be paid by the Authority to the Trustee for deposit in the Debt Service Fund, which amount shall be held by the Trustee in the Debt Service Fund;

(5) A certificate of the Consulting Engineer stating (a) his opinion that the improvement described in such supplemental resolution is a part of the System, and (b) his opinion that the remainder of such proceeds after deducting the amounts referred to in subsection (4) above, will be sufficient to pay the cost of acquisition, construction or completion of such improvement, and (c) his opinion as to the period of time which will be required for completion of the acquisition or construction of the improvements, and (d) his opinion that such improvement is the construction, acquisition or enlargement of the System and that the so-called Level Debt Service (the amount plus the 10% thereof as stated in the Supplemental Resolution) is sufficient and that the System will earn such amount plus the Operation and Maintenance Charge in the year following the Completion Date of the improvement being financed;

(6) The amount of such proceeds remaining after deducting the amounts, if any, paid to the Trustee in accordance with subsection (4) above; and

(7) Counsel's opinion approving the form of this Supplemental Resolution and stating, that its terms and provisions conform with the requirements of the Act and of the Resolution, and that the order, certificates and amounts of moneys so delivered or paid to the Trustee constitute

compliance with the conditions hereinabove stated for the authentication and delivery of such Additional Bonds.

Section 13. Service Agreements. Pursuant to the Service Agreements the Board of Directors of the Authority shall at all times fix, alter and maintain rates for service which will be sufficient for operation and maintenance of the Authority's System, to establish and maintain all funds and performance of all covenants which are prescribed by and required under the resolutions authorizing the bonds or under the indenture securing the bonds and in all events to prevent any default in the payment of interest on or principal of the bonds. The Authority hereby confirms and restates the pledge of Revenues of the System (including monies paid pursuant to the Service Agreements) created by the Resolution and hereby covenants to charge to each of the participating political subdivisions who are parties to the Service Agreements rates as prescribed by and as necessary to comply with Paragraph 9 of the Service Agreements and the Resolution and such Service Agreements, pledges and covenants are hereby made a part of the contract with the holders of all bonds issued pursuant to the Resolution and all Supplemental Resolutions.

Section 14. Additional Bonds. The 1982 Series Bonds issued pursuant to this Supplemental Resolution shall be Additional Bonds for the purpose of the Resolution. Such Bonds shall be substantially in the form prescribed by Section 401 of the Resolution.

Section 15. Pledge. All 1982 Series Bonds issued pursuant to this Supplemental Resolution shall be entitled to the pledge of revenues and other funds pursuant to Section 604 of the Resolution which secures the payment of the principal or redemption price of and interest on the Bonds, including Additional Bonds. The provisions of all covenants and agreements in said Resolution set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the holder of the Bonds issued pursuant to said Resolution and the holder of the 1982 Series Bonds issued pursuant to a Supplemental Resolution, all of which regardless of the time or times of issuance or maturity, shall be of equal rank without preference, priority or distinction, except as specifically provided in said Resolution.

Section 16. Application of Proceeds of 1982 Series Bonds. Of the proceeds of sale of the 1982 Series Bonds (including accrued interest), the following amounts shall, on the date of the delivery of such Bonds by the Trustee, be paid as follows:

(1) To the Trustee, to be held in the Debt Service Fund, the amount (if any) necessary to increase the amount then in the Debt Service Fund to the Debt Service accrued with respect to all bonds outstanding as of the time immediately after such delivery; and

(2) To the Trustee, to be held in the Construction Fund and credited to an account therein which the Trustee shall establish or maintain for said 1982 Water System Improvements, any balance of such proceeds remaining after the foregoing payments. Disbursements from the Construction Fund shall be made in accordance with Section 504 of the Resolution.

Section 17. Arbitrage Covenant. The Authority shall not use or permit the use of any proceeds of the 1982 Series Bonds which would cause any 1982 Series Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended. The Authority shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the 1982 Series Bonds shall be exempt from Federal income taxation.

Section 18. Execution and Delivery. The Chairman, Secretary and Treasurer of the Authority are hereby authorized and directed to cause said 1982 Series Bonds to

be prepared, to execute said 1982 Series Bonds in the manner prescribed by law and Resolution and to deliver said 1982 Series Bonds so executed to the purchaser upon receipt of the purchase price agreed to be paid by such purchaser.

Section 19. Effective Date. This Supplemental Resolution shall take effect immediately.

I certify that this is a true copy of the Resolution passed on a 3-2 vote by the Appomattox River Water Authority Board on July 21, 1982 at which time a quorum was present.

  
\_\_\_\_\_  
J. Darrell Rice, Secretary-Treasurer  
Appomattox River Water Authority

RESOLUTION OF BOARD OF DIRECTORS  
OF APPOMATTOX RIVER WATER AUTHORITY

December 2, 1982

WHEREAS, the Appomattox River Water Authority (the "Authority"), by 3-2 vote of its Board of Directors, passed on July 21, 1982 a "Supplemental Resolution Authorizing the Issuance of \$20,000,000 Water Revenue Bonds" (the "Supplemental Resolution"), authorizing the issuance of \$20,000,000 in Additional Bonds of the Authority for the purpose of financing certain improvements, betterments, repairs, equipment replacements, extensions and expansions to the Authority's water system as more fully described in the Supplemental Resolution;

WHEREAS, there is now pending in the Circuit Court of the County of Chesterfield an action styled Appomattox River Water Authority v. Taxpayers, et al. (Law No. 3547-82) (the "Litigation"), regarding, inter alia, the Additional Bonds and the 1964 "Service Agreements" (as defined in the Supplemental Resolution) between the Authority and the Cities of Colonial Heights and Petersburg and Counties of Chesterfield, Dinwiddie and Prince George (the "Participating Jurisdictions");

WHEREAS, the Authority and all five Participating Jurisdictions are parties to the Litigation;

WHEREAS, the Authority and Participating Jurisdictions are desirous of amending the Service Agreements and settling all matters raised in the Litigation;

NOW, THEREFORE, IT IS RESOLVED as follows:

1. The Chairman of the Authority's Board of Directors is

authorized and directed to execute the "Settlement Agreement" among the Authority and the Participating Jurisdictions settling the Litigation, in substantially the form attached hereto as Exhibit 1 and incorporated herein by reference, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Settlement Agreement by the duly authorized representative of each Participating Jurisdiction.

2. The Chairman of the Authority's Board of Directors is authorized and directed to execute the "Amendment to 1964 Service Agreements Between Appomattox River Water Authority and Participating Jurisdictions" (the "Amendment"), in substantially the form attached as Exhibit A to the Settlement Agreement, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Amendment by the duly authorized representative of each Participating Jurisdiction.

3. The Supplemental Resolution is amended as follows, conditioned on the Litigation being dismissed in accordance with the Settlement Agreement:

(a) All references to the "1982 Series Bonds" shall be to the "1983 Series Bonds;"

(b) All references to the "1982 Water System Improvements" shall be to the "First Improvements and Expansion;" and

(c) References to the Service Agreements shall, where applicable, include a reference to the Amendment to the Service Agreements, and the Supplemental Resolution shall be interpreted

consistent with the Amendment.

I certify that this is a true copy of the Resolution passed by unanimous vote of the Board of Directors of the Appomattox River Water Authority on December 2, 1982.

  
\_\_\_\_\_  
J. Darrell Rice  
Secretary-Treasurer  
Appomattox River Water Authority

CHESTERFIELD COUNTY: At a regular meeting of the Board of Supervisors, held at the Courthouse on December 8, 1982 at 10:00 a.m.

On motion of the Board, the following resolution was adopted:

Whereas, the Appomattox River Water Authority (the "Authority"), by 3-2 vote of its Board of Directors, passed on July 31, 1982 a "Supplemental Resolution Authorizing the Issuance of \$20,000,000 Water Reserve Bonds" (the "Supplemental Resolution"), authorizing the issuance of \$20,000,000 in Additional Bonds of the Authority for the purpose of financing certain improvements, betterments, repairs, equipment replacements, extensions and expansions to the Authority's water system as more fully described in the Supplemental Resolution:

Whereas, there is now pending in the Circuit Court of the County of Chesterfield an action styled Appomattox River Water Authority v. Taxpayers, et al., (Law No. 3547-82) (the "Litigation"), regarding inter alia, the Additional Bonds and the 1964 "Service Agreements" (as defined in the Supplemental Resolution) between the Authority and the Cities of Colonial Heights and Petersburg and the Counties of Chesterfield, Dinwiddie and Prince George (the "Participating Jurisdictions");

Whereas, the Authority and all five Participating Jurisdictions are parties to the Litigation;

Whereas, the Authority and Participating Jurisdictions are desirous of amending the Service Agreements and settling all matters raised in the Litigation;

Whereas, the Authority has by unanimous vote recommended settling the Litigation as provided for herein.

Now, Therefore, Be It Resolved as follows:

1. The Chairman of the Board of Supervisors is authorized and directed to execute the "Settlement Agreement" among the Authority and the Participating Jurisdictions settling the Litigation, in substantially the form attached hereto as Exhibit 1 and incorporated herein by reference, conditioned upon approval by appropriate resolution of the governing body of each participating jurisdiction, and upon execution of such Settlement Agreement by the duly authorized representative of each Participating Jurisdiction.

2. The Chairman of the Board of Supervisors is authorized and directed to execute the "Amendment to 1964 Service Agreements Between Appomattox River Water Authority and Participating Jurisdictions" (the "Amendment"), in substantially the form attached as Exhibit A to the Settlement Agreement, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Amendment by the duly authorized representative of each Participating Jurisdiction.

3. The Supplemental Resolution is amended as follows, conditioned on the Litigation being dismissed in accordance with the Settlement Agreement:

(a) All references to the "1982 Series Bonds" shall be to the "1983 Series Bonds;"

(b) All references to the "1982 Water System Improvements" shall be to the "First Improvements and Expansion;" and

(c) References to the Service Agreements shall, where applicable, include a reference to the Amendment to the Service Agreement, and the Supplemental Resolution shall be interpreted consistent with the Amendment.

4. As an inducement to the Participating Jurisdictions to enter into the Settlement Agreement and the Amendment to the Service Agreements, Chesterfield agrees to begin the process of closing its Falling Creek plant in an expeditious manner at such time as the Authority certifies that Chesterfield's needs for water now provided by its Falling Creek plant are capable of being met by the Authority.

Vote: Unanimous

Certified By:

  
Joan S. Dolezal, Deputy Clerk  
to the Board of Supervisors

## A RESOLUTION NO. 82-87

Relating to an amendment of the 1964 Service Agreement between the City and the Appomattox River Authority, and to settlement of certain litigation concerning said Agreement.

WHEREAS, the Board of Directors of the Appomattox River Water Authority (the "Authority") passed on July 21, 1982, a "Supplemental Resolution Authorizing the Issuance of \$20,000,000 Water Revenue Bonds" (the "Supplemental Resolution"), authorizing the issuance of \$20,000,000 in Additional Bonds of the Authority for the purpose of financing certain improvements, betterments, repairs, equipment replacements, extensions and expansions to the Authority's water system as more fully described in the Supplemental Resolution;

WHEREAS, there is now pending in the Circuit Court of the County of Chesterfield an action styled Appomattox River Water Authority v. Taxpayers, et al. (Law No. 3547-82) (the "Litigation") regarding inter alia, the Additional Bonds and the 1964 "Service Agreements" (as defined in the Supplemental Resolution) between the Authority and the Cities of Colonial Heights and Petersburg and Counties of Chesterfield, Dinwiddie and Prince George (the "Participating Jurisdictions");

WHEREAS, the Authority and all five Participating Jurisdictions are parties to the Litigation; and

WHEREAS, the Authority and Participating Jurisdictions are desirous of amending the Service Agreements and settling all matters raised in the Litigation; NOW, THEREFORE

BE IT RESOLVED BY THE CITY OF COLONIAL HEIGHTS:

1. The City Manager is authorized and directed to execute the "Settlement Agreement" among the Authority and the Participating Jurisdictions settling the Litigation, in substantially the form attached hereto as Exhibit 1 and incorporated herein by reference, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Settlement Agreement by the duly authorized representatives of the Authority and each Participating Jurisdiction.

2. The City Manager is authorized and directed to execute the "Amendment to 1964 Service Agreements Between Appomattox River Water Authority and Participating Jurisdictions" (the "Amendment"), in substantially the form attached as Exhibit A to the Settlement Agreement, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Amendment by the duly authorized representatives of the Authority and each Participating Jurisdiction.

3. This resolution is contingent upon the County of Chesterfield agreeing to begin the process of closing its Falling Creek plant in an expeditious manner at such time as the Authority certifies that Chesterfield's needs for water now being provided by its Falling Creek plant are capable of being met by the Authority.

4. That this resolution shall be in effect from its passage.

Approved:

\_\_\_\_\_  
Mayor

Attest:

Kimberly P. Griffin  
Assistant City Clerk

I, Kimberly P. Griffin, Assistant City Clerk, do hereby certify that the above resolution was adopted by the Council of the City of Colonial Heights, Virginia, on December 6, 1982.

Kimberly P. Griffin  
Assistant City Clerk

I certify that this is a true copy of the Resolution passed by vote of 5 to 2 of the City Council of the City of Colonial Heights on December 6, 1982.

Kimberly P. Griffin  
Kimberly P. Griffin  
Assistant City Clerk

## County of Dinwiddie

Dinwiddie, Virginia 23841



W. C. KNOTT  
COUNTY ADMINISTRATOR

BOARD OF SUPERVISORS  
G. E. BENNETT, JR.  
A. S. CLAY  
K. I. HARGRAVE, JR.

G. E. ROBERTSON, JR.  
CHAIRMAN  
STEVE WEBER  
VICE-CHAIRMAN

VIRGINIA: AT A SPECIAL MEETING OF THE BOARD OF SUPERVISORS HELD AT THE AIRPORT, DINWIDDIE, VIRGINIA ON THE 6TH DAY OF DECEMBER, 1982 AT 5:35 P.M.

PRESENT: ALL MEMBERS

IN RE: APPROVAL OF AMENDMENT TO THE 1964 SERVICE AGREEMENTS BETWEEN APPOMATTOX RIVER WATER AUTHORITY AND PARTICIPATING JURISDICTIONS

Upon motion of Mr. Hargrave, seconded by Mr. Weber, Mr. Hargrave, Mr. Weber, Mr. Clay, Mr. Bennett, Mr. Robertson voting "aye", the following resolution was adopted:

WHEREAS, the Board of Directors of the Appomattox River Water Authority (the "Authority") passed on July 21, 1982 a "Supplemental Resolution Authorizing the Issuance of \$20,000,000 Water Revenue Bonds" (the "Supplemental Resolution"), authorizing the issuance of \$20,000,000 in Additional Bonds of the Authority for the purpose of financing certain improvements, betterments, repairs, equipment replacements, extensions and expansions to the Authority's water system as more fully described in the Supplemental Resolution; and

WHEREAS, there is now pending in the Circuit Court of the County of Chesterfield an action styled Appomattox River Water Authority v. Taxpayers, et al. (Law No. 3547-82) (the "Litigation"), regarding, inter alia, the Additional Bonds and the 1964 "Service Agreements" (as defined in the Supplemental Resolution) between the Authority and the Cities of Colonial Heights and Petersburg and Counties of Chesterfield, Dinwiddie and Prince George the "Participating Jurisdictions"); and

WHEREAS, the Authority and all five Participating Jurisdictions are desirous of amending the Service Agreements and settling all matters raised in the Litigation;

NOW, THEREFORE, IT IS RESOLVED as follows:

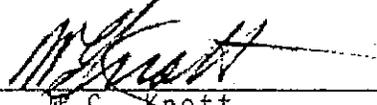
1. The Chairman of the Board of Supervisors of Dinwiddie County is authorized and directed to execute the "Settlement Agreement" among the Authority and the Participating Jurisdictions set-

County of Dinwiddie

ting the Litigation, in substantially the form attached hereto as Exhibit 1 and incorporated herein by reference, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Settlement Agreement by the duly authorized representatives of the Authority and each Participating Jurisdiction.

2. The Chairman of the Board of Supervisors of Dinwiddie County is authorized and directed to execute the "Amendment to 1964 Service Agreements Between Appomattox River Water Authority and Participating Jurisdictions" (the "Amendment"), in substantially the form attached as Exhibit A to the Settlement Agreement, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of each Amendment by the duly authorized representatives of the Authority and each Participating Jurisdiction.

I certify that this is a true copy of the Resolution passed by a unanimous vote of the Board of Supervisors of Dinwiddie County on December 6, 1982.

  
\_\_\_\_\_  
W.C. Knott  
County Administrator

RESOLUTION

WHEREAS, the Appomattox River Water Authority (the "Authority"), by 3-2 vote of its Board of Directors, passed on July 21, 1982, a "Supplemental Resolution Authorizing the Issuance of \$20,000,000 Water Revenue Bonds" (the "Supplemental Resolution"), authorizing the issuance of \$20,000,000 in Additional Bonds of the Authority for the purpose of financing certain improvements, betterments, repairs, equipment replacements, extensions and expansions to the Authority's water system as more fully described in the Supplemental Resolution; and

WHEREAS, there is now pending in the Circuit Court of the County of Chesterfield an action styled Appomattox River Water Authority v. Taxpayers, et al. (Law No. 3547-82) (the "Litigation"), regarding, inter alia, the Additional Bonds and the 1964 "Service Agreements" (as defined in the Supplemental Resolution) between the Authority and the Cities of Colonial Heights and Petersburg and Counties of Chesterfield, Dinwiddie and Prince George (the "Participating Jurisdictions"); and

WHEREAS, the Authority and all five Participating Jurisdictions are parties to the Litigation; and

WHEREAS, on December 2, 1982, the Authority, by unanimous vote of its Board of Directors, passed a resolution reciting, among other things, the Authority's desire to settle all matters raised in the Litigation; and

WHEREAS, as an inducement to the Participating Jurisdictions to enter into the Settlement Agreement and the Amendment to the Service Agreements, Chesterfield County agrees to begin the process of closing its Falling Creek plant in an expeditious manner at such time as the Authority certifies that Chesterfield County's needs for water now being provided by its Falling Creek plant are capable of being met by the Authority; and

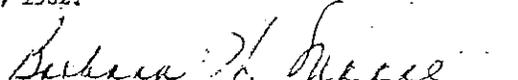
WHEREAS, the City Council of the City of Petersburg, under those conditions as are mentioned above, is desirous of amending its Service Agreement and settling all matters raised in the Litigation;

NOW, THEREFORE, BE IT RESOLVED by City Council of the City of Petersburg that John P. Bond, III, City Manager of said City, is hereby authorized and directed to execute the "Settlement Agreement" among the Authority and

the Participating Jurisdictions settling the Litigation, in substantially the form attached hereto as Exhibit 1, and incorporated herein by reference, conditioned upon approval by appropriate resolution of the governing body of each of the other Participating Jurisdictions, and upon execution of such Settlement Agreement by the duly authorized representative of each of the other Participating Jurisdictions and the Authority.

The City Manager is authorized and directed to execute the "Amendment to 1964 Service Agreements between Appomattox River Water Authority and Participating Jurisdictions" (the "Amendment"), in substantially the form attached as Exhibit A to the Settlement Agreement, conditioned upon approval by appropriate resolution of the governing body of each of the other Participating Jurisdictions, and upon execution of such Amendment by the duly authorized representative of each of the other Participating Jurisdictions and the Authority.

I, Barbara W. Moore, Clerk of the Council of the City of Petersburg, Virginia, do certify that the foregoing resolution is a true and exact copy of a resolution adopted by the said Council on December 7, 1982.

  
Clerk of Council

Board of Supervisors  
County of Prince George  
Prince George, Virginia

Resolution

At a special meeting of the Board of Supervisors of the County of Prince George held in the Circuit Courtroom of the County of Prince George on the 3rd day of December, 1982:

Present:

Vote:

H. W. Williams, Jr., Chairman	Yea
Harry G. King, Vice Chairman	Yea
Samuel L. Bland	Nay
E. W. Burrow	Yea
Henry D. Parker, Jr.	Yea

On motion of Mr. Burrow, which carried over the objection of Mr. Bland, the following resolution was adopted:

WHEREAS, the Board of Directors of the Appomattox River Water Authority (the "Authority") passed on July 21, 1982 a "Supplemental Resolution Authorizing the Issuance of \$20,000,000 Water Revenue Bonds" (the "Supplemental Resolution"), authorizing the issuance of \$20,000,000 in Additional Bonds of the Authority for the purpose of financing certain improvements, betterments, repairs, equipment replacements, extensions and expansions to the Authority's water system as more fully described in the Supplemental Resolution; and

WHEREAS, there is now pending in the Circuit Court of the County of Chesterfield an action styled Appomattox River Water Authority v. Taxpayers, et al. (Law No. 3547-82) (the "Litigation"), regarding, inter alia, the Additional Bonds and the 1964 "Service Agreements" as defined in the Supplemental Resolution) between the Authority and the Cities of Colonial Heights and Petersburg and Counties of Chesterfield, Dinwiddie and Prince George (the "Participating Jurisdictions"); and

WHEREAS, the Authority and all five Participating Jurisdictions are parties to the Litigation; and

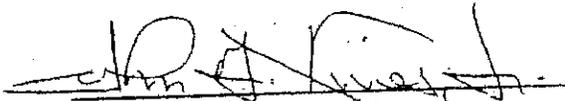
WHEREAS, the Authority and Participating Jurisdictions are desirous of amending the Service Agreements and settling all matters raised in the Litigation;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Chairman of this County's Board of Supervisors is authorized and directed to execute the "Settlement Agreement" among the Authority and the Participating Jurisdictions settling the Litigation, in substantially the form attached hereto as Exhibit 1 and incorporated herein by reference, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Settlement Agreement by the duly authorized representatives of the Authority and each Participating Jurisdiction.
2. The Chairman of the County's Board of Supervisors is authorized and directed to execute the "Amendment to 1964 Service Agreements Between Appomattox River Water Authority and Participating Jurisdictions" (the "Amendment"), in substantially the form attached as Exhibit A to the Settlement Agreement, conditioned upon approval by appropriate resolution of the governing body of each Participating Jurisdiction, and upon execution of such Amendment by the duly authorized representatives of the Authority and each Participating Jurisdiction.
3. The Supplemental Resolution is amended as follows, conditioned on the Litigation being dismissed in accordance with the Settlement Agreement:
  - (a) All references to the "1982 Series Bonds" shall be to the "1983 Series Bonds;"
  - (b) All references to the "1982 Water System Improvements" shall be to the "First Improvements and Expansion;" and

(c) References to the Service Agreements shall, where applicable, include a reference to the Amendment to the Service Agreements, and the Supplemental Resolution shall be interpreted consistent with the Amendment.

A Copy Teste:



John G. Kines, Jr.  
County Administrator

## MEMORANDUM OF UNDERSTANDING

Effective Date: August 28, 2002

The Appomattox River Water Authority (the "Authority" or "ARWA") and the County of Chesterfield, Virginia ("Chesterfield"), the City of Colonial Heights, Virginia ("Colonial Heights"), the County of Dinwiddie, Virginia ("Dinwiddie"), the City of Petersburg, Virginia ("Petersburg") and the County of Prince George, Virginia ("Prince George") (collectively, the "Participating Jurisdictions") have entered into Service Agreements dated August 28, 1964 between the Authority and Petersburg, September 8, 1964 between the Authority and Prince George, September 9, 1964 between the Authority and Chesterfield, September 9, 1964 between the Authority and Dinwiddie, and September 15, 1964 between the Authority and Colonial Heights, all as collectively amended by the Amendment to 1964 Service Agreements, dated December 20, 1982 (the "First Amendment to 1964 Service Agreements"), the Modification Agreement, dated as of September 1, 1983 (the "Modification Agreement") and the Second Amendment to 1964 Service Agreements, dated August 15, 1986 (the "Second Amendment to 1964 Service Agreements") (collectively, as heretofore amended and modified, the "Service Agreements").

Unless otherwise defined, each capitalized term used herein shall have the meaning given it in the Service Agreements.

This Memorandum of Understanding (the "MOU") among the Authority, Chesterfield and SunTrust Bank, Richmond, Virginia ("SunTrust") briefly describes the procedure to be followed by the Authority and Chesterfield to ensure prompt payment of amounts due from Chesterfield in connection with financing the ARWA Water Treatment Plant Expansion Project. The Authority has determined to issue long-term Additional Bonds to finance the ARWA Water Treatment Plant Expansion Project. The procedure described in this MOU applies to Chesterfield's election to fund from its own available funds up to \$31,300,000 of its share of the Future Expansion Costs (as defined in the Service Agreements) in accordance with paragraph 2(a) to the Third Amendment to 1964 Service Agreements (the "Third Amendment to 1964 Service Agreements"). In addition, this MOU describes the procedure to be followed with respect to monies to be lent by Chesterfield to the Authority to finance on an interim basis up to \$10,000,000 of the Participating Jurisdictions' (except Chesterfield) share of the Future Expansion Costs prior to the Authority's issuance of long-term Additional Bonds to finance the ARWA Water Treatment Plant Expansion Project. The establishment of, deposits to and payments from the Escrow Fund (as hereinafter defined) shall be evidenced by an escrow agreement among the Authority, Chesterfield and SunTrust and the terms and conditions set forth in such escrow agreement shall be consistent with the terms and conditions set forth in this MOU.

1. Establishment of Escrow Fund. During the life of this MOU, there shall be established with SunTrust, a special, segregated and irrevocable Escrow Fund, designated the "Chesterfield/ ARWA Water Treatment Plant Expansion Project Fund" (the "Escrow Fund"). SunTrust shall hold the Escrow Fund in its custody for the benefit of the Authority and separate and apart from other funds of the Authority and Chesterfield. The Escrow Fund and all amounts in it are irrevocably pledged to the payment of Chesterfield's share of the Future Expansion Costs in

accordance with paragraph 2(a) of the Third Amendment to 1964 Service Agreement; provided that up to \$10,000,000 may be used to finance on an interim basis a portion of the other Participating Jurisdictions' share of the Future Expansion Costs. Chesterfield will pay the costs of the establishment and maintenance of the Escrow Fund as set forth in the letter from SunTrust to Chesterfield dated March 12, 2002.

2. Deposits into the Escrow Fund. Chesterfield agrees to irrevocably deposit with SunTrust for deposit in the Escrow Fund within five (5) days of the effective date (August 28, 2002) of this MOU \$31,300,000, to be applied to Chesterfield's share of the Future Expansion Costs for which the Authority is issuing Additional Bonds. SunTrust agrees that it shall immediately upon receipt of such moneys from Chesterfield deposit them into the Escrow Fund.

The investment of the moneys in the Escrow Fund shall be directed by the Chesterfield County Treasurer in legal investments for moneys other than public sinking funds in accordance with Section 2.2-4501 of the Code of Virginia of 1950, as amended. Chesterfield shall be entitled to any and all income derived from the investment of the moneys in the Escrow Fund not needed for Chesterfield's share of the Future Expansion Costs. Such income shall be transferred to Chesterfield upon receipt by SunTrust of a certificate, signed by an Authorized Representative of the Authority, stating that the Future Expansions for which the Authority issued Additional Bonds have been completed or terminated.

Chesterfield shall ensure that the amounts deposited in the Escrow Fund are sufficient to satisfy the requirements described in this MOU.

3. Payments from Escrow Fund. (a) Prior to the date of issuance of the Authority's Additional Bonds to finance the ARWA Water Treatment Plant Expansion Project, SunTrust shall use moneys in the Escrow Fund solely (i) to pay a portion (up to \$10,000,000) of the Participating Jurisdictions' (except Chesterfield) share of the Future Expansion Costs (the "Loan") and (ii) to pay all of Chesterfield's share of the Future Expansion Costs in accordance with the Third Amendment to 1964 Service Agreements. Before any payment shall be made from the Escrow Fund pursuant to this paragraph (a) (payments made pursuant to paragraph 3(a)(i) shall be referred to herein as a "Principal Advance"), there shall be filed with SunTrust a copy of such requisitions and accompanying certificate(s) filed with the Trustee (as defined in the Agreement of Trust which is hereinafter defined) as required by Section 504 of the Agreement of Trust between the Authority and SunTrust Bank (as successor to United Virginia Bank) dated as of August 15, 1986, as amended (the "Agreement of Trust") when a payment is to be made from the Construction Fund (as defined in the Agreement of Trust). Such requisition shall specify each Participating Jurisdiction's respective portion of the Future Expansion Costs to be paid from the Escrow Fund to the person, firm or corporation to whom the payment is due.

(b) After the date of issuance of the Authority's Additional Bonds, SunTrust shall use moneys in the Escrow Fund solely to pay all of Chesterfield's share of the Future Expansion Costs in accordance with the Third Amendment to 1964 Service Agreements. Before any payment shall be made from the Escrow Fund, there shall be filed with SunTrust a copy of such requisitions and accompanying certificate(s) filed with the Trustee as required by Section 504 of the Agreement of Trust when a payment is to be made from the Construction Fund (as defined in the Agreement of

Trust). Such requisition shall specify Chesterfield's portion of the Future Expansion Costs to be paid from the Escrow Fund to the person, firm or corporation to whom the payment is due. Payments from the Escrow Fund shall be made simultaneously with payments made from the Construction Fund.

(c) Upon receipt of each such requisition and accompanying certificate or certificates as described in (a) and (b) above, SunTrust shall make payment from the Escrow Fund in accordance with such requisition.

(d) The frequency of such payments from the Escrow Fund shall be made generally in accordance with the ARWA Water Treatment Plant Expansion Project projected construction draw schedule which is attached hereto as Exhibit A, as may be revised from time to time by the Authority as required by the construction of the ARWA Water Treatment Plant Expansion.

4. Repayment of Loan. (a) Upon the issuance of the Authority's Additional Bonds, the Authority promises to pay Chesterfield, solely from the proceeds of the Additional Bonds, the principal amount of the Loan (which shall represent the sum of all Principal Advances made pursuant to paragraph 3(a)(i) above), and solely from the proceeds of the Additional Bonds, interest on each Principal Advance made pursuant to paragraph 3(a)(i) from the date such Principal Advance is made until payment of the entire principal amount of the Loan at 4.75% per annum. Record of each Principal Advance shall be noted on a certificate of principal advances to be maintained by SunTrust.

(b) Upon payment of the entire principal amount of the Loan by the Authority, Chesterfield shall deposit such amount, representing the repayment of the Loan, in the Escrow Fund to be used for the purposes described in paragraph 3(b).

5. Issuance of Additional Bonds. The Authority shall use its best efforts to issue long-term Additional Bonds to finance the ARWA Water Treatment Plant Expansion Project by December 31, 2002.

6. Termination of MOU. The parties shall comply with the procedures described in this MOU until completion of the ARWA Water Treatment Plant Expansion Project, or such time as the Authority and Chesterfield agree otherwise.

7. Obligations of Chesterfield Limited. The obligations of Chesterfield under this MOU for the payment of money shall be limited to the moneys on deposit from time to time in the funds and accounts created and established under the Bond Resolution adopted by the Board of Supervisors of Chesterfield on July 24, 1985, as supplemented and amended from time to time ("Chesterfield Bond Resolution"), providing for the issuance of Water and Sewer Revenue Bonds (as defined in the Chesterfield Bond Resolution) of Chesterfield. The obligations of Chesterfield under this MOU for the payment of money shall not be deemed to constitute full faith and credit general obligations of Chesterfield for which there is a right to compel the exercise of the ad valorem tax power of Chesterfield.

Upon receipt by SunTrust of a certificate, signed by an Authorized Representative of the Authority, stating that the Future Expansions for which the Authority issued Additional Bonds have been completed or terminated, the balance of moneys remaining in the Escrow Fund (including any investment income) shall be transferred to Chesterfield.

ACKNOWLEDGED AND AGREED:

Appomattox River Water Authority

By:   
Its: Executive Director

County of Chesterfield, Virginia,  
Participating Jurisdiction

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

SunTrust Bank

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

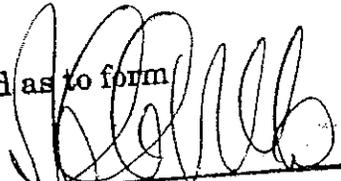
8. Execution in Counterparts. This MOU may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all of which shall together constitute one and the same instrument.

Upon receipt by SunTrust of a certificate, signed by an Authorized Representative of the Authority, stating that the Future Expansions for which the Authority issued Additional Bonds have been completed or terminated, the balance of moneys remaining in the Escrow Fund (including any investment income) shall be transferred to Chesterfield.

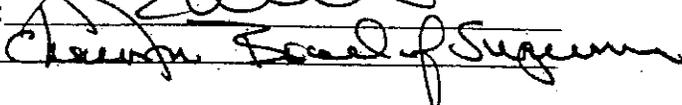
ACKNOWLEDGED AND AGREED:

Appomattox River Water Authority

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

Approved as to form  
  
Deputy County Attorney

County of Chesterfield, Virginia,  
Participating Jurisdiction

By:   
Its: 

SunTrust Bank

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

Upon receipt by SunTrust of a certificate, signed by an Authorized Representative of the Authority, stating that the Future Expansions for which the Authority issued Additional Bonds have been completed or terminated, the balance of moneys remaining in the Escrow Fund (including any investment income) shall be transferred to Chesterfield.

ACKNOWLEDGED AND AGREED:

Appomattox River Water Authority

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

County of Chesterfield, Virginia,  
Participating Jurisdiction

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

SunTrust Bank

By: Stacy M. Hannon  
Its: VICE PRESIDENT

**EXHIBIT A**

**ARWA Water Treatment Plant Expansion  
Construction Draw Schedule**

EXHIBIT A

**Appomattox River Water Authority**  
**2002 Bonds**  
**Draw Schedule**

123.9:c/drawsched

	<b>RWPS</b>	<b>Plant</b>	<b>Water Lines</b>	<b>Constr Admin</b>	<b>Totals</b>
cost	\$7,300,000	\$26,000,000	\$1,900,000	\$2,000,000	37,200,000
time (months)	18	36	12	36	
June 19 award bids					
July 1 - notice to proceed					
July - Pay Aug 1	405,556	722,222	158,333	55,556	1,341,667
Aug - Pay Sep 1	405,556	722,222	158,333	55,556	1,341,667
Sep - Pay Oct 1	405,556	722,222	158,333	55,556	1,341,667
Oct - Pay Nov 1	405,556	722,222	158,333	55,556	1,341,667
Nov - Pay Dec 1	405,556	722,222	158,333	55,556	1,341,667
<b>totals</b>	<b>\$2,027,778</b>	<b>\$3,611,111</b>	<b>\$791,667</b>	<b>\$277,778</b>	<b>\$6,708,333</b>
Dec 14 - issue bonds					
Dec 02	405,556	722,222	158,333	55,556	1,341,667
January 03	405,556	722,222	158,333	55,556	1,341,667
February	405,556	722,222	158,333	55,556	1,341,667
March	405,556	722,222	158,333	55,556	1,341,667
April	405,556	722,222	158,333	55,556	1,341,667
May	405,556	722,222	158,333	55,556	1,341,667
June	405,556	722,222	158,333	55,556	1,341,667
July	405,556	722,222		55,556	1,183,333
August	405,556	722,222		55,556	1,183,333
September	405,556	722,222		55,556	1,183,333
October	405,556	722,222		55,556	1,183,333
November	405,556	722,222		55,556	1,183,333
December	405,556	722,222		55,556	1,183,333
<b>Total to date</b>	<b>\$7,300,000</b>	<b>\$13,000,000</b>	<b>\$1,900,000</b>	<b>\$1,000,000</b>	<b>\$23,200,000</b>
January 04		722,222		55,556	777,778
February		722,222		55,556	777,778
March		722,222		55,556	777,778
April		722,222		55,556	777,778
May		722,222		55,556	777,778
June		722,222		55,556	777,778
July		722,222		55,556	777,778
August		722,222		55,556	777,778
September		722,222		55,556	777,778
October		722,222		55,556	777,778
November		722,222		55,556	777,778
December		722,222		55,556	777,778
<b>Total to date</b>	<b>\$7,300,000</b>	<b>\$21,666,667</b>	<b>\$1,900,000</b>	<b>\$1,666,667</b>	<b>\$32,533,333</b>
January 05		722,222		55,556	777,778
February		722,222		55,556	777,778
March		722,222		55,556	777,778
April		722,222		55,556	777,778
May		722,222		55,556	777,778
June		722,222		55,556	777,778
	<b>\$7,300,000</b>	<b>\$26,000,000</b>	<b>\$1,900,000</b>	<b>\$2,000,000</b>	<b>\$37,200,000</b>

## MODIFICATION AGREEMENT

THIS MODIFICATION AGREEMENT, dated as of September 1, 1983, is made by and among the APPOMATTOX RIVER WATER AUTHORITY (the "Authority"), the COUNTY OF CHESTERFIELD, VIRGINIA ("Chesterfield"), the CITY OF COLONIAL HEIGHTS, VIRGINIA ("Colonial Heights"), the COUNTY OF DINWIDDIE, VIRGINIA ("Dinwiddie"), the CITY OF PETERSBURG, VIRGINIA ("Petersburg"), and the COUNTY OF PRINCE GEORGE, VIRGINIA ("Prince George") (collectively, the "Participating Jurisdictions").

The Authority and the Participating Jurisdictions entered into an agreement entitled "AMENDMENT TO 1964 SERVICE AGREEMENTS BETWEEN APPOMATTOX RIVER WATER AUTHORITY AND PARTICIPATING JURISDICTIONS", dated December 20, 1982 (the "Amendment Agreement"). The Amendment Agreement contains several references to matters set forth in and related to a resolution entitled "SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF \$20,000,000 WATER REVENUE BONDS OF THE APPOMATTOX RIVER WATER AUTHORITY" adopted by the Authority on July 21, 1982 (the "Supplemental Resolution"). The Authority by resolution entitled "AMENDED AND RESTATED SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$20,000,000 WATER REVENUE BONDS OF THE APPOMATTOX RIVER WATER AUTHORITY, 1983 SERIES" adopted on August 17, 1983 (the "Amended and Restated Supplemental Resolution"), amended and restated the Supplemental Resolution.

The parties now desire to modify the Amendment Agreement to make certain references therein apply to the Amended and Restated Supplemental Resolution.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. The term "Supplemental Resolution" as used in the Amendment Agreement is understood and shall be deemed to refer to the Amended and Restated Supplemental Resolution.
2. The term "First Additional Bonds" as used in the Amendment Agreement shall be understood and deemed to refer to the "1983 Series Bonds" as defined in and to be issued pursuant to the Amended and Restated Supplemental Resolution.
3. The term "First Improvements and Expansion" as used in the Amendment Agreement shall be understood and deemed to refer to the "1983 Water System Improvements" as defined in the Amended and Restated Supplemental Resolution.
4. Except as modified hereby, the Amendment Agreement is hereby affirmed.

5. This Modification Agreement may be executed in one or more counterparts, each of which shall be of the same force and effect as any other executed counterpart.

IN WITNESS WHEREOF, the parties have caused this Modification Agreement to be executed and attested by their duly authorized officers.

APPOMATTOX RIVER WATER AUTHORITY

By *J. Darruck*  
Chairman

ATTEST:

By *John S. Kines, Jr.*  
Date: 10-3-83

COUNTY OF CHESTERFIELD

By *J. Lawrence Robinson*  
Authorized Officer

ATTEST:

By *G. H. [Signature]*  
Date: 9/28/83

CITY OF COLONIAL HEIGHTS

By *Sydney E. Hauer*  
Authorized Officer

approved: *C. Edward Rottger, Jr.*

ATTEST:

*Resolution 83-47*  
By *Richard D. Edmore, CMC*  
Date: September 15, 1983

COUNTY OF DINWIDDIE

By [Signature]  
Authorized Officer

ATTEST:

By [Signature]  
Date: SEP 21 1983

CITY OF PETERSBURG

By [Signature]  
Authorized Officer

ATTEST:

By [Signature]  
Date: 9-21-83

COUNTY OF PRINCE GEORGE

By [Signature]  
Authorized Officer

ATTEST:

By [Signature]  
Date: 10-15-83

As Trustee under the Original Resolution (as such term is defined in the Amendment Agreement) and on behalf of the holders of the Initial Bonds and Additional Bonds (as such terms are defined in the Amendment Agreement), the undersigned hereby consents to this Modification Agreement.

UNITED VIRGINIA BANK

By [Signature]  
Authorized Officer

SECOND AMENDMENT TO 1964 SERVICE AGREEMENTS  
BETWEEN APPOMATTOX RIVER WATER AUTHORITY AND  
PARTICIPATING JURISDICTIONS

THIS AGREEMENT, dated as of the last date of execution set forth below is by and among the Appomattox River Water Authority ("Authority"), the County of Chesterfield, Virginia ("Chesterfield"), the City of Colonial Heights, Virginia ("Colonial Heights"), the County of Dinwiddie, Virginia ("Dinwiddie"), the City of Petersburg, Virginia ("Petersburg") and the County of Prince George, Virginia ("Prince George") (collectively, the "Participating Jurisdictions"), and is the Second Amendment to the Service Agreements dated August 28, 1964 between the Authority and Petersburg, September 8, 1964 between the Authority and Prince George, September 9, 1964 between the Authority and Chesterfield, September 9, 1964 between the Authority and Dinwiddie, and September 15, 1964 between the Authority and Colonial Heights, all as collectively amended by the Amendment to 1964 Service Agreements, dated December 20, 1982 ("First Amendment to 1964 Service Agreements"), and by a Modification Agreement, dated as of September 1, 1983 (collectively, as heretofore amended and modified, the "Service Agreements").

WHEREAS, the Authority is a public body politic and corporate created in 1960 upon agreement of the governing bodies of the Participating Jurisdictions, and in accordance with the Virginia Water and Sewer Authorities Act, Virginia Code

§15.1-1239, et seq. ("Act"), for the purpose of servicing the water needs of the Participating Jurisdictions;

WHEREAS, the Service Agreements provide for, among other things, the sale of water by the Authority to the Participating Jurisdictions;

WHEREAS, on November 4, 1964, the Authority's Board of Directors ("Board") passed a resolution ("Original Resolution") pursuant to which the Authority issued its \$8,500,000 Water Revenue Bonds ("Initial Bonds") and used the proceeds thereof to construct the Authority's initial water system;

WHEREAS, pursuant to resolutions supplemental to the Original Resolution and adopted on July 21 and December 15, 1982 and August 17 and September 30, 1983, the Authority issued its \$12,750,000 Water Revenue Bonds, 1983 Series ("1983 Bonds") for the purpose of financing improvements to and expansion of the Authority's water system;

WHEREAS, the Authority has authorized the issuance of up to \$18,000,000 of its Water Revenue Refunding Bonds ("Refunding Bonds") by resolution adopted May 21, 1986 (such resolution, along with any subsequent resolutions of the Authority authorizing the issuance of the Refunding Bonds, hereinafter referred to collectively as the "Refunding Resolution") in order to refinance the outstanding portion of the Initial Bonds and the 1983 Bonds, and to pay the costs of issuance thereof;

WHEREAS, the Authority and the Participating Jurisdictions wish to amend the Service Agreements in light of the pending issuance of the Refunding Bonds;

WHEREAS, it is understood by the Authority and the Participating Jurisdictions that the Authority will use this Agreement as the basis for obtaining credit through the issuance of the Refunding Bonds and as a means for the payment of operating and maintenance expenses, and payment of principal of and interest on the Refunding Bonds, and the establishment of reserves for such purposes; and

WHEREAS, this Agreement has been approved by a resolution of the Board dated July 23, 1986 and by subsequent resolutions of the governing bodies of the Participating Jurisdictions.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. Reaffirmation of Service Agreements. The Authority and the Participating Jurisdictions hereby reaffirm and acknowledge the binding effect, as modified by this Agreement, of the Service Agreements, which shall govern all matters covered thereby to the extent not inconsistent with this Agreement.

2. Issuance of Refunding Bonds. The Authority will, as soon as may be practicable and with all reasonable dispatch, issue and sell, pursuant to the Act, the Refunding Bonds in an amount not to exceed \$18,000,000; provided, however, that nothing contained herein shall obligate the Authority to issue such Refunding Bonds except upon terms deemed reasonable by the Authority.

3. Water Rates. After issuance of the Refunding Bonds, and thereafter as future Additional Bonds may be issued pursuant to the Refunding Resolution ("Additional Bonds"), the Authority

will sell, and the Participating Jurisdictions will purchase, water supplied by the Authority in the quantities and under the terms and conditions established in paragraph 4 of the respective Service Agreements and in paragraphs 4 and 5 of the First Amendment to 1964 Service Agreements, all as such terms and conditions may be modified by the provisions of this paragraph:

a. General. On or before July 1 of each year hereafter, the Board shall analyze the finances of the Authority, including the funds required to be established and maintained under (1) the Refunding Resolution, (2) any future resolutions of the Authority or any indentures securing the Refunding Bonds, and (3) any future resolutions of the Authority authorizing, or indentures securing, any future Additional Bonds, or under all such instruments. At each such time, the Board shall set for each Participating Jurisdiction a rate to be charged for water, which rate shall have two components. The First Component shall be a "Base Rate" as set forth in paragraphs 4.b and 5.c of the First Amendment to 1964 Service Agreements, and as further set forth in paragraph 3.b below. The Second Component shall be an "Expansion Rate" as set forth in paragraphs 4.d, 4.e, 4.f, 5.d and 5.e of the First Amendment to 1964 Service Agreements and as further set forth in Section 3.d below. The Board shall fix, alter and at all times maintain a Base Rate and Expansion Rates so that together they will prevent any default in the payment of principal of or interest on the Refunding Bonds or on any future Additional Bonds.

b. The Base Rate. The Board shall fix, alter and at all times maintain a "Base Rate" to be charged for all water as will (1) provide fully for the operation and maintenance of the Authority's water system, as improved and expanded from time to time, and (2) provide fully for the establishment and maintenance of all funds and the performance of all covenants related to the "First Improvements Cost" (as defined in paragraph 3.c below) and in the "Future Improvements Costs" (as defined in paragraph 5.b of the First Amendment to 1964 Service Agreements). At all times the Base Rate shall be a uniform per 1,000 gallon rate applied equally to all water purchases by each Participating Jurisdiction. The Base Rate shall be based annually upon the total projected actual water usage for all Participating Jurisdictions for a given fiscal year beginning July 1, but may be adjusted as necessary during the year. The projection of water usage shall take into account all relevant factors, including without limitation prior water usage, population trends and projected industrial growth or decrease.

c. Apportionment of Improvement and Expansion Costs. The parties agree that 50 % of the principal of and interest on the Refunding Bonds shall be designated as the "First Improvements Cost" and that the balance (50 %) of the principal of and interest on the Refunding Bonds shall be designated as the "First Expansion Cost". As to any future Additional Bonds, the Board shall designate as

between improvements and expansion costs, respectively, based substantially on the consulting engineer's final report as provided for in paragraph 5.a of the First Amendment to 1964 Service Agreements.

d. The Expansion Rate. In addition to the Base Rate, the Board shall fix, alter and at all times maintain, for each Participating Jurisdiction, a per 1,000 gallon "Expansion Rate", which Expansion Rates, when applied respectively to each Participating Jurisdiction's water purchases, shall in the aggregate provide for the establishment and maintenance of all funds and the performance of all covenants related to the First Expansion Cost and to any "Future Expansion Costs" (as defined in paragraph 5.b of the First Amendment to Service Agreements).

4. Interest. In the event any Participating Jurisdiction shall fail to make payment for the water it purchases by the twenty-fifth day of the month in which each bill is submitted, interest on the amount owed shall accrue at the then current "Prime Rate" of the Trustee for the Refunding Bonds from the date such payment becomes due until paid in full. Prime Rate shall mean the rate of interest announced from time to time as the Trustee's prime interest rate.

5. Amendments. This Agreement may be changed or further amended only with the consent of the governing bodies for both the Authority and all five Participating Jurisdictions, and with the consent of the Trustee designated and acting as such at the time such change or further amendment is made under the Refunding

Resolution or any future Board resolution authorizing, or indenture securing, any Additional Bonds of the Authority. No such change or further amendment may be made which will affect adversely the prompt payment when due of all moneys required to be paid by the Participating Jurisdictions under the terms of this Agreement; and no such change or further amendment shall be effective which would cause a violation of any provision of the Refunding Resolution or any future Board resolution authorizing, or indenture securing, the Refunding Bonds or any Additional Bonds.

6. Entire Agreement. The parties acknowledge having fully read, understood and voluntarily accepted the terms of this Agreement. This Agreement states the entire agreement among the parties relating to the matters governed herein. There is no promise, agreement or understanding, verbal or written, for any additional consideration whatever.

7. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect any other provision of this Agreement.

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be of the same force and effect as any other executed counterpart.

9. Headings. The underlined headings herein are for convenience only and shall not affect the interpretation of this Agreement.

10. Effective Date. Notwithstanding the execution of this Agreement by all parties hereto, this Agreement shall become effective only upon the issuance by the Authority of the Refunding Bonds. Until such time as the Refunding Bonds had been issued, the existing Service Agreements shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and attested by their duly authorized officers as of the dates indicated below.

APPOMATTOX RIVER WATER AUTHORITY

ATTEST:

By John G. Finney, Jr.

Dated July 23, 1986

By J. Samuel King

COUNTY OF CHESTERFIELD, VIRGINIA

ATTEST:

By Jean S. Daley

Dated 8-13-86

By R. M. L. [Signature]

CITY OF COLONIAL HEIGHTS, VIRGINIA

ATTEST:

By [Signature]

By Richard D. Simon, CMC

Dated August 13, 1986

COUNTY OF DINWIDDIE, VIRGINIA

ATTEST:

By Quincy S. Clay

By [Signature]

Dated JUL 30 1986

CITY OF PETERSBURG, VIRGINIA

ATTEST:

By Richard M. Brown

By Richard M. Brown

Dated 8/12/86

COUNTY OF PRINCE GEORGE, VIRGINIA

ATTEST:

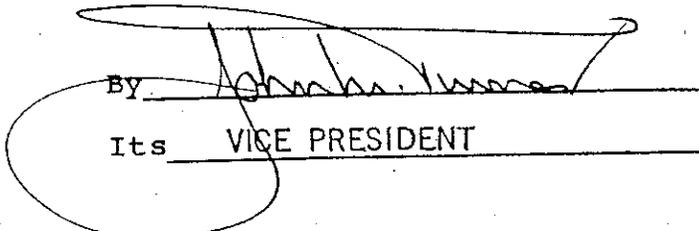
By Harry G. King

By [Signature]

Dated 8/15/86

As Trustee under the Refunding Resolution, as such term is defined above, and on behalf of the holders of the Refunding Bonds, as defined above, the undersigned hereby consents to this Amendment.

UNITED VIRGINIA BANK

BY 

Its VICE PRESIDENT

**Third Amendment To 1964 Service Agreements Between  
Appomattox River Water Authority And Participating Jurisdictions**

THIS AGREEMENT, dated as of the last date of execution set forth below is by and among the Appomattox River Water Authority (the "Authority"), the County of Chesterfield, Virginia ("Chesterfield"), the City of Colonial Heights, Virginia ("Colonial Heights"), the County of Dinwiddie, Virginia ("Dinwiddie"), the City of Petersburg, Virginia ("Petersburg") and the County of Prince George, Virginia ("Prince George") (collectively, the "Participating Jurisdictions"), and is the Third Amendment to the Service Agreements dated August 28, 1964 between the Authority and Petersburg, September 8, 1964 between the Authority and Prince George, September 9, 1964 between the Authority and Chesterfield, September 9, 1964 between the Authority and Dinwiddie, and September 15, 1964 between the Authority and Colonial Heights, all as collectively amended by the Amendment to 1964 Service Agreements, dated December 20, 1982 (the "First Amendment to 1964 Service Agreements"), the Modification Agreement, dated as of September 1, 1983 (the "Modification Agreement") and the Second Amendment to 1964 Service Agreements, dated August 15, 1986 (the "Second Amendment to 1964 Service Agreements") (collectively, as heretofore amended and modified, the "Service Agreements").

WHEREAS, the Authority is a public body politic and corporate created in 1960 upon agreement of the governing bodies of the Participating Jurisdictions, and in accordance with the Virginia Water and Waste Authorities Act, Virginia Code §15.2-5100, et seq. (the "Act"), for the purpose of servicing the water needs of the Participating Jurisdictions;

WHEREAS, the Service Agreements provide for, among other things, the sale of water by the Authority to the Participating Jurisdictions;

AGORY, TESTE:  
BY: *[Signature]*  
Rita C. Schiff, City Clerk

**WHEREAS**, on November 4, 1964, the Authority's Board of Directors (the "Board") passed a resolution (the "Original Resolution") pursuant to which the Authority issued its \$8,500,000 Water Revenue Bonds (the "Initial Bonds") and used the proceeds thereof to construct the Authority's initial water system;

**WHEREAS**, pursuant to resolutions supplemental to the Original Resolution and adopted on July 21 and December 15, 1982 and August 17 and September 30, 1983, the Authority issued its \$12,750,000 Water Revenue Bonds, Series 1983 (the "1983 Bonds") for the purpose of financing improvements to and expansion of the Authority's water system;

**WHEREAS**, pursuant to a resolution adopted on May 21, 1986, the Authority issued its \$18,000,000 Water Revenue Refunding Bonds, Series 1986 (the "1986 Bonds") for the purpose of refunding the Initial Bonds and the 1983 Bonds;

**WHEREAS**, pursuant to a resolution adopted on March 20, 1991, the Authority issued its \$2,800,000 Water Revenue Bonds, Series 1991 (the "1991 Bonds") for the purpose of financing improvements to the Authority's water system;

**WHEREAS**, pursuant to a resolution adopted on March 17, 1993, the Authority issued its \$13,245,000 Water Revenue Refunding Bonds, Series 1993 (the "1993 Bonds") for the purpose of refunding a portion of the 1986 Bonds;

**WHEREAS**, the Service Agreements contemplate improvements, betterments, repairs, equipment replacements, extensions and expansions (the "Future Improvements" and the "Future Expansions") to the water system to meet the future needs of the Participating Jurisdictions as evidenced by the issuance of the 1983 Bonds and the 1991 Bonds;

**WHEREAS**, the Authority and the Participating Jurisdictions wish to amend the method through which Future Expansions may be funded;

WHEREAS, it is understood by the Authority and the Participating Jurisdictions that the Authority will use this Agreement as the basis for obtaining credit through the issuance of Additional Bonds, and as a means for the payment of operating and maintenance expenses, and payment of principal of and interest on Additional Bonds, and the establishment of reserves for such purposes; and

WHEREAS, this Agreement has been approved by a resolution of the Board dated, June 13, 2001 (a copy of which is attached hereto as Exhibit "A"), and by subsequent resolutions of the governing bodies of the Participating Jurisdictions (copies of which are attached hereto as Exhibits "B" through "F").

NOW, THEREFORE, in consideration of the mutual promises set forth below, the parties hereto agree as follows:

1. Reaffirmation of Service Agreements. The Authority and the Participating Jurisdictions hereby reaffirm and acknowledge the binding effect, as modified by this Agreement, of the Service Agreements, which shall govern all matters covered thereby to the extent not inconsistent with this Agreement.

2. Future Expansions; Participating Jurisdictions May Fund Costs.

(a) Participating Jurisdictions May Fund Costs. If the Authority determines to issue Additional Bonds to finance Future Expansion Costs (as defined in paragraph 5.b of the First Amendment to 1964 Service Agreements) as provided in paragraph 5.a of the First Amendment to 1964 Service Agreements, the Authority shall notify the Participating Jurisdictions at least ninety (90) days in advance of the date that the Authority reasonably expects to issue or close the proposed Additional Bonds. The Authority will include with such advance notice a plan of finance and a copy of the Consulting Engineer's report for the Future Expansions to be financed

BY File C. Schiff  
File C. Schiff, City Clerk

A COPY TESTE:

in whole or in part by the series of proposed Additional Bonds, including the proposed term of such Additional Bonds, a statement of funding sources and uses, and a description of any reserves to be funded in connection with such Additional Bonds. If the Consulting Engineer's report is not available at the time the advance notice is given, the Authority will provide a copy of the Consulting Engineer's report to the Participating Jurisdictions as soon as it is available and will include in such advance notice a copy of the Consulting Engineer's preliminary engineering report. The Participating Jurisdictions may waive any or all of such advance notice period.

The Participating Jurisdictions may elect to fund from the respective Participating Jurisdiction's own available funds all or a portion (the "Funded Portion") of its share of the Future Expansion Costs (the "Future Expansion Share") for which the Authority determines to issue Additional Bonds. To exercise this option, the Participating Jurisdictions must notify the Authority of the respective Participating Jurisdiction's election within thirty (30) days after the Authority notifies the Participating Jurisdictions of its intention to issue Additional Bonds to pay Future Expansion Costs and must demonstrate to the satisfaction of the Authority that it will have cash or cash equivalents on hand on the date of delivery of the Additional Bonds (including cash or cash equivalents derived from the proceeds of any bonds to be issued by the respective Participating Jurisdiction) in an amount that, taking into account the draw schedule prepared by the Authority for the disbursements of funds to pay the Future Expansion Costs for which it is issuing Additional Bonds, will be sufficient in the opinion of the Authority's Consulting Engineer and legal and financial advisors to permit the Participating Jurisdictions to make timely payment of its Funded Portion of its share of the Future Expansion Costs for which the Authority is issuing Additional Bonds. On or before the closing date for the Additional Bonds being issued to finance the Authority's share and any portion (the "Participating Jurisdiction's Bonded

Portion") of the Participating Jurisdiction's share of the Future Expansion Costs, the Participating Jurisdiction, electing this option, will provide, in a manner acceptable to the Authority, cash or cash equivalents sufficient, together with the income derived from the investment thereof, to pay the Funded Portion of its share of the Future Expansion Costs for which the Authority has issued its Additional Bonds. The Participating Jurisdictions electing this option further agree to cause to be paid, in a manner acceptable the Authority, at the same time that the Authority pays from the proceeds of its Additional Bonds, its share of the Future Expansion Costs then being paid by the Authority.

At the Authority's sole discretion and upon terms determined by it, the Authority may issue Additional Bonds to refinance bonds theretofore issued to finance improvement costs and expansion costs thereto or to refinance other bonds without any notice to the Participating Jurisdictions or right to the Participating Jurisdictions to elect to contribute its own funds; provided, however, that any such refinancing shall (i) result in present value debt service savings on the bonds to be refinanced, (ii) be a refinancing of all or a portion of a series of bonds with an original term to maturity of three (3) years or less, or (iii) constitute a refinancing of variable rate bonds. If a proposed refinancing of bonds is not described in clause (i), (ii) or (iii) of the preceding sentence, the Authority shall provide notice to the Participating Jurisdictions and the opportunity for the Participating Jurisdictions to elect to contribute their own available funds on the terms of paragraph 2(a) of this Agreement as applied mutatis mutandis to the proposed refinancing.

(b) Determination of Future Expansion Share.

(1) The Future Expansion Share of each Participating Jurisdiction electing to contribute its share of the Future Expansion Costs pursuant to paragraph 2(a) of this Agreement

BY Rita C. Schiff  
Rita C. Schiff, City Clerk  
A COPY TESTED

shall be determined as provided in paragraph 5.d of the First Amendment of 1964 Service Agreement.

(2) Each Participating Jurisdiction electing to fund its share of the Future Expansion Costs pursuant to paragraph 2(a) of this Agreement shall be charged the applicable Expansion Rate for the First Expansion Cost and all Future Expansion Costs (in accordance with paragraphs 4.d, 4.e, 4.f and 5.d of the First Amendment to 1964 Service Agreements) other than those Future Expansion Costs that such Participating Jurisdiction has funded pursuant to paragraph 2(a) of this Agreement.

3. Amendments. This Amendment may be changed or further amended only with the consent of the governing bodies of both the Authority and all five Participating Jurisdictions, and with the consent of the Trustee designated and acting as such at the time such change or further amendment is made under any future Board Resolution authorizing, or indenture securing, any Additional Bonds of the Authority. No such change or further amendment may be made which will affect adversely the prompt payment when due of all moneys required to be paid by the Participating Jurisdictions under the terms of this Amendment; and no such change or further amendment shall be effective which would cause a violation of any provision of any future Board resolution authorizing, or indenture securing, any Additional Bonds.

4. Entire Agreement. The parties acknowledge having fully read, understood and voluntarily accepted the terms of this Agreement. This Agreement, together with its exhibits, states the entire agreement among the parties relating to the matters covered herein. There is no promise, agreement or understanding, verbal or written, for any additional consideration whatever.

ACOPY TESTE:  
By Rita C. Schiff  
Rita C. Schiff, City Clerk

5. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect any other provision of this Amendment.

6. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be of the same force and effect as any other executed counterpart.

7. Headings. The underlined headings herein are for convenience only and shall not affect the interpretation of this Agreement.

ADAPY, TESTER:  
BY Rita C. Schiff  
Rita C. Schiff, City Clerk

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and attested by their duly authorized officers as of the dates indicated below.

APPOMATTOX RIVER WATER AUTHORITY

By: Jane B. Ramsey  
Its: Chairman

ATTEST:

By: Jane B. Ramsey  
Dated: June 13, 2001

COUNTY OF CHESTERFIELD, VIRGINIA

By: Jane B. Ramsey  
Its: 8-3-01

ATTEST:

By: Jason Ellis  
Dated: August 7, 2001

CITY OF COLONIAL HEIGHTS, VIRGINIA

By: Robert Lee  
Its: City Manager

ATTEST:

By: Rita C. Schiff  
Dated: July 23, 2001

A COPY TESTE:  
By: Rita C. Schiff  
Rita C. Schiff, City Clerk  
Schiff Clerk

COUNTY OF DINWIDDIE, VIRGINIA

By: *[Signature]*  
Its: County Administrator

ATTEST:

By: *Alma B. Russell*

Dated: *31 July 2001*

CITY OF PETERSBURG, VIRGINIA

By: *[Signature]*  
Its: CITY MANAGER

ATTEST:

By: *Elizabeth S. Jenkins*

Dated: *September 4, 2001*

COUNTY OF PRINCE GEORGE, VIRGINIA

By: *[Signature]*  
Its: County Administrator

ATTEST:

By: *[Signature] Clerk*

Dated: *September 4, 2001*

ACOPY TESTER:  
By: *[Signature]*  
Rita C. Schiff, City Clerk

As Trustee under the resolutions supplemental to the Original Bond Resolution as such term is defined herein, and on behalf of the holders of the 1993 Bonds and Additional Bonds as such terms are defined herein, the undersigned hereby consents to this Amendment.

SANTRUST BANK

By: [Signature]  
Its: VICE PRESIDENT

ATTEST:

By: Annely G. Hare

Dated: 9/16/01

APPROX TESTE:  
BY: [Signature]  
Raja C. Schiff, City Clerk

## MEMORANDUM OF UNDERSTANDING

\_\_\_\_\_, 2001

The Appomattox River Water Authority (the "Authority" or "ARWA") and the County of Chesterfield, Virginia ("Chesterfield"), the City of Colonial Heights, Virginia ("Colonial Heights"), the County of Dinwiddie, Virginia ("Dinwiddie"), the City of Petersburg, Virginia ("Petersburg") and the County of Prince George, Virginia ("Prince George") (collectively, the "Participating Jurisdictions") have entered into Service Agreements dated August 28, 1964 between the Authority and Petersburg, September 8, 1964 between the Authority and Prince George, September 9, 1964 between the Authority and Chesterfield, September 9, 1964 between the Authority and Dinwiddie, and September 15, 1964 between the Authority and Colonial Heights, all as collectively amended by the Amendment to 1964 Service Agreements, dated December 20, 1982 (the "First Amendment to 1964 Service Agreements"), the Modification Agreement, dated as of September 1, 1983 (the "Modification Agreement") and the Second Amendment to 1964 Service Agreements, dated August 15, 1986 (the "Second Amendment to 1964 Service Agreements") (collectively, as heretofore amended and modified, the "Service Agreements").

Unless otherwise defined, each capitalized term used herein shall have the meaning given it in the Service Agreements.

This Memorandum of Understanding (the "MOU") among the Authority, Chesterfield and SunTrust Bank, Richmond, Virginia ("SunTrust") briefly describes the procedure to be followed by the Authority and Chesterfield to ensure prompt payment of amounts due from Chesterfield in connection with the ARWA Water Treatment Plant Expansion Project. The procedure described in this MOU applies only in the event and to the extent that, in accordance with paragraph 2(a) to the Third Amendment to 1964 Service Agreements (the "Third Amendment to 1964 Service Agreements"), Chesterfield has elected to fund from its own available funds [all or a designated portion of] its share of the Future Expansion Costs for which the Authority has determined to issue Additional Bonds to finance the ARWA Water Treatment Plant Expansion Project.

Establishment of Escrow Fund. During the life of this MOU, there shall be established with SunTrust, a special, segregated and irrevocable Escrow Fund, designated the "Chesterfield/ARWA Water Treatment Plant Expansion Project Fund" (the "Escrow Fund"). SunTrust shall hold the Escrow Fund in its custody for the benefit of the Authority and separate and apart from other funds of the Authority and Chesterfield. The Escrow Fund and all amounts in it are irrevocably pledged to the payment of Chesterfield's share of the Future Expansion Costs in accordance with paragraph 2(a) of the Third Amendment to 1964 Service Agreement. Chesterfield will pay the costs of the establishment and maintenance of the Escrow Fund as set forth in the [letter from SunTrust to Chesterfield dated \_\_\_\_\_, 2001.]

Deposits into the Escrow Fund. Chesterfield agrees to irrevocably deposit with SunTrust for deposit in the Escrow Fund on the date of issuance of the Authority's Additional Bonds [all or a designated portion of] Chesterfield's share of the Future Expansion Costs for which the

EXHIBIT A

ARWA Water Treatment Plant Expansion  
Construction Draw Schedule

APPROX. TESTED

BY

*Phyllis C. Schiff, Clerk*

Phyllis C. Schiff, City Clerk

CONCURRENT RESOLUTION RELATING TO THE THIRD AMENDMENT TO THE 1964 SERVICE AGREEMENTS BETWEEN THE APPOMATTOX RIVER WATER AUTHORITY AND THE PARTICIPATING JURISDICTIONS

WHEREAS, the City of Petersburg, Virginia, the City of Colonial Heights, Virginia, the County of Prince George, Virginia, the County of Chesterfield, Virginia and the County of Dinwiddie, Virginia (the "Participating Jurisdictions") each entered into service agreements, as amended, with the Appomattox River Water Authority (the "Authority") (collectively, the "Service Agreements"), which provide for, among other things, the sale of water by the Authority to the Participating Jurisdictions; and

WHEREAS, the Service Agreements contemplate improvements, betterments, repairs, equipment replacements, extensions and expansions (the "Future Improvements" and the "Future Expansions") to the water system to meet the future needs of the Participating Jurisdictions; and

WHEREAS, the members of the Authority have determined that it is in the best interests of the Authority to amend the method through which Future Expansions may be funded under the Service Agreements;

NOW, THEREFORE, BE IT RESOLVED BY THE UNDERSIGNED GOVERNING BODIES OF THE CITY OF PETERSBURG, THE CITY OF COLONIAL HEIGHTS, THE COUNTY OF PRINCE GEORGE, THE COUNTY OF CHESTERFIELD AND THE COUNTY OF DINWIDDIE:

- 1. The Third Amendment to 1964 Service Agreements between the Appomattox River Water Authority and Participating Jurisdictions (the "Third Amendment"), attached hereto as Exhibit "A", is hereby approved.
2. The proper officers of the respective Cities and Counties are hereby authorized to execute and deliver the Third Amendment.
3. This Resolution shall take effect immediately.

CITY OF PETERSBURG

By: [Signature]

ATTEST:

[Signature: Erika S. Jenkins]

I, ERIKA S. JENKINS, Clerk of the Council of the City of Petersburg, Virginia, do hereby certify that the foregoing resolution was adopted by the Council of the City of Petersburg, Virginia on July 17, 2001.

By: [Signature: Erika S. Jenkins]
Clerk of Council

ACOPY TESTE:
By: [Signature: Rita C. Schitt]
Rita C. Schitt, City Clerk

CITY OF COLONIAL HEIGHTS

By: [Signature]

ATTEST:

Rita C. Schiff

I, Rita C. Schiff Clerk of the Council of the City of Colonial Heights, Virginia, do hereby certify that the foregoing resolution was adopted by the Council of the City of Colonial Heights, Virginia on July 10, 2001.

By: Rita C. Schiff, CMC  
Clerk of Council

COUNTY OF PRINCE GEORGE

By: [Signature]

ATTEST:

[Signature] CMC

I, [Signature] <sup>Deputy</sup> Clerk of the Board of Supervisors, do hereby certify that the foregoing resolution was adopted by the Board of Supervisors of the County of Prince George, Virginia on August 22, 2001.

By: [Signature] CMC  
Deputy Clerk

COUNTY OF CHESTERFIELD

By: [Signature]

ATTEST:

[Signature]

I, [Signature] Clerk of the Board of Supervisors, do hereby certify that the foregoing resolution was adopted by the Board of Supervisors of the County of Chesterfield, Virginia on 8/15, 2001.

By: [Signature]  
Clerk

ACOPY TESTE  
BY Rita C. Schiff, CMC  
Clerk - City Clerk

CONCURRENT RESOLUTION EXTENDING THE CORPORATE LIFE OF THE APPOMATTOX RIVER WATER AUTHORITY

WHEREAS, the Council of the City of Petersburg, the Council of the City of Colonial Heights, the Board of Supervisors of the County of Prince George, the Board of Supervisors of the County of Chesterfield and the Board of Supervisors of the County of Dinwiddie (the "Incorporating Jurisdictions") created the Appomattox River Water Authority (the "Authority") pursuant to the Code of Virginia of 1950, as amended, and concurrent resolutions adopted by the Incorporating Jurisdictions; and

WHEREAS, the Incorporating Jurisdictions deem it advisable to extend the corporate life of the Authority;

NOW THEREFORE, BE IT RESOLVED BY THE UNDERSIGNED GOVERNING BODIES OF THE CITY OF PETERSBURG, THE CITY OF COLONIAL HEIGHTS, THE COUNTY OF PRINCE GEORGE, THE COUNTY OF CHESTERFIELD AND THE COUNTY OF DINWIDDIE:

- 1. The Authority shall have a term of existence for fifty years from June 1, 2001 and for such period or periods as may from time to time be provided by resolution of the City Councils and Boards of Supervisors of each political subdivision participating in the Authority.
2. This Resolution shall take effect immediately.

CITY OF PETERSBURG

By: [Signature]

ATTEST:

[Signature: Erika S. Jenkins]

I, ERIKA S. JENKINS, Clerk of the Council of the City of Petersburg, Virginia, do hereby certify that the foregoing resolution was adopted by the Council of the City of Petersburg, Virginia on July 17, 2001.

By: [Signature: Erika S. Jenkins] Clerk of Council

COPY TESTE: BY Rita C. Schiff, City Clerk

CITY OF COLONIAL HEIGHTS

By: [Signature]

ATTEST:

Rita C. Schiff

I, Rita C. Schiff Clerk of the Council of the City of Colonial Heights, Virginia, do hereby certify that the foregoing resolution was adopted by the Council of the City of Colonial Heights, Virginia on July 10, 2001.

By: Rita C. Schiff, CMC  
Clerk of Council

COUNTY OF PRINCE GEORGE

By: [Signature]

ATTEST:

[Signature] CMC

I, [Signature] <sup>Deputy</sup> Clerk of the Board of Supervisors, do hereby certify that the foregoing resolution was adopted by the Board of Supervisors of the County of Prince George, Virginia on August 22, 2001.

By: [Signature] CMC  
Clerk

COUNTY OF CHESTERFIELD

By: [Signature]

ATTEST:

[Signature]

I, [Signature], Clerk of the Board of Supervisors, do hereby certify that the foregoing resolution was adopted by the Board of Supervisors of the County of Chesterfield, Virginia on August 7, 2001.

By: [Signature]  
Clerk

COPY, TESTE:  
By: Rita C. Schiff CMC  
Rita C. Schiff, City Clerk

COUNTY OF DINWIDDIE

By: Tommy G.

ATTEST:

I, Alma B Russell Clerk of the Board of Supervisors, do hereby certify that the foregoing resolution was adopted by the Board of Supervisors of the County of Dinwiddie, Virginia on 31st July, 2001.

By: Alma B Russell  
Deputy Clerk

ACOPY, TESTE:  
By Pita C. Schiff  
Pita C. Schiff, City Clerk