

COMMONWEALTH OF VIRGINIA

**CITY OF PETERSBURG
\$7,380,000 WATER AND SEWER REVENUE BOND, SERIES 2015**

**VIRGINIA RESOURCES AUTHORITY
(VIRGINIA POOLED FINANCING PROGRAM)**

CITY OF PETERSBURG, VIRGINIA
\$7,380,000 WATER AND SEWER REVENUE BOND, SERIES 2015

VIRGINIA RESOURCES AUTHORITY
(VIRGINIA POOLED FINANCING PROGRAM)

Bond Transcript Documents

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VIRGINIA RESOURCES AUTHORITY

- RESOLUTION -

AUTHORIZING THE ISSUANCE OF UP TO \$450,000,000 IN INFRASTRUCTURE REVENUE BONDS (VIRGINIA POOLED FINANCING PROGRAM) FOR THE FISCAL YEAR ENDING JUNE 30, 2015

June 10, 2014

WHEREAS, the Virginia Resources Authority ("VRA") is a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth") created by the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, the Act provides that VRA was created for the purpose of encouraging the investment of both public and private funds and making loans, grants and credit enhancements available to local governments to finance or refinance the costs of the facilities or projects now or hereafter described in Section 62.1-199 of the Act (each a "Project" and, as a group, the "Projects"); and

WHEREAS, the Act authorizes and empowers VRA, among other things, to borrow money and issue its bonds to provide funds to carry out VRA's purposes and powers and to pay all costs and expenses incurred in connection with the issuance of such bonds; and

WHEREAS, by a resolution adopted by the Board of Directors of VRA (the "Board") on November 13, 2003, VRA established the Virginia Pooled Financing Program (the "Program") and authorized the execution and delivery of a Master Indenture of Trust dated as of December 1, 2003, as previously supplemented and amended (the "Master Indenture"), between VRA and U.S. Bank National Association (as successor in interest to SunTrust Bank), as trustee (the "Trustee"), under which VRA has provided for the issuance from time to time of bonds of VRA for the purpose of purchasing and acquiring local obligations to finance or refinance the cost of any Project, and for such other purposes as may be authorized under and pursuant to the Act; and

WHEREAS, unless otherwise defined, each capitalized term used in this Resolution shall have the meaning given it in the Master Indenture; and

WHEREAS, the Program and the Master Indenture contemplate and authorize VRA's issuance of Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the use of the proceeds thereof to purchase and acquire Local Obligations, with (i) the Infrastructure Revenue Bonds to be secured primarily by revenues derived from the Local Obligations, and (ii) the State Moral Obligation Revenue Bonds to be secured primarily by (A) revenues derived from the Local Obligations (on a subordinate basis to the Infrastructure Revenue Bonds) and (B) a "capital reserve fund" with "moral obligation" support within the meaning of Section 62.1-215 of the Act to the extent provided under the Master Indenture; and

WHEREAS, to further the purposes of the Act and the Program, the Board has determined to authorize VRA to issue one or more Series of Bonds under the Master Indenture in an aggregate principal amount of up to \$450,000,000 (the "Bonds") at one time or from time to time during VRA's fiscal year ending June 30, 2015; and

WHEREAS, VRA will use the proceeds of the Bonds (i) to purchase and acquire Local Obligations issued or incurred by Localities to finance or refinance qualified Projects, (ii) to provide for any funding of the Capital Reserve Fund necessary or desirable to provide credit support for the Bonds issued as State Moral Obligation Revenue Bonds and any other State Moral Obligation Revenue Bonds heretofore or hereafter issued under the Master Indenture, and (iii) to pay the costs of issuance related to the Bonds; and

WHEREAS, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, VRA shall deliver to the Trustee a Supplemental Series Indenture which will contain, among other things, the specific payment and redemption provisions for the Bonds; and

WHEREAS, debt service payments on the Bonds are expected to be made from revenues derived from the Local Obligations and the investment earnings on certain funds and accounts established under the Master Indenture and the Supplemental Series Indentures as provided therein; and

WHEREAS, the foregoing arrangements will be reflected in the following documents, forms of which have been previously presented to this Board or presented to this meeting: (i) the Master Indenture, (ii) a model Supplemental Series Indenture, to which forms of the Bonds are attached as exhibits, and (iii) model Local Bond Sale Agreements, Local Lease Acquisition Agreements, Financing Agreements and Financing Leases to be used in the acquisition of revenue Local Obligations, general obligation Local Obligations, "double-barreled" Local Obligations and lease Local Obligations (collectively, the "Local Obligation Documents"); and

After careful consideration and to further the public purposes for which the Virginia Resources Authority was created, NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VIRGINIA RESOURCES AUTHORITY THAT:

1. Authorization of the Bonds. There is hereby authorized the issuance at one time or from time to time of one or more series of revenue bonds of VRA to be known as the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program). Each Series of the Bonds shall bear appropriate Series designations and any Bonds to be issued as a single Series for purposes of the Master Indenture may, for purposes of the related Supplemental Series Indenture and federal tax law, be issued under two or more sub-designations. The Bonds shall be in substantially the forms attached as exhibits to the model Supplemental Series Indenture. VRA shall use the proceeds of the issuance and sale of each Series of the Bonds as described in the Recitals above and in accordance with the Master Indenture and the related Supplemental Series Indenture. It is hereby found and determined that the debt service payments on the Bonds are not expected to be made, in whole or

in part, directly or indirectly, from appropriations of the Commonwealth within the meaning of Section 2.2-2416(7) of the Code of Virginia of 1950, as amended.

2. Details of the Bonds. VRA's Chairman and Executive Director are authorized to determine and approve the final details of each Series of the Bonds, including without limitation, their series designations, dated date, original aggregate principal amount, interest rates, maturity dates, redemption provisions, sale prices, the portions to be issued as Infrastructure Revenue Bonds and State Moral Obligation Revenue Bonds and the principal amount of each maturity; provided, however, that (i) the original aggregate principal amount of the Bonds shall not exceed \$450,000,000; (ii) the proceeds derived from the sale of the Bonds of any Series that are issued as State Moral Obligation Revenue Bonds, excluding any proceeds derived from any Bonds issued for the purpose of funding the Capital Reserve Fund, shall not exceed 35% of proceeds derived from the sale of all of the Bonds of such Series; (iii) no Series of the Bonds shall have a true interest cost in excess of 7%; (iv) the final maturity any of the Bonds of any Series shall be no later than December 31, 2045. The approval of the Chairman and Executive Director of such details with respect to any Series of Bonds shall be evidenced conclusively by the execution and delivery thereof on VRA's behalf.

3. Approval of Supplemental Series Indentures. Each Series of Bonds shall be issued pursuant to the Master Indenture and a Supplemental Series Indenture in substantially the same form as the model Supplemental Series Indenture presented to this meeting, which is hereby approved. With respect to each Series of bonds authorized under this Resolution, the Chairman and Executive Director are authorized to execute and deliver on VRA's behalf, and, if required, to affix and attest VRA's seal on a Supplemental Series Indenture in substantially the form of the model Supplemental Series Indenture submitted to this meeting, with such changes, insertions or omissions as may be approved by the Chairman and Executive Director. Such approval shall be evidenced conclusively by the execution and delivery of each respective Supplemental Series Indenture on VRA's behalf.

4. Preparation, Execution, Authentication and Delivery of Bonds. The Executive Director is authorized and directed to have the Bonds of each Series prepared in substantially the forms attached to the model Supplemental Series Indenture submitted to this meeting, to have such Bonds executed pursuant to the terms of the Master Indenture and the related Supplemental Series Indenture, to deliver such Bonds to the Trustee for authentication, and to cause such Bonds so executed and authenticated to be delivered to or for the account of the initial purchasers thereof upon payment of the purchase price thereof as provided in the related Supplemental Series Indenture.

5. Sale of Bonds. Each Series of Bonds may be sold to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities ("Underwriter") to be selected by the Executive Director in accordance with VRA's previously adopted underwriter selection procedures or, if the Executive Director so elects, at public bid to the bidder with the lowest true interest cost to VRA. With respect to each Series of Bonds, the Executive Director is authorized to execute and deliver a bond purchase agreement with the Underwriter, or, if sold at public bid, other appropriate documents with the successful bidder (the "Bid Documents") providing for the sale and delivery of the Bonds upon terms and conditions to

be approved by the Chairman and Executive Director within the parameters set forth in paragraph 2 above.

6. Preliminary Official Statement. VRA authorizes the preparation of a preliminary official statement, in such form as the Executive Director may approve (a "Preliminary Official Statement"), in connection with the offering of each Series of Bonds authorized hereunder. The Executive Director is authorized to deem final each Preliminary Official Statement as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof. Distribution of a Preliminary Official Statement shall constitute conclusive evidence that any such completions, omissions, insertions and changes have been approved and that it has been deemed final as of its date, except for the omission of such pricing and other information permitted to be omitted, for purposes of the Rule.

7. Official Statement. Upon the sale of each Series of the Bonds, the Executive Director is authorized and directed to complete the Preliminary Official Statement therefor as an official statement in final form (the "Official Statement") to reflect the final terms and details of the related Series of Bonds and the sale thereof. The Executive Director is authorized to execute each Official Statement, which execution shall constitute conclusive evidence of approval of the Official Statement on behalf of VRA and that it has been deemed final within the meaning of the Rule. The Executive Director is authorized to prepare, execute, publish and distribute any other disclosure or sale documents as the Executive Director deems necessary or appropriate to effect the sale of the Bonds.

8. Credit Enhancement. The Executive Director is authorized to procure bond insurance for all or any portion of the Bonds or a surety bond, liquidity facility or similar instrument to provide for the funding of all or any portion of the Capital Reserve Fund or any other reserve fund or account established pursuant to the Master Indenture, if the Executive Director determines such procurement to be in the best interests of VRA.

9. Participating Localities. Without the need for additional approval by this Board, the Executive Director is authorized on behalf of VRA to solicit, accept and approve applications from Local Governments to be participants in the Program through VRA's purchase or acquisition of their Local Obligations. The criteria for approving the purchase or acquisition of Local Obligations from participating Localities shall in no event be less stringent than VRA's internal credit criteria previously approved by this Board.

10. Approval of Local Obligation Documents. The model Local Obligation Documents are hereby approved for use in providing for the purchase or acquisition of Local Obligations related to the Bonds; provided, however, that the provisions therein may be altered to accommodate different terms agreed to by VRA and the various participating Localities.

11. Tax Matters. The Executive Director is authorized and directed to (i) conduct public hearings in connection with the issuance of Bonds, if applicable, (ii) seek the approval of the Governor of the issuance of any Series of Bonds, if applicable, and (iii) execute and deliver on VRA's behalf simultaneously with the issuance of each Series of Bonds a Tax Regulatory Agreement and/or similar agreements or certificates. The Tax Regulatory Agreement

and/or similar agreements or certificates shall set forth the expected use of and investment of all or any portion of the proceeds of each Series of the Bonds and include such covenants as may be necessary to qualify the interest on all or any portion of each Series of the Bonds for exemption from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations (the "Tax Code"), and to maintain such exemption. The Executive Director is further authorized to make on behalf of VRA such elections under the Tax Code with respect to any Series of the Bonds as she may deem to be in the best interests of VRA after consultation with VRA's Bond Counsel and Financial Advisor.

12. Investment of Proceeds. Notwithstanding anything to the contrary contained in VRA's Investment Policy, the investment of all monies deposited in any of the funds or accounts established by the Master Indenture and any Supplemental Series Indenture related to a Series of the Bonds will be governed by the sections of the Master Indenture and such Supplemental Series Indenture related to permitted investments. In addition, the Executive Director is authorized to contract with the Virginia State Non-Arbitrage Program and/or an arbitrage rebate consulting firm to provide investment and/or arbitrage compliance services with respect to the Bonds.

13. Interim Financing. Prior to the offering of any Series of Bonds, if market or other conditions are such that the Chairman, in consultation with the Executive Director, determines that it is not advisable to enter into a long-term financing for all or any portion of the purchasing and acquiring of Local Obligations to finance or refinance the cost of any Project, the Executive Director, without further approval of the Board as to documentation or otherwise, may execute, deliver and issue short-term notes of VRA ("Notes") at public or private sale in anticipation of the issuance of any or all Series of Bonds; provided that the aggregate principal amount of the Notes shall not exceed \$450,000,000 (less the aggregate principal amount of any previously issued Series of Bonds), the term to maturity thereof shall not exceed five years and the true interest cost thereon shall not exceed 7% and the Notes shall be subject to such other terms and conditions contained in this Resolution to the extent not inconsistent with this paragraph 13. Any of the Notes may be extended or refinanced from time to time by or at the direction of the Executive Director, provided that no extension or refinancing matures later than five years from the date of the original issuance of such Note. The Executive Director is authorized and directed to affix the seal of VRA to such Notes and to attest the seal. The Notes may be secured in the same manner as the corresponding Series of Bonds and may be retired, in the discretion of the Board, from the proceeds of the corresponding Series of Bonds or by means of current revenues or other funds, provided that the maximum amount of the Series of Bonds authorized will be reduced by the amount of Notes retired by means of such current revenues or other funds.

14. Authorization of Further Actions. Each officer of VRA is authorized to execute and deliver on VRA's behalf such other instruments, documents or certificates, and to do and perform such things and acts as he or she shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Master Indenture and any Supplemental Series Indenture related to the Bonds. Any of the foregoing previously done or performed by any officer of VRA is in all respects approved, ratified and confirmed.

15. Effective Date; Termination. This Resolution shall be effective on July 1, 2014. The authority to issue Bonds pursuant to this Resolution shall terminate on June 30, 2015.

CITY OF PETERSBURG, VIRGINIA

GENERAL CERTIFICATE

The undersigned officials of the City of Petersburg, Virginia (the "City"), certify as of May 28, 2015 (the "Closing Date"), as follows:

1. Unless otherwise defined, each capitalized term used in this Certificate has the meaning given it in the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement"), between the City and Virginia Resources Authority ("VRA").

2. On March 17, 2015, and at all times thereafter to and including the date of this Certificate, the members of the Council of the City (the "Council") consisted of the following seven persons, each of whom was duly elected, qualified and serving as a member of the Council for a term of office as hereafter stated:

<u>Name</u>	<u>Current Term of Office Expires</u>
Brian A. Moore	December 31, 2016
Darrin Hill	December 31, 2018
John A. Hart, Sr.	December 31, 2018
Samuel Parham	December 31, 2018
David Ray Coleman	December 31, 2016
Treska Wilson-Smith	December 31, 2018
W. Howard Myers	December 31, 2018

3. W. Howard Myers is the duly elected (by the City Council), qualified and serving Mayor of the City.

4. Samuel Parham is the duly elected (by the City Council), qualified and serving Vice Mayor of the City.

5. William E. Johnson III is the duly appointed, qualified and serving City Manager.

6. Steven W. Hicks is the duly appointed, qualified and serving Director of Public Works.

7. Brian K. Telfair is the duly appointed, qualified and serving City Attorney.

8. Nykesha D. Jackson is the duly appointed, qualified and serving Clerk of the City Council.

9. Kevin A. Brown is the duly elected, qualified and serving City Treasurer.

10. Attached as Exhibit A is a true, correct and complete certified copy of a resolution (the "Bond Resolution"), duly adopted by the Council at a meeting duly called and held on March 17, 2015.

11. The Bond Resolution is the only resolution or resolution adopted by the Council relating to matters referred to in such resolution. The Bond Resolution has not been repealed, revoked, rescinded or amended except as provided therein and is in full force and effect on the date of this Certificate.

12. Pursuant to the Bond Resolution, there has been duly prepared, executed and delivered by the City its \$7,380,000 Water and Sewer Revenue Bond, Series 2015 (the "Bond"). The Bond has been executed on behalf of the City by the manual signature of the Mayor and the City's seal has been imprinted on it and attested by the manual signature of the Clerk of the Council.

13. The City is issuing the Bond for the purposes described in the Financing Agreement and will apply the proceeds from the issuance and sale of the Bond in the manner described in the Financing Agreement.

14. No litigation or administrative action of any kind is now pending or, to our knowledge, threatened to (a) restrain or enjoin the issuance, sale or delivery of the Bond, (b) contest or challenge the due adoption of the Bond Resolution or otherwise affect, contest or challenge the validity of the Bond or in any manner question the proceedings and authority under which the Bond is issued, (c) contest or challenge the Council's power to pledge the full faith and credit of the City, (d) contest or challenge the validity of the Financing Agreement or the Nonarbitrage Certificate and Tax Compliance Agreement dated as of the date hereof (the "Local Tax Document"), between the City and VRA, (e) contest in any way the Project or the City's authority to undertake the Project, or (f) contest the titles of the officers executing the Financing Agreement, the Local Tax Document and the Bond.

15. The titles of the officers signing the Bond, the Local Tax Document and the Financing Agreement have not been contested and/or no ordinance or proceedings for the issuance of the Bond or authority with respect thereto have been repealed, revoked or rescinded.

16. The City's seal is the same seal of which an impression appears below as well as on the Bond. The signatures of the Mayor and the Clerk of the Council appearing below are the same signatures appearing on the Bond.

17. The City's representations contained in Section 2.2 of the Financing Agreement are true and correct as of the date of this Certificate and the City has performed all of its obligations required under the Financing Agreement to be performed by it on or before the date of this Certificate. No material adverse change has occurred in the financial condition of the City as indicated in the financial statements, applications and other information furnished to VRA before the date of this Certificate.

18. The issuance of the Bond, the execution and delivery of the Local Tax Document and the Financing Agreement and the performance by the City of its obligations thereunder are within the powers of the City and will not conflict with, or constitute a breach or result in a

violation of, to the best of our knowledge (a) any federal or Virginia constitutional or statutory provision, (b) any agreement or other instrument to which the City is a party or by which it is bound, or (c) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the City or its property. The Bond, the Local Tax Document and the Financing Agreement have been duly authorized, executed and delivered.

19. The City is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. Except as described to VRA, no event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to the Financing Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

20. The City has full right, power and authority to (a) issue, sell and deliver the Bond for the purpose and in the manner set forth in the Financing Agreement, and the Bond Resolution, including but not limited to financing the Project, (b) adopt the Bond Resolution and execute and deliver the Financing Agreement, the Local Tax Document and the related documents, (c) pledge the full faith and credit of the City to the payment of the Bond, (d) carry out and consummate all the transactions contemplated by the Financing Agreement, the Local Tax Document, the Bond Resolution, the Bond, and (e) undertake the Project. The City has taken or will take all steps required to be performed under the Financing Agreement and applicable law in connection therewith.

21. All permits, licenses, registrations, certificates, authorizations, consents and approvals required to be obtained as of the date hereof as a condition precedent to the adoption of the Bond Resolution, the issuance of the Bond, the execution and delivery by the City of the Financing Agreement, the Local Tax Document, the Bond or to the performance of its obligations thereunder, or the undertaking of the Project have been obtained on or prior to the date hereof. The City knows of no reason why any such permits or approvals not required as of the date hereof cannot be obtained as required in the future.

22. The City is not in violation of any existing law, rule or regulation applicable to it and is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, order, judgment, decree or other agreement or instrument to which the City is a party or by which it is bound or to which any of its assets are subject that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Bond, the Local Tax Document, or the Financing Agreement. The City's execution and delivery of the Financing Agreement, the Local Tax Document, the Bond and compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the foregoing.

23. The City will use the proceeds derived by the City from the issuance and sale of the Bond only to pay or to reimburse the City for its payment of the Project Costs of the Project.

24. Attached as Exhibit B is a true, correct and complete certified copy of a resolution duly adopted by the Council at a meeting duly called and held on April 21, 2015, regarding the City's five-year rate plan.

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IN WITNESS WHEREOF, the undersigned City Manager is signing this General Certificate of the City of Petersburg, Virginia, as of the Closing Date.

[SEAL]



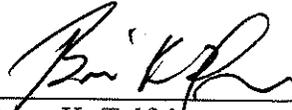
William E. Johnson III
City Manager, City of Petersburg, Virginia



Nykeshia D. Jackson
Clerk of Council, City of Petersburg, Virginia

CERTIFICATE

The undersigned City Attorney of the City certifies that the officer of the City named above is the duly elected or appointed and qualified incumbent of the office set forth below his signature and that his signature as appearing above is true and genuine.



Brian K. Telfair
City Attorney, City of Petersburg, Virginia

15-R-20
Adoped: 03/17/15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PETERSBURG, VIRGINIA, APPROVING THE ISSUANCE AND SALE OF ITS PUBLIC UTILITY REVENUE BOND, SERIES 2015, AND SETTING FORTH THE FORM, DETAILS AND PROVISIONS FOR THE PAYMENT THEREOF

RECITALS

WHEREAS, the City Council (the "City Council") has determined it to be necessary and advisable and in the best interest of the residents of the City of Petersburg, Virginia (the "City"), to issue its public utility revenue bond (the "Bond") in the maximum principal amount of \$7,505,000 in order to finance the costs of various approved City public utility capital improvement projects, fund a debt service reserve fund, if necessary, and to pay the costs of issuance of the Bond (collectively, the "Project"), and to finance the Project by contracting a debt to be secured principally by a lien on the revenues of the City's water and wastewater system (the "System");

WHEREAS, the City Council has determined to cause the Bond to be purchased by Virginia Resources Authority ("VRA") pursuant to the terms of a Local Bond Sale and Financing Agreement (the "Financing Agreement"), between the City and VRA;

WHEREAS, VRA intends to issue its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2015A or additional series of such bonds (the "2015A VRA Bonds") and, subject to VRA approval, make available to the City a portion of the proceeds of the 2015A VRA Bonds upon receipt by VRA of the Bond in accordance with the terms of the Financing Agreement;

WHEREAS, the Financing Agreement is expected to indicate that the sum of \$7,457,000 is the amount of proceeds requested for the Project from VRA or such other amount as requested by the City in writing and approved by VRA prior to VRA's bond pricing (the "Proceeds Requested");

WHEREAS, VRA has advised the City that the sale date of the 2015A VRA Bonds is tentatively scheduled for May 13, 2015, but may occur, subject to market conditions, at any time between May 12, 2015, and May 28, 2015 (the "VRA Sale Date"), and that VRA's objective is to pay the City a purchase price for the Bond that in VRA's judgment reflects its market value (the "Purchase Price Objective") taking into consideration the Proceeds Requested and such factors as the purchase price received by VRA for the 2015A VRA Bonds, the issuance costs of the 2015A VRA Bonds (consisting of the underwriters' discount and other costs incurred by VRA) (collectively, the "VRA Costs") and other market conditions relating to the sale of the 2015A VRA Bonds;

WHEREAS, such factors are expected to result in the City receiving a purchase price other than the par amount of the Bond and consequently (i) the aggregate principal amount of

the Bond may be greater than or less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested or (ii) if the maximum authorized principal amount of the Bond set forth in Section 1 of this Resolution does not exceed the Proceeds Requested by at least the amount of the VRA Costs and any original issue discount, the amount to be paid to the City, given the Purchase Price Objective and market conditions, will be less than the Proceeds Requested;

WHEREAS, the City held a public hearing, duly noticed, on March 17, 2015, on the issuance of the Bond in accordance with the requirements of Section 15.2-2606, Code of Virginia of 1950, as amended;

WHEREAS, the City Council desires to authorize pursuant to this Resolution the issuance of the Bond not in excess of the principal amount set forth in Section 1 of this Resolution; and

WHEREAS, there is on file with the Deputy City Manager and Director of Finance of the City (the "Director of Finance") the following documents proposed in connection with the foregoing:

- (a) the Financing Agreement; and
- (b) the form of Bond.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PETERSBURG, VIRGINIA, AS FOLLOWS:

1. **Authorization of Bond and Use of Proceeds.** The City Council hereby determines that it is advisable and will benefit the inhabitants of the City through the promotion of their safety, health, welfare and prosperity to contract a debt and to issue the Bond in a maximum principal amount of \$7,505,000. The Bond shall be issued in the form of a single bond to be designated as the City of Petersburg, Virginia, Public Utility Revenue Bond, Series 2015, or such other designation as may be approved by the Mayor, the Vice Mayor, or the City Manager, any of whom may act. The issuance and sale of the Bond is authorized upon the terms set forth in this Resolution and the Financing Documents, as hereinafter defined, and upon such other terms as may be determined in the manner set forth in this Resolution. The proceeds from the issuance and sale of the Bond shall be used, along with other available City funds, if any, to finance the Project.

2. **Sale to the Virginia Resources Authority.** The sale of the Bond to VRA is hereby authorized. The Bond shall be delivered to or upon the order of VRA upon VRA's payment of the purchase price to be set forth in the Financing Documents.

3. **Financing Documents.** The Financing Agreement is hereby approved in substantially the form on file with the Director of Finance. The Bond shall be issued and sold pursuant to the Financing Agreement, and such other agreements or documents as may be required by VRA and agreed to by the Mayor, the Vice Mayor, or the City Manager, in consultation with the City's Bond Counsel (collectively, the "Financing Documents"). The Mayor, the Vice Mayor, and the City Manager, or any of them, are hereby authorized and

directed to execute and deliver the Financing Documents in such form and containing such provisions (including provisions to provide certain reserves and to pay certain amounts as required under the Financing Agreement) as may be approved by the Mayor, the Vice Mayor, and the City Manager, or any of them, in consultation with the City's Bond Counsel. Such approval shall be evidenced conclusively by the execution and delivery of the Financing Documents by either such officer.

4. **Form and Details of Bond.** The Bond shall be issued as a single, fully-registered bond in substantially the form on file with the Director of Finance. The Mayor, the Vice Mayor, and the City Manager, any of whom may act, are authorized to determine and approve all of the final details of the Bond, including, without limitation, its dated date, original principal amount, interest rate, payment dates and amounts, redemption or prepayment provisions, and the purchase price of the Bond to be paid by VRA, provided that (i) the aggregate principal amount of the Bond shall not exceed the amount specified in paragraph 1, (ii) the true interest cost of the Bond shall not exceed 6.5% (exclusive of Supplemental Interest (as defined in the Financing Agreement)), (iii) the final maturity of the Bond shall not be later than 31 years from its date of issue, and (iv) the purchase price of the Bond to be paid by VRA shall not be less than 98% of the original aggregate principal amount of the Bond.

Following the pricing of the corresponding 2015A VRA Bonds, the Mayor, the Vice Mayor, or the City Manager, any of whom may act, shall evidence his or her approval of the final terms and purchase price of the Bond by executing and delivering the Financing Agreement. The actions of the Mayor, the Vice Mayor, or the City Manager in determining the final terms and the purchase price of the Bond shall be conclusive, and no further action shall be necessary on the part of the City Council.

5. **Pledge of Revenues; Other Security Provisions.** Principal of, premium, if any, and interest on the Bond shall be payable as provided in the Bond and in the Financing Agreement in lawful money of the United States of America, but solely from the revenues of the System, except to the extent such payment shall be made from the proceeds of the Bond, the income, if any, derived from the investment thereof or the sources provided below. The revenues of the System are hereby pledged upon the terms and conditions set forth in the Financing Agreement to secure the payment of the principal of and premium, if any, and interest on the Bond and the payment and performance of the City's obligations under the Financing Agreement.

Nothing in the Bond, the Financing Agreement or this Resolution shall be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including the City. The issuance of the Bond shall not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions, including the City, to pledge its faith and credit or levy any taxes for the payment of the principal of or premium, if any, and interest on the Bond or other costs incident to them or make any appropriation for their payment except from the revenues and other funds pledged for such purpose under the provisions of the Bond, the Financing Agreement and this Resolution.

6. **Execution and Delivery of Bond and Financing Documents.** The Mayor, the Vice Mayor, and the City Manager, any of whom may act, are authorized and directed to execute the Bond and the Clerk of the City Council (the "Clerk") is authorized and directed to affix the seal of the City thereon and to attest to such seal. Such officers are further authorized and directed to deliver the Bond to or at the direction of VRA upon payment of the purchase price therefor.

7. **Registration, Transfer and Exchange.** The City Treasurer is hereby appointed as the City's registrar and transfer agent to keep books for the registration and transfer of the Bond and to make such registrations and transfers under such reasonable regulations as the City Council may prescribe.

Upon surrender for transfer or exchange of the Bond at the office of the City Treasurer, the City shall execute and deliver in the name of the transferee or transferees a new Bond in a principal amount equal to the Bond surrendered and of the same form and maturity and bearing interest at the same rate or rates as the Bond surrendered, subject in each case to such reasonable regulations as the City Council may prescribe. If presented for transfer, exchange, redemption or payment, the Bond shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the City Treasurer, duly executed by the registered owner or by his or her duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

A new Bond delivered upon any transfer or exchange shall be a valid limited obligation of the City, evidencing the same debt as the Bond surrendered and shall be secured by and entitled to all of the security and benefits of this Resolution and the Financing Agreement to the same extent as the Bond surrendered.

8. **Charges for Exchange or Transfer.** No charge shall be made for any exchange or transfer of a Bond, but the Clerk may require payment by the registered owner of the Bond of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

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

10. **Disclosure Documents.** The City Council hereby authorizes and consents to the inclusion of information with respect to the City in VRA's Preliminary Official Statement

and VRA's Official Statement in final form, both prepared in connection with the sale of the 2015A VRA Bonds, a portion of the proceeds of which will be used to purchase the Bond. If appropriate, such disclosure documents shall be distributed in such manner and at such times as any of them shall determine. The Mayor, the Vice Mayor, and the City Manager, any of whom may act, is hereby authorized and directed to take whatever actions are necessary or appropriate to aid VRA in ensuring compliance with Securities and Exchange Commission Rule 15c2-12.

11. Tax Documents. The Mayor, the Vice Mayor, and the City Manager, or any of them, is hereby authorized to execute a tax compliance agreement and any related documents (the "Tax Documents") setting forth the expected use and investment of the proceeds of the Bond and containing such covenants as may be necessary in order for the 2015A VRA Bonds to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), including the provisions of Section 148 of the Tax Code and applicable regulations relating to "arbitrage bonds." The City hereby covenants that the proceeds from the issuance and sale of the Bond will be invested and expended as set forth in the Tax Documents, to be delivered simultaneously with the issuance and delivery of the Bond and that the City shall comply with the other covenants and representations contained therein.

12. Appointment of Bond Counsel. McGuireWoods LLP is hereby appointed Bond Counsel for the City in connection with the issuance of the Bond. The City Council acknowledges that McGuireWoods LLP will also be serving as bond counsel to VRA in connection with VRA's issuance of the 2015A VRA Bonds and consents thereto.

13. SNAP Investment Authorization. The City Council authorizes the City Treasurer to have the option to utilize the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") in connection with the investment of the proceeds of the Bond. The City Council acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the contract creating the investment program pool.

14. Further Actions; Ratification. The Mayor, the Vice Mayor, the City Manager, the City Attorney, the City Treasurer, the Clerk, the Director of Finance and such officers and agents as any of them may designate are authorized and directed to take such further actions in conformity with the purpose and intent of this Resolution as may be necessary or appropriate in connection with the issuance and sale of the Bond, and the execution, delivery and performance of the Financing Documents, including without limitation the execution and delivery on behalf of the City of such instruments, documents or certificates as are necessary or appropriate to carry out the transactions contemplated by this Resolution. All actions previously taken by such officers and agents in connection with the issuance and sale of the Bond are ratified and confirmed. The Mayor, the Vice Mayor, the City Manager and the Director of Finance, any of whom may act, are designated the City's Local Representatives for purposes of the Financing Agreement.

15. Filing of Resolution. The City Attorney is hereby authorized and directed to file a certified copy of this Resolution with the Circuit Court of the City of Petersburg,

Virginia, pursuant to Sections 15.2-2607 and 15.2-2627 of the Code of Virginia of 1950, as amended.

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

The undersigned Clerk of the City Council of the City of Petersburg, Virginia, certifies that the foregoing constitutes a true, complete and correct copy of the Resolution adopted at a meeting of the City Council of the City of Petersburg, Virginia, held on March 17, 2015.

(SEAL)



Nykesha D. Jackson
Clerk, City Council, City of Petersburg, Virginia

CERTIFICATE OF CLERK

The undersigned Clerk of the City Council of the City of Petersburg, Virginia, hereby certifies that:

1. A regular meeting (the "Meeting") of the City Council of the City of Petersburg, Virginia (the "City Council"), was held on March 17, 2015, at which the following members were present and absent:

PRESENT:

W. Howard Myers
Samuel Parham
Brian A. Moore
John A. Hart
Darrin L. Hill
David R. Coleman
Treska Wilson-Smith

ABSENT:

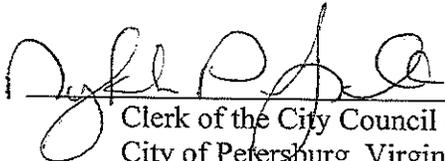
2. The attached Resolution 15-R-20 entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PETERSBURG, VIRGINIA, APPROVING THE ISSUANCE AND SALE OF ITS PUBLIC UTILITY REVENUE BOND, SERIES 2015, AND SETTING FORTH THE FORM, DETAILS AND PROVISIONS FOR THE PAYMENT THEREOF" was duly adopted at the Meeting by the recorded affirmative roll-call vote of a majority of all of the members elected to the City Council, the vote being recorded in the minutes of the Meeting as shown below:

<u>MEMBER</u>	<u>VOTE</u>
W. Howard Myers	Yes
Samuel Parham	Yes
Brian A. Moore	Yes
John A. Hart, Sr.	Yes
Darrin Hill	Yes
David Ray Coleman	Yes
Treska Wilson-Smith	Yes

3. Attached hereto is a true and correct copy of the foregoing Resolution as recorded in full in the minutes of the Meeting.

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

WITNESS my signature and the seal of the City of Petersburg, Virginia this 17th day of March, 2015.


Clerk of the City Council of the
City of Petersburg, Virginia

[SEAL]

15-Ord-30
 Adopted: 04/21/15

AN ORDINANCE TO AMEND SECTION 114-136 OF ARTICLE II, OF CHAPTER 114, AND 114-236 OF DIVISION 3, ARTICLE III, OF CHAPTER 114, CHANGING THE METHOD OF MEASUREMENT OF WATER FROM CUBIC FEET TO GALLONS, OF THE 2000 CODE OF THE CITY OF PETERSBURG, AS AMENDED.

BE IT ORDAINED, by the City Council of the City of Petersburg as follows:

That Section 114-136 of Article II, of Chapter 114, and Section 114-236 of Division 3, of Article III, of Chapter 114, of the Code of the City of Petersburg (2000) (as amended) be and is hereby added and reordained, as follows:

Sec. 114-136. - Service fee and rates inside city limits.

- (a) A nonrefundable application fee of \$25.00 shall be included on the bill issued during the customer's first billing cycle. Such fee shall also be paid for any transfer of accounts from one customer to another or from one location to another.
- (b) The monthly rates for water furnished by the city to customers within the city limits shall be based on hundred ~~cubic feet~~ gallons (~~cf~~) of usage, plus capacity fee, outlined below:
 - (1) For the first ~~300 cubic feet (cf)~~ 2,244 gallons, per ~~100 cubic feet~~ 748 gallons..... ~~\$0.380~~ \$0.412.
 - (2) From ~~301 cf~~ 2,245 gallons thru ~~12,500 cubic feet~~ 93,506 gallons, per ~~100 cubic feet~~ 748 gallons..... ~~\$1.620~~ \$1.756.
 - (3) All over ~~12,500 cubic feet~~ 93,506 gallons, per ~~100 cubic feet~~ 748 gallons.....~~\$1.040~~ \$1.127.
- (c) The monthly capacity fee for water furnished within the city limits shall be based upon the following meter sizes:

Meter Size (inches):	Monthly Water Capacity Fee:
All single-family residential and 5/8" non-residential	\$ 5.660 \$6.135

1	14.170	\$15.360
1½	24.770	\$26.851
2	45.280	\$49.084
3	90.550	\$98.156
4	141.490	\$153.375
6	283.000	\$306.772
8	565.990	\$613.533
10	877.280	\$950.972
12	1,131.980	\$1,227.066

(Code 1981, § 38-81; Ord. No. 97-59, § 38-81, 5-20-1997; Ord. No. 01-32, 5-15-2001; Ord. No. 04-58, 7-6-2004; Ord. No. 07-23, 3-20-2007; Ord. No. 08-107, § 1, 12-9-2008; Ord. No. 12-21, § 1, 3-6-2012; Ord. No. 12-41, § 1, 5-15-2012; Ord. No. 13-39, § 1, 5-21-2013)

Sec. 114-236. - Imposed; amount generally.

(a) *Inside-city fees.* The monthly commodity charge for sanitary sewer service furnished by the city to customers within the city limits shall be as follows:

- (1) For the first ~~300 cubic feet~~ 2,244 gallons, per ~~100 cubic feet~~ 748 gallons..... ~~\$0.810~~
\$0.894
- (2) From ~~301 cubic feet~~ 2,245 gallons thru ~~12,500 cubic feet~~ 93,506 gallons, per ~~100 cubic feet~~ 748 gallons..... ~~\$3.470~~ \$3.831
- (3) All over ~~12,500 cubic feet~~ 93,506 gallons, per ~~100 cubic feet~~ 748 gallons.....~~\$2.220~~
\$2.451

The monthly capacity fee for sanitary sewer service furnished within the city limits shall be based upon the following meter sizes:

Meter Size (inches):	Monthly Sewer Capacity Fee:	
All single-family residential and 5/8" non-residential	\$ 12.120	\$13.380
1	30.290	\$33.440
1½	53.040	\$58.556
2	96.910	\$106.989
3	196.680	\$217.135
4	302.870	\$334.368
6	605.740	\$668.737
8	1,211.490	\$1,337.485
10	1,877.800	\$2,073.091
12	2,422.940	\$2,674.926

- (b) *Outside-city fees.* The charges for city sewage treatment supplied to customers outside the corporate limits of the city shall be provided for by special contract, or the monthly rates shall be twice the monthly sewer commodity charges and capacity fees for inside-city customers, according to the schedule of rates provided in subsection (a) above.

Where more than one property or dwelling unit is served through a sewer lateral, the sewer bill shall be calculated from the consumption reading of the water meter and determined based on the average individual property or dwelling unit consumption, multiplied by the total number of served properties or dwelling units.

- (c) *Stormwater sewer charge.* If a person whose property or building has stormwater connections is granted, in writing, an exception from removing such stormwater connections as provided in section 114-216, the person shall be charged a yearly stormwater sewer charge for the treatment of that stormwater. The amount of such charge shall be calculated by multiplying the amount of annual stormwater discharged into the

city sewers by the percent determined by dividing the person's yearly sewer bill by that person's yearly water consumption.

- (d) *Effective date.* The fees established by Ordinance No. 13-39 become effective on ~~July 1, 2013~~ July 1, 2014.

(*Ord. No. 05-38, 6-7-2005; Ord. No. 06-55, 6-6-2006; Ord. No. 07-24, 3-20-2007; Ord. No. 12-21, § 2, 3-6-2012; Ord. No. 12-41, § 2, 5-15-2012, Ord. No. 13-39, §2, 5-21-2013*)

**CERTIFICATE OF THE CLERK OF THE CIRCUIT COURT
OF THE CITY OF PETERSBURG, VIRGINIA WITH RESPECT TO
FILING OF RESOLUTION**

The undersigned certifies that there has been filed with the Circuit Court of the City of Petersburg, Virginia, as required by Section 15.2-2607 of the Code of Virginia of 1950, as amended, a certified copy of a resolution of the City of Petersburg, Virginia, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PETERSBURG, VIRGINIA, APPROVING THE ISSUANCE AND SALE OF ITS PUBLIC UTILITY REVENUE BOND, SERIES 2015, AND SETTING FORTH THE FORM, DETAILS AND PROVISIONS FOR THE PAYMENT THEREOF," adopted March 17, 2015.

Dated: March 27, 2015

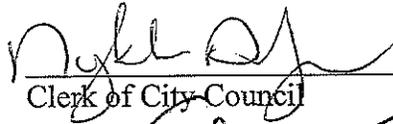


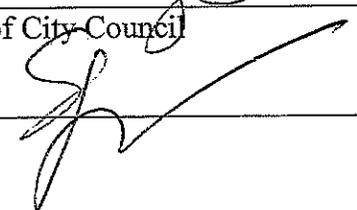
Clerk
Circuit Court of the City of Petersburg, Virginia



Ordinance 15-Ord-30
adopted by the City of Petersburg Council
of the City of Petersburg on:

4/21/2015


Clerk of City Council


Mayor

LOCAL BOND SALE AND FINANCING AGREEMENT

Between

VIRGINIA RESOURCES AUTHORITY

and

CITY OF PETERSBURG, VIRGINIA

Dated as of April 10, 2015

**Virginia Resources Authority
Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2015A**

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LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of April 10, 2015, and is between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and the **CITY OF PETERSBURG, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "Local Government").

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

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

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

ARTICLE I

DEFINITIONS

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

"**2015A Acquisition Fund**" has the meaning set forth in the Related Supplemental Series Indenture.

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

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

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

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

"**Closing Date**" means May 28, 2015, or such other date as may be determined by VRA.

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

"**Effective Date**" means April 10, 2015.

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

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

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

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

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

"Local Account" means the local account established for the Local Bond within the 2015A Acquisition Fund.

"Local Authorization" means the resolution adopted on March 17, 2015, by a majority of the members of the governing body of the Local Government approving (i) the transactions contemplated by and authorizing the execution and delivery of the Local Bond Documents and (ii) the execution, issuance and sale of the Local Bond subject to the Financing Parameters.

"Local Bond" means the Local Government's Water and Sewer Revenue Bond, Series 2015, issued in the original principal amount set forth in Schedule 1.1, as such bond may be amended or modified.

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

"Local Debt Service Reserve Fund" means the fund established under Section 6.5.

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

"Local Government" means the City of Petersburg, Virginia.

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

"Local Reserve Fund Determination Date" means (i) the 10th day after each interest payment date under the Local Bond or, if such day is not a Business Day, on the first Business

Day thereafter or (ii) any other date established in writing by VRA for the valuation of obligations on deposit in the Local Debt Service Reserve Fund.

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

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

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

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

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

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

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

"Proceeds Requested" means \$7,457,000, plus an amount sufficient to fund the Local Debt Service Reserve Requirement on the Closing Date, subject to the Financing Parameters, together with an amount to pay related costs of issuance, or such other amount requested in writing by the Local Government and approved by VRA prior to the Sale Date.

"Project" means the project described in Exhibit B.

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

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

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

"Qualified Independent Consultant" means an independent professional consultant having the skill and experience necessary to provide the particular certificate, report or approval required by the provision of this Agreement in which such requirement appears, including without limitation an Outside Engineer, and an independent certified public accountant or firm of independent certified public accountants; provided, however, all Qualified Independent Consultants are subject to the reasonable approval of VRA.

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

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

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

"Related Series of VRA Bonds" means the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2015A, in the original aggregate principal amount set forth in Schedule 1.1, and, unless the Local Government receives notice to the contrary from VRA, any bonds issued by VRA to refund the Related Series of VRA Bonds in whole or in part.

"Related Supplemental Series Indenture" means the Thirty-First Supplemental Series Indenture of Trust dated as of May 1, 2015, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms and those of the Master Indenture.

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

"Revenues" means (i) all rates, fees, rentals, charges and other income properly allocable to the System under generally accepted accounting principles or resulting from the Local Government's ownership or operation of the System and all rights to receive the same, whether now existing or hereafter coming into existence, exclusive of user and other deposits subject to refund until such deposits have become the Local Government's property, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) interest on any money or securities related to the System held by or on behalf of the Local Government

and (iv) any other income from other sources now or hereafter pledged or specifically made available by or on behalf of the Local Government to or for the payment of Operation and Maintenance Expenses or debt service on any Parity Bonds.

"Sale Date" means May 13, 2015, or such other date specified in Schedule 1.1.

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS

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

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

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

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

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

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

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

(c) The Local Authorization authorized the execution and delivery of this Agreement.

(d) The Local Government has obtained all governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the Effective Date for the Local Government's (i) adoption of the Local Authorization, (ii) execution and delivery of the Local Bond Documents and the Local Bond, (iii) performance of its obligations under the Local Bond Documents and the Local Bond, (iv) the undertaking of the Project and (v) the operation and use of the System. The Local Government knows of no reason

why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals not required to be obtained by the Effective Date cannot be obtained as required in the future.

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

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

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

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

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

(j) The Local Government reasonably expects that, unless otherwise permitted by the terms of the Local Bond Documents or approved by VRA, the Local Government will own, operate and control the System at all times.

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

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

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

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

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

ARTICLE III

PURCHASE OF THE LOCAL BOND

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

the Local Government shall deliver to VRA a copy of the Local Authorization as adopted prior to the date hereof.

(b) The Local Government acknowledges that VRA has advised the Local Government that its objective is to pay the Local Government the Purchase Price for its Local Bond which in VRA's judgment reflects the market value of the Local Bond ("Purchase Price Objective"), taking into consideration the Financing Parameters, the purchase price received by VRA for the Related Series of VRA Bonds, the underwriters' discount and other issuance costs of the Related Series of VRA Bonds and other market conditions relating to the sale of the Related Series of VRA Bonds. The Local Government further acknowledges that VRA has advised it that such factors may result in the Local Bond having a value other than par and that in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, the Local Government may need to issue the Local Bond with a par amount that is greater or less than the Proceeds Requested. The Local Government shall not issue the Local Bond that violates any Financing Parameter. The Local Government shall issue the Local Bond at a par amount that provides to the fullest extent practicable given VRA's Purchase Price Objective, a Purchase Price at least equal to the Proceeds Requested, all in accordance with the Local Authorization. The Local Government acknowledges that the Purchase Price will be less than the Proceeds Requested if any Financing Parameter prevents VRA from generating a Purchase Price substantially equal to the Proceeds Requested, based upon VRA's Purchase Price Objective.

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

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

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

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

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

(2) A certificate of the appropriate officials of the Local Government dated the Closing Date as to the matters set forth in Section 2.2, including appropriate certifications regarding the Local Bond Documents, and such other matters as VRA may reasonably require.

(3) Evidence that the Local Government has performed and satisfied all of the terms and conditions contained in this Agreement to be performed and satisfied by it as of such date.

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

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

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

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

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

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

(10) A certificate of a Consulting Engineer to the effect that the Project will be part of the System.

(11) A certificate of an Outside Engineer or a Qualified Independent Consultant, including supporting documentation, to the effect that during the first two complete Fiscal Years following the estimated completion date of the Project, the projected Net Revenues Available for Debt Service will satisfy the Local Government's rate covenant under Section 5.2(a). In providing this certificate, the Consulting Engineer or Qualified Independent Consultant may take into consideration future System rate

increases, provided that such rate increases have been duly approved by the Local Government's governing body and any other person or entity required to give approval for the rate increase to become effective. In addition, the Consulting Engineer or Qualified Independent Consultant may take into consideration additional future revenues to be derived under existing contractual arrangements entered into by the Local Government and from reasonable estimates of growth in the Local Government's consumer base.

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

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

(14) Prior to the Sale Date, the governing body of the Local Government shall adopt a five-year water and sewer system rate plan for the Public Utilities Fund for Fiscal Years 2016-2020.

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

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

ARTICLE IV

USE OF PURCHASE PRICE

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

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

(b) The Local Government acknowledges and consents to the investment of the Purchase Price and the earnings thereon in Virginia SNAP.

Section 4.2 Agreement to Accomplish Project. (a) The Local Government shall cause the Project to be acquired, constructed, expanded, renovated, equipped or financed as described in Exhibit B and in accordance with the Project Budget, this Agreement, the Local Tax

Document and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Local Government. The Local Government shall complete, or cause to be completed, the Project by the date set forth in the certificate delivered under Section 3.4(a)(4). The Local Government shall obtain the approval of all applicable regulatory agencies to all plans, specifications and designs for the Project. The Local Government shall maintain complete and accurate books and records of the Project Costs and permit VRA or the Trustee through their representatives to inspect such books and records at any reasonable time.

(b) Upon completion of the Project, the Local Government shall promptly deliver to VRA and the Trustee a certificate signed by a Local Representative and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Article and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion and (iii) that all certificates of occupancy or other material permits then necessary for the use, occupancy and operation of the Related Financed Property have been issued or obtained. Such certificate shall be accompanied by a copy of the final requisition submitted to the Trustee pursuant to Section 4.3, including Schedule 1 thereto.

(c) If upon the completion of the Project, and there remain in the Local Account amounts that will not be necessary to pay Project Costs, the Trustee shall apply any remaining balance at the direction of the Local Government to the payment of costs permitted under the Act and in such manner as will not, in the opinion of a nationally-recognized bond counsel delivered to VRA and the Trustee, have an adverse effect on the tax status of the Related Series of VRA Bonds.

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

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

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

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

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

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

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

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

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

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

Upon receipt reasonably satisfactory to VRA of each such requisition, the Trustee shall make payment in accordance with such requisition from the Local Account.

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

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

ARTICLE V

PLEDGE

Section 5.1 Pledge. Subject to the Local Government's right to apply Revenues to the payment of Operation and Maintenance Expenses, the Revenues are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Local Bond and the payment and performance of the Local Government's obligations under this Agreement on a parity with any Parity Bonds. This pledge shall be valid and binding from and after the Closing Date. The Revenues, as received by the Local Government, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. Except as stated above, the lien of this pledge shall have priority over all other obligations and liabilities of the Local Government payable from Revenues, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the Local Government regardless of whether such parties have notice of this pledge. Until the occurrence and continuation of an Event of Default, the Local Government may, after the application each month of Revenues to the payment of the Operation and Maintenance Expenses and debt service on the Local Bond and any other Parity Bond, use the Revenues for any lawful purpose.

Section 5.2 Rate Covenant. (a) The Local Government shall fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by its System, and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues Available for Debt Service will equal at least 115% of the amount required during the Fiscal Year to pay the principal of and interest on the Local Bond, all other Parity Bonds, any other indebtedness payable from Revenues and any capital lease or other lease obligations payable from Revenues.

(b) If, for any reason, the Net Revenues Available for Debt Service are insufficient to satisfy the covenant set forth in subsection (a), the Local Government shall within 90 days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expenses so as to provide sufficient Net Revenues Available for Debt Service to satisfy such requirement.

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

Section 5.3 Annual Budget of the System. (a) Not less than 15 days before the first day of each Fiscal Year, the Local Government shall submit to its governing body and to VRA a copy of a preliminary annual budget, containing all information called for by, and otherwise being in the form of, Exhibit J to this Agreement, for such Fiscal Year setting forth a schedule of the rates, fees and other charges to be imposed by the Local Government, the Revenues

estimated to be generated thereby and the expenditures anticipated by the Local Government for operations, maintenance, repairs, replacements, improvements, debt service and other purposes.

(b) The Local Government shall include in each preliminary annual budget an updated five-year rate plan that addresses the expected rates for use of the System for the next five Fiscal Years.

(c) The Local Government shall adopt, prior to the first day of each Fiscal Year, a budget for such Fiscal Year.

(d) The Local Government shall ensure that the adopted budget contains the information required to be included in the preliminary budget, including the rate plan specified in (b) above. Such budget as approved by the Local Government's governing body is referred to in this Agreement as the Annual Budget. The Local Government may at any time during any Fiscal Year amend the Annual Budget for such Fiscal Year so long as such amendment does not result in an Event of Default. The Local Government shall promptly submit to VRA, in an electronic format, a copy of the Annual Budget and any amendments thereto.

Section 5.4 Qualified Independent Consultant's Report. (a) If at the end of any Fiscal Year, the Local Government is not in compliance with the rate covenant made by the Local Government in Section 5.2(a), within 210 days after the end of such Fiscal Year, the Local Government shall obtain a report from the Qualified Independent Consultant. The Local Government shall ensure that the report gives advice and makes recommendations as to the proper maintenance, repair, replacement and operation of the System for the next ensuing Fiscal Year and estimating the costs thereof as to the rates, fees, and other charges which should be established by the Local Government to satisfy the rate covenant in Section 5.2(a). The Local Government shall promptly furnish a copy of such report to VRA and, subject to Section 5.4(b), take measures to implement the recommendations of the Qualified Independent Consultant within 90 days of obtaining such report.

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

ARTICLE VI

PAYMENT AND REDEMPTION OF LOCAL BOND

Section 6.1 Payment of Local Bond and Related Amounts. (a) Until the principal of and premium, if any, and interest on the Local Bond and all other amounts payable under this Agreement have been paid in full, the Local Government shall pay the Trustee or VRA, as applicable, the following amounts:

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

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

(3) to VRA on its demand, a late payment penalty in an amount equal to 5.0% of the payment on the Local Bond not paid within 10 days after its due date;

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

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

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

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

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

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

(b) The Local Government shall satisfy the following conditions precedent before VRA will deem the Local Bond defeased and redeemed:

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

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

Allocated Portion may be either to maturity or an earlier redemption date as determined by the Local Government.

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

(4) The Local Government shall deposit with VRA cash in an amount equal to the present value of interest that would be paid on the principal of the Allocated Portion at a rate equal to 0.125%, payable semiannually, to the maturity dates of the Allocated Portion or, if earlier, the redemption date or dates of the Allocated Portion. Present value shall be determined by using a discount rate equal to the true interest cost of the Related Portion of VRA Bonds.

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

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

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

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

Section 6.5 Local Debt Service Reserve Fund. (a) The Trustee is hereby directed to establish a "City of Petersburg, Virginia 2015A Debt Service Reserve Account" (the "Local Debt Service Reserve Fund") for the benefit of VRA, to be held in accordance with Section 10.1 of the Master Indenture and separate and apart from the funds established under the Master Indenture. On the Closing Date, the Local Government shall deposit the Local Reserve Requirement into the Local Debt Service Reserve Fund.

(b) Money in the Local Debt Service Reserve Fund shall be used solely to cure any deficiencies in the payment by the Local Government of principal of, premium if any, or interest on the Local Bond pursuant to Section 6.1(a)(1). If there is a deficiency in the amount of such payment, the Trustee shall transfer the amount of the deficiency from the amount, if any, on deposit in the Local Debt Service Reserve Fund to the Revenue Fund established under the Master Indenture. The Trustee shall notify VRA and the Local Government of the transfer within one Business Day of the transfer. Notwithstanding the foregoing, no such transfer from the Local Debt Service Reserve Fund shall relieve the Local Government of its obligation to make the payments of principal of or premium, if any, and interest on the Local Bond due under this Agreement.

(c) On each Local Reserve Fund Determination Date, or at any other time as may be requested by VRA or the Local Government, the Trustee shall determine if the balance on deposit in the Local Debt Service Reserve Fund is at least equal to the Local Reserve Requirement. In making each such determination, the Trustee shall value obligations on deposit in the Local Debt Service Reserve Fund as provided in Section 11.3 of the Master Indenture. If on any Local Reserve Fund Determination Date there exists a deficiency in the Local Debt Service Reserve Fund, the Trustee shall notify VRA and the Local Government of such fact and the amount of the deficiency within one Business Day of such determination, and, if such deficiency shall continue to exist, VRA's Executive Director shall notify the Local Government that an Event of Default has occurred pursuant to Section 10.1 of this Agreement. In determining whether a deficiency continues to exist, the Executive Director of VRA shall not take into account any deficiency resulting from the valuation by the Trustee of the obligations in the Local Debt Service Reserve Fund so long as the Local Government has not defaulted in making payments to replenish the Local Debt Service Reserve Fund under Section 6.1(a)(5).

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

(e) The Local Government shall replenish the Local Debt Service Reserve Fund pursuant to Section 6.1(a)(5).

(f) The Trustee shall invest or reinvest any amounts held in the Local Debt Service Reserve Fund established hereunder in accordance with Section 11.2 and 11.4 of the Master Indenture.

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

ARTICLE VII

OPERATION AND USE COVENANTS

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

Section 7.2 Additions and Modifications. At its own expense the Local Government from time to time may make any additions, modifications or improvements to the System that the Local Government deems desirable, provided that such addition, modification or improvements do not (i) materially reduce the value of the System or (ii) negatively affect the structural or operational integrity of any part of the System. The Local Government shall ensure that all such additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the System.

Section 7.3 Permits. The Local Government shall, at its sole cost and expense, obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the System. The Local Government shall, upon request, promptly furnish to VRA and the Trustee copies of all such permits, consents and approvals.

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

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

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

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

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

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

(c) The Local Government may sell or otherwise dispose of property constituting part of the System with a "book value" (as determined in accordance with generally accepted accounting principles) that, when combined with the aggregate "book value" of all of the other such property sold or otherwise disposed of under this subsection during the Fiscal Year in question, will not cause the aggregate "book value" of all of such property sold or otherwise disposed of under this subsection in such Fiscal Year to exceed \$125,000. The proceeds to be received from any such sale or disposition shall be applied first to cure any default that may exist in the payment of the principal of or interest on the Local Bond.

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

Section 7.8 Collection of Revenues. The Local Government shall use its best efforts to collect all rates, fees and other charges due to it, including, without limitation, the perfection of liens on premises served by the System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Local Government shall, to the full extent permitted by law, discontinue and shut off, or cause to be discontinued and shut off, services and facilities of the System, and use its best efforts to cause to be shut off water service furnished otherwise than through the System, to customers of the System who are delinquent beyond any customary grace periods in the payment of rates, fees and other charges due to the Local Government.

Section 7.9 No Free Service. To the extent permitted by law and except for the use of the System disclosed on Exhibit I, the Local Government shall not permit connection with or the use of the System, or furnish any services afforded by the System, without making a charge therefor based on the Local Government's uniform schedule of rates, fees and charges.

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

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

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

Section 7.13 Construction Contractors. The Local Government shall cause each general construction contractor employed in the accomplishment of the Project to furnish a performance bond and a payment bond each in an amount equal to 100% of the particular contract price. Such bonds must list the Local Government, VRA and the Trustee as beneficiaries. Neither VRA nor the Trustee shall make any claims or exercise any rights under such bonds unless and until an Event of Default occurs. The Local Government shall cause each

contractor to maintain during the construction period covered by the particular construction contract builder's risk insurance, workmen's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer.

Section 7.14 Engineering Services. The Local Government shall retain or employ a Consulting Engineer to provide engineering services covering the operation of the System.

ARTICLE VIII

INSURANCE, DAMAGE AND DESTRUCTION

Section 8.1 Insurance. The Local Government shall maintain or cause to be maintained insurance against such risks as are customarily insured against by systems similar in size and character to the System, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the System's insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia). The determination of replacement cost shall be made, in conjunction with representatives of the Local Government, by a recognized appraiser or insurer selected by the Local Government and acceptable to VRA.

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

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

Neither VRA nor the Trustee shall have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance or (ii) the application of the proceeds of insurance.

The Local Government shall provide annually to VRA a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

Section 8.2 Requirements of Policies. The Local Government shall maintain all insurance required by Section 8.1 with generally recognized responsible insurance companies selected by the Local Government and reasonably acceptable to VRA. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other utility systems of like size and character to the System. If the Local Government does not maintain such insurance with an insurer licensed to do business in Virginia or placed under the

requirements of the Virginia Surplus Lines Insurance Law, Chapter 48, Title 38.2, Code of Virginia of 1950, as amended, or any successor statute, the Local Government shall provide evidence reasonably satisfactory to VRA that such insurance is enforceable under Virginia law.

Section 8.3 Notice of Damage, Destruction or Condemnation. In case of (i) any damage to or destruction of any material part of the System, (ii) a taking of all or any part of the System or any right in it under the exercise of the power of eminent domain, (iii) any loss of the System because of failure of title or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, the Local Government shall notify VRA in writing within ten Business Days of the occurrence describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 8.4 Damage and Destruction. If all or any part of the System is destroyed or damaged by fire or other casualty, and the Local Government shall not have exercised its option, if such option is available, to redeem the outstanding Local Bond pursuant to Section 6.2, the Local Government shall restore promptly the property damaged or destroyed to substantially the same condition as before such damage or destruction, with such alterations and additions as the Local Government may determine and which will not impair the capacity or character of the System for the purpose for which it then is being used or is intended to be used. The Local Government may apply so much as may be necessary of the net proceeds of insurance received on account of any such damage or destruction to payment of the cost of such restoration, either on completion or as the work progresses. If such net proceeds are not sufficient to pay in full the cost of such restoration, the Local Government shall pay so much of the cost as may be in excess of such net proceeds.

Section 8.5 Condemnation and Loss of Title. If title to or the temporary use of all or any part of the Related Financed Property shall be taken under the exercise of the power of eminent domain or lost because of failure of title, and the Local Government shall not have exercised its option, if such option is available, to redeem the outstanding Local Bond pursuant to Section 6.2, the Local Government shall cause the net proceeds from any such condemnation award or from title insurance to be applied to the restoration of the Related Financed Property to substantially its condition before the exercise of such power of eminent domain or failure of title. If such net proceeds are not sufficient to pay in full the cost of such restoration, the Local Government shall pay so much of the cost as may be in excess of such net proceeds.

ARTICLE IX

SPECIAL COVENANTS

Section 9.1 Tax Covenants. The Local Government shall not directly or indirectly use or permit the use of any of the proceeds of the Local Bond or any other of its funds, in such manner as would, or enter into, or allow any other person or entity to enter into, any arrangement, formal or informal, that would, or take or omit to take any other action that would, cause interest on any of the Related Series of VRA Bonds to be includable in gross income for federal income tax purposes or to become a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Insofar as the Local

Tax Document imposes duties and responsibilities on the Local Government, including the payment of any arbitrage rebate in respect of the Related Series of VRA Bonds, as of the Closing Date they are specifically incorporated by reference into this Agreement. The Local Government also consents to the calculation of any "rebate amount" to be paid with respect to the Related Portion of VRA Bonds by a rebate calculation service selected by VRA.

Section 9.2 Maintenance of Existence. The Local Government shall maintain its existence as a political subdivision of the Commonwealth of Virginia under Virginia law, and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity without VRA's prior written consent, which consent will not be unreasonably withheld.

Section 9.3 Financial Records and Statements. The Local Government shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs. The Local Government shall have an annual audit of the financial condition of the Local Government made by an independent certified public accountant, within 180 days after the end of each Fiscal Year. The annual audit shall include a supplemental schedule demonstrating whether the Local Government satisfied the rate covenant set forth in Section 5.2. The Local Government shall furnish to VRA, in an electronic format, a copy of such report immediately after it is accepted by the Local Government. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the System's operations and changes in the financial position thereof for the Fiscal Year.

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

Section 9.5 Further Assurances. The Local Government shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights and collateral, if any, assigned or pledged by this Agreement, or as may be required to carry out the purposes of this Agreement. The Local Government shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledges made under this Agreement and all rights of VRA under this Agreement against all claims and demands of all persons, including without limitation the payment of certain costs of VRA as described in Section 6.1(a)(5).

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

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

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

(i) the financial statements (consisting of at least a balance sheet and a statement of revenues and expenses) of the System which financial statements must be (A) prepared annually in accordance with generally accepted accounting principles in effect from time to time consistently applied (provided that nothing in this clause (A) will prohibit the Local Government after the date of this Agreement from changing such other principles so as to comply with generally accepted accounting principles as then in effect or to comply with a change in applicable law) and (B) audited by an independent certified public accountant or firm of such accountants in accordance with generally accepted auditing standards as in effect from time to time (provided that if audited financial statements are not available for filing when required by this Section or the Rule (as defined herein), unaudited financial statements will be filed and audited financial statements will be filed as soon as possible thereafter); and

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

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

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

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

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

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

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

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

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

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

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancement maintained with respect to the Local Bond reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other notices or determinations with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds, or other events with respect to the Local Bond that could affect the tax status of the Related Series of VRA Bonds;
- (7) modifications to rights of holders;
- (8) bond calls and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Local Bond;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Local Government;

(13) the consummation of a merger, consolidation, or acquisition involving the Local Government or the sale of all or substantially all of the assets of the Local Government, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms;

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

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

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

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

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

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

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

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

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

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

Section 9.9 Additional Indebtedness. The Local Government shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by a pledge of Revenues, except Parity Bonds or Subordinate Debt issued in accordance with the terms and conditions of this Section 9.9:

(a) The Local Government may issue a Parity Bond to (i) pay the cost of the acquisition or construction of improvements, extensions, additions or replacements to equipment or betterments of and any property, rights or easements deemed by the Local Government to be necessary, useful or convenient for the System or to refund Subordinate Bonds, (ii) refund some or all of the Local Bond (subject to the conditions of Section 6.2) or any other Parity Bond or (iii) effect some combination of (i) and (ii), provided in each case the following conditions are satisfied. Before any Parity Bond is issued or delivered, the Local Government shall deliver to VRA the following in form and substance satisfactory to VRA:

(1) Certified copies of all resolutions and ordinances of the Local Government authorizing the issuance of the Parity Bond.

(2) A certificate of a Local Representative setting forth the purposes for which the Local Government is issuing the Parity Bond and the manner in which the Local Government will apply the proceeds from the issuance and sale of the Parity Bond.

(3) If the Parity Bond is authorized for any purpose other than the refunding of the Local Bond or another Parity Bond, a certificate including supporting documentation of a Qualified Independent Consultant to the effect that (i) the improvements or property which the proceeds from the issuance of the Parity Bond will finance or refinance will be a part of, or are necessary, useful or convenient for, the System, (ii) the funds available to the Local Government from the issuance of the Parity Bond and other specified sources will be sufficient to pay the estimated cost of such improvements or property (or refinancing the same), (iii) the period of time which will be required to complete such improvements or property, and (iv) (A) the failure to make such improvements or acquire or construct such property will result in an interruption or reduction, or the continuance of an interruption or reduction, of Revenues, or (B) during the first two complete Fiscal Years following the completion of the improvements or the acquisition or construction of the property (or refinancing the same), the projected Net Revenues Available for Debt Service will satisfy the rate covenant of Section 5.2. In providing this certificate, the Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the Local Government's governing body and any other person and entity required to give approval for the rate increase to become effective. In addition, the

Qualified Independent Consultant may take into consideration additional future Revenues to be derived under then existing contractual agreements entered into by the Local Government and from reasonable estimates of growth in the Local Government's customer base. In providing the certification in subsection (iv)(B) above, the Qualified Independent Consultant shall include supporting documentation.

(4) If the Parity Bond is authorized solely to refund any Local Bond or other Parity Bond either (i) a certificate or report of a Qualified Independent Consultant that the refunding Parity Bond will have annual debt service requirements in each of the years the Local Bond or the other Parity Bond to be refunded (the "Refunded Bonds") would have been outstanding that is lower than the annual debt service requirements in each such year on the Refunded Bonds, or (ii) a certificate of a Qualified Independent Consultant to the effect that in its opinion, during the first two complete Fiscal Years following the issuance of the refunding Parity Bond, the projected Net Revenues Available for Debt Service will satisfy the rate covenant of Section 5.2. In providing the certificate described in clause (ii), the Qualified Independent Consultant may take into account the positive factors described in the last two sentences of subsection (a)(3) of this Section.

(5) If requested by VRA, an opinion of a nationally-recognized bond counsel, subject to customary exceptions and qualifications, approving the form of the resolution authorizing the issuance of the Parity Bond and stating that its terms and provisions conform with the requirements of this Agreement, that the certificates and documents delivered to VRA constitute compliance with the provisions of this Section, and that the issuance of the Parity Bond will have no adverse effect on the exclusion of the interest on the Related Series of VRA Bonds from gross income for federal income tax purposes and not cause interest on the Related Series of VRA Bonds to become a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

(b) If the Local Government is unable or unwilling to satisfy the conditions set forth in subsection (b) to the issuance and delivery of any Parity Bond, VRA may determine, in its sole discretion, to waive any or all of such conditions.

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

ARTICLE X

DEFAULTS AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

Section 10.4 Delay and Waiver. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence in it, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under this Agreement shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent to it.

ARTICLE XI

MISCELLANEOUS

Section 11.1 State Aid Intercept. The Local Government acknowledges that VRA is treating the Local Bond as a "local obligation" within the meaning of Section 62.1-199 of the Act, including amendments thereto taking effect as of July 1, 2011, which in the event of a nonpayment thereunder authorizes VRA or the Trustee to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Act. In purchasing the Local Bond, VRA is further relying on Section 62.1-216.1 of the Act, providing that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the Local Government of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the Local Government for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

Section 11.2 Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

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

Section 11.4 Limitation of Local Government's Liability. Notwithstanding anything in the Local Bond or this Agreement to the contrary, the Local Government's obligations hereunder and under the Local Bond are not its general obligations, but are limited obligations payable solely from the Revenues which are specifically pledged for such purpose. Neither the Local Bond nor this Agreement shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Local Government and the Local Government shall not be obligated to pay the principal of or premium, if any, or interest on the Local Bond or other costs incident to them except from the Revenues and other funds pledged for such purpose. In the absence of fraud or intentional misconduct, no present or future director, official, officer, employee or agent of the Local Government shall be liable personally in respect of this Agreement or the Local Bond or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement or the Local Bond.

Section 11.5 Applicable Law. This Agreement shall be governed by Virginia law.

Section 11.6 Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of VRA and the Local Government, as the case may be, only to the extent permitted by law.

Section 11.7 Notices. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Local Bond or this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Local Government, at the address specified for notices on the signature page; (b) if to VRA, at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director; or (c) if to the Trustee, at 1021 East Cary Street, 18th Floor, Richmond, Virginia 23219, Attention: Corporate Trust Department. A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. VRA, the Local Government and the Trustee may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 11.8 Right to Cure Default. If the Local Government fails to make any payment or to perform any act required by it under the Local Bond or this Agreement, VRA or the Trustee, without prior notice to or demand upon the Local Government and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by VRA or the Trustee and all costs, fees and expenses so incurred shall be payable by the Local Government as an additional obligation under this Agreement, together with interest thereon at the rate of 15% per year until paid. The Local Government's obligation under this Section shall survive the payment of the Local Bond.

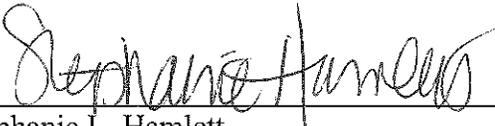
Section 11.9 Term of Agreement. This Agreement is effective as of the Effective Date. Except as otherwise specified, the Local Government's obligations under the Local Bond and this Agreement shall expire upon payment in full of the Local Bond and all other amounts payable by the Local Government under this Agreement.

Section 11.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature Pages Follow]

WITNESS the following signatures, all duly authorized.

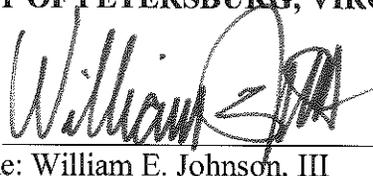
VIRGINIA RESOURCES AUTHORITY

By: 
Stephanie L. Hamlett

[Signature Page of Local Bond Sale and Financing Agreement –
City of Petersburg, Virginia]

CITY OF PETERSBURG, VIRGINIA

By:

A handwritten signature in black ink, appearing to read "William E. Johnson, III", written over a horizontal line.

Name: William E. Johnson, III

Title: City Manager

Address for Notices:

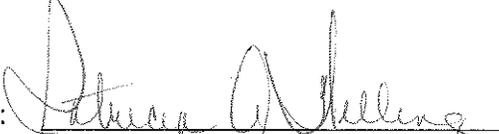
135 N. Union St.
Petersburg, Virginia 23803
Attention: City Manager

[Signature Page of Local Bond Sale and Financing Agreement –
City of Petersburg, Virginia]

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

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By:



Patricia A. Welling, Vice President

[Signature Page of Local Bond Sale and Financing Agreement –
City of Petersburg, Virginia]

EXHIBIT A

FORM OF LOCAL BOND

R-1

REGISTERED

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA**

**CITY OF PETERSBURG, VIRGINIA
WATER AND SEWER REVENUE BOND, SERIES 2015**

FINAL MATURITY DATE

DATED DATE

October 1, 20__

April 28, 2015

REGISTERED OWNER: VIRGINIA RESOURCES AUTHORITY

**PRINCIPAL AMOUNT: _____ MILLION _____ HUNDRED _____
THOUSAND AND 00/100 DOLLARS (\$ _____)**

The **CITY OF PETERSBURG, VIRGINIA** (the "City"), for value received, promises to pay, solely from the sources described below and pledged to the payment of this Bond, to the registered owner of this Bond or legal representative, the principal sum stated above, together with interest thereon at the rates stated below, as set forth below.

This Bond shall be payable as follows. Principal on this Bond shall be due and payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this Bond shall be due and payable semi-annually on each April 1 and October 1, commencing October 1, 2015. Interest on this Bond is computed on the basis of a year of 360 days and twelve 30-day months at the rates set forth in Schedule I attached hereto.

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement"), between Virginia Resources Authority ("VRA") and the City, so long as this Bond is held by VRA or the Trustee (as defined in the Financing Agreement), interest is payable by check or draft mailed to the registered owner of this Bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the Registrar. Principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. In case the date fixed for the payment of principal of or interest on or the redemption of this Bond shall not be a Business Day (as defined below) then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such maturity date or date fixed for the payment of interest or redemption. "Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

If any installment of principal of and interest on this Bond is not paid to the registered owner of this Bond within ten days after its due date, the City shall pay to VRA a late payment charge in an amount equal to 5% of the overdue installment.

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

Principal of and interest on this Bond shall be payable solely from the Revenues (as defined in the Financing Agreement), except to the extent such payment shall be made from the proceeds of this Bond or the bonds or notes to be issued by the City to redeem the Bond or the income, if any, derived from the investment thereof. The Revenues are pledged to secure the payment of the principal of and interest on this Bond, on parity with the pledge of Revenues to the payment of the Existing Parity Bonds (as defined in the Financing Agreement). This Bond shall not be deemed to create or constitute a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof, including the City. 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, including the City, are pledged to the payment of the principal of or interest on this Bond. The issuance of this Bond shall not directly or indirectly or contingently obligate the Commonwealth of Virginia or any county, city, town or other subdivision of the Commonwealth of Virginia to levy any taxes whatever therefor or to make any appropriation for their payment except from the Revenues and any other funds or property pledged for such purpose under the provisions of the Resolution (as defined below).

The issuance of this Bond has been duly authorized by the City Council by resolution adopted March 17, 2015 (the "Resolution"), and is issued for the purpose of financing the costs

of the Project (as defined in the Financing Agreement) and paying the issuance and financing costs associated with this Bond.

This Bond is issued pursuant to the terms of the Resolution, the Financing Agreement, and the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended. The obligations of the City under this Bond shall terminate when all amounts due and to become due pursuant to this Bond and the Financing Agreement have been paid in full.

The City may issue additional bonds ranking on a parity with this Bond with respect to the pledge of the Revenues under the terms of the Financing Agreement.

This Bond is subject to defeasance, prepayment and/or redemption as provided in the Financing Agreement.

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

This Bond may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in form satisfactory to the City Treasurer, as registrar. Such transfer shall be made in the registration books kept by the City Treasurer, as registrar, upon presentation and surrender hereof.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this Bond have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia and the Charter of the City.

IN WITNESS WHEREOF, the City Council of the City of Petersburg, Virginia, has caused this Bond to be dated as of the Dated Date and to be executed by its Mayor and to be attested to and its seal to be affixed to this Bond by the City Clerk.

CITY OF PETERSBURG, VIRGINIA

[SEAL]

By: _____
W. Howard Myers, Mayor

ATTEST:

By: _____
Nykesha D. Jackson, City Clerk

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE.)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and does hereby irrevocably constitute and appoint

_____, attorney, to transfer said Bond on the books kept for registration of said Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

Registered Owner
(Notice: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

SCHEDULE I

**CITY OF PETERSBURG, VIRGINIA
WATER AND SEWER REVENUE BOND, SERIES 2015**

(See Attached)

EXHIBIT B

DESCRIPTION OF THE PROJECT

To finance water and wastewater system improvements identified in the Local Government's fiscal year 2015-2017 Capital Improvement Plan.

EXHIBIT C

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

None

EXHIBIT D

FORM OF REQUISITION

Requisition No.

Date:

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

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

This Requisition, including Schedule 1 and Schedule 2 hereto, is submitted in connection with the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement") between the Virginia Resources Authority and the City of Petersburg, Virginia (the "Local Government"). Unless otherwise defined in this Requisition, each capitalized term used herein has the meaning given it under Article I of the Financing Agreement. The undersigned Local Representative hereby requests payment of the following amounts from the Local Account established for the Local Government in the 2015A Acquisition Fund established under the Thirty-First Supplemental Series Indenture.

Payee:

Address:

Amount to be Paid:

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

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

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

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

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

Local Representative

SCHEDULE 1

Form to Accompany Requisition

Requisition # _____
 Recipient: _____ – VRA 2015A
 Local Representative: _____
 Title: _____
 Date: _____

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

SCHEDULE 2

Wire Instructions for Requisition

[To be provided by the Local Government]

CERTIFICATE OF CONSULTING ENGINEER

The undersigned Consulting Engineer for the Local Government hereby certifies that (i) insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the Project, and (ii) insofar as the amounts covered by the Requisition include payments for land or easements, rights or interests in or relating to lands, such lands, easements, rights or interests are being acquired and are necessary or convenient for the undertaking and completion of the Project.

Date: _____

Consulting Engineer

EXHIBIT E

OPERATING DATA

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

Debt. A description of the terms of the Local Government's outstanding debt including a historical summary of outstanding debt and a summary of annual debt service on outstanding debt as of the end of the preceding fiscal year. The annual disclosure should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Government and any unfunded pension liabilities.

Financial Information and Operating Data. Financial information for the System as of the end of the preceding fiscal year, including a description of revenues and expenditures, largest users, a summary of rates, fees and other charges of the System, and a historical summary of debt service coverage.

EXHIBIT F

FORM OF OPINION OF COUNSEL TO THE LOCAL GOVERNMENT

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

_____, 2015

City Council
City of Petersburg, Virginia, Virginia

Virginia Resources Authority
Richmond, Virginia

§ _____
City of Petersburg, Virginia
Water and Sewer Revenue Bond, Series 2015

Ladies and Gentlemen:

I have acted as counsel to the City of Petersburg, Virginia, Virginia (the "Local Government"), in connection with the issuance and sale by the Local Government of its \$ _____ Water and Sewer Revenue Bond, Series 2015 (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement) and in such capacity, I have examined, among other things, the following documents:

- (a) a certified copy of the Local Authorization (as defined in the Financing Agreement), authorizing the issuance and sale of the Bond to Virginia Resources Authority ("VRA") to finance the Project;
- (b) a copy of the Local Bond Sale and Financing Agreement (the "Financing Agreement") dated as of April 10, 2015, and between the Local Government and the Virginia Resources Authority ("VRA"); and
- (c) a copy of the Local Tax Document (as defined in the Financing Agreement).

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

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

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

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

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

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

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

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

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

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

Local Bond has been executed and delivered by duly authorized officials of the Local Government and will constitute a legal, valid and binding limited obligation of the Local Government enforceable against the Local Government in accordance with its terms. The obligations of the Local Government under the Financing Agreement and the Local Bond, and the enforceability of such obligations, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, (c) the exercise of sovereign police powers of the Commonwealth of Virginia, and (d) rules of law which may limit the enforceability on public policy grounds of any obligations of indemnification undertaken by the Local Government.

6. The issuance of the Local Bond and the execution and delivery of the Local Bond Documents and the performance by the Local Government of its obligations thereunder are within the powers of the Local Government and will not conflict with, or constitute a breach or result in a violation of, (i) any federal or Virginia constitutional or statutory provision, (ii) to the best of my knowledge, any agreement or other instrument to which the Local Government is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Local Government or its property.

7. The Local Government, to the best of my knowledge, is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. To the best of my knowledge, no event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to the Financing Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

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

9. Except as set forth in the Financing Agreement, there are not pending nor, to the best of my knowledge, threatened against the Local Government, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, (i) affecting the creation, organization or existence of the Local Government or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery and/or performance of the Local Authorization or the Local Bond Documents

or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond Documents or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or resolution may have a material adverse effect on the Local Government or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization, the Local Bond Documents or the Local Bond, or (v) affecting the undertaking of the Project.

Very truly yours,

EXHIBIT G

FORM OF CERTIFICATION AS TO NO DEFAULT AND TAX COMPLIANCE

[DATE]

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

Dear [Mr./Ms.] _____:

In accordance with Section 9.4 of the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement") between Virginia Resources Authority and the City of Petersburg, Virginia a (the "Local Government"), I hereby certify that, during the fiscal year that ended June 30, _____, and through the date of this letter:

1. [No event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or lapse of time, or both, would constitute, an Event of Default as defined in Section 10.1 of the Financing Agreement.] [If an Event of Default has occurred, please specify the nature and period of such Event of Default and what action the Local Government has taken, is taking or proposes to take to rectify it].
2. [The ownership and status of all or a portion of the Related Financed Property has not changed since the Closing Date.] [If untrue, please describe.]
3. [Neither the Related Financed Property nor any portion thereof is being used by a Nongovernmental Person pursuant to a lease, an incentive payment contract or a take-or-pay or other output-type contract.] [If untrue, please describe.]
4. [Neither the Related Financed Property nor any portion or function thereof is being used pursuant to or is otherwise subject to a Service Contract that does not satisfy the requirements of Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67.] [If untrue, please describe.]
5. [Other than as may be described in paragraphs 2, 3 and 4 above, neither the Related Financed Property nor any portion or function thereof nor any portion of the Proceeds is being used for a Private Business Use.] [If untrue, please describe.]

6. [The Local Government has not used or permitted the use of any Proceeds of the Local Bond directly or indirectly to make a loan to an ultimate borrower other than itself within the meaning of Section 4.3 of the Local Tax Document.] [If untrue, please describe.]
7. [Other than any amounts described in the Local Tax Document (as defined in the Financing Agreement), between VRA and the Local Government and amounts that may constitute or be on deposit in a Bona Fide Debt Service Fund, there neither have been nor are now any moneys, securities, obligations, annuity contracts, residential rental property, AMT Bonds, investment-type property, Sinking Funds, Pledged Funds, or other Replacement Proceeds accumulated or held or pledged as security by the Local Government or any other Substantial Beneficiary of the Local Bond as security for or the direct or indirect source of the payment of the principal of or interest on the Local Bond.] [If untrue, please describe.]
8. [The Local Government is in compliance with the recordkeeping requirements of Section 4.9 of the Local Tax Document.] [If untrue, please describe.]
9. [Other than as may be described above, the Local Government is not in default of any of its obligations under the Local Tax Document.] [If untrue, please describe.]
10. Unless otherwise defined herein, each capitalized term used herein has the meaning set forth in the Local Tax Document.

Sincerely,

[Insert Name]
Local Representative

EXHIBIT H

DESCRIPTION OF SPECIAL USE ARRANGEMENTS

None.

EXHIBIT I
FORM OF ANNUAL BUDGET

[DATE]

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

Dear Ms. Hamlett:

Pursuant to the Financing Agreement[s] between Virginia Resources Authority and the City of Petersburg, Virginia, dated as of [add dates of all outstanding Financing Agreements], a copy of the fiscal year [20xx] annual budget is enclosed. Such annual budget provides for the satisfaction of the rate covenant as demonstrated below.

Revenues	Operation & Maintenance Expenses	Net Revenues Available for Debt Service (Revenues – O&M Expenses)	Debt Service	*Coverage (Net Revenues Available for Debt Service/Debt Service)
-----------------	---------------------------------------------	----------------------------------------------------------------------------------	---------------------	-----------------------------------------------------------------------------

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

Very truly yours,

By: _____

Its: _____

EXHIBIT J
EXISTING PARITY BONDS

None.

SCHEDULE 1.1

FINAL TERMS

Principal Amount of Related Series of VRA Bonds	\$119,000,000.00
Principal Amount of Local Bond	\$ 7,380,000.00
Purchase Price	\$ 7,942,638.65
Local Debt Service Reserve Requirement	\$ 489,434.39

ADDITIONAL CONDITIONS PRECEDENT TO PURCHASE OF LOCAL BOND:

None

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

None

PROJECT BUDGET

Sources	
Par Amount	\$ 7,380,000.00
Net Premium (Discount)	664,511.80
Estimated Earnings	20,375.70
Total Sources	\$ 8,064,887.50

Uses	
Poor Creek - 24" Line Replacment	\$ 1,793,000.00
Infrastructure	300,000.00
Locke's Pump Station - 12" Check Valves	325,000.00
Water / Sewer GIS Mapping	144,000.00
SCADA System	65,000.00
Equipment	275,000.00
Poor Creek - Force Main	1,800,000.00
Public Works Facility	450,000.00
Brickhouse Run Sewer Lining (I&I)	250,000.00
Tank Assessment Program	1,875,000.00
Locke's Pump Station - Water Main	125,000.00
Local Debt Service Reserve Fund	489,434.39
Local Costs of Issuance	48,455.55
VRA Costs of Issuance	32,266.97
Capital Reserve Fund Equity Contribution	36,119.50
Underwriter's Discount	33,486.68
Additional Proceeds / Contingency	23,124.41
Total Uses	\$ 8,064,887.50

CITY OF PETERSBURG, VIRGINIA
INTEREST RATES AND PAYMENT SCHEDULE FOR LOCAL BOND

DEBT SERVICE
Virginia Resources Authority- VFPF 2015A
City of Petersburg
FINAL NUMBERS

Period Ending	Principal	Coupon (1)	Yield (1)	Interest	Total Debt Service	Annual Debt Service
10/1/2015				139,949.85	139,949.85	
4/1/2016				164,646.88	164,646.88	304,596.73
10/1/2016	160,000.00	4.438%	0.676%	164,646.88	324,646.88	
4/1/2017				161,096.88	161,096.88	485,743.76
10/1/2017	170,000.00	4.449%	1.027%	161,096.88	331,096.88	
4/1/2018				157,315.63	157,315.63	488,412.51
10/1/2018	175,000.00	5.125%	1.354%	157,315.63	332,315.63	
4/1/2019				152,831.26	152,831.26	485,146.89
10/1/2019	185,000.00	3.774%	1.567%	152,831.26	337,831.26	
4/1/2020				149,340.63	149,340.63	487,171.89
10/1/2020	195,000.00	5.125%	1.783%	149,340.63	344,340.63	
4/1/2021				144,343.76	144,343.76	488,684.39
10/1/2021	205,000.00	5.125%	2.014%	144,343.76	349,343.76	
4/1/2022				139,090.63	139,090.63	488,434.39
10/1/2022	215,000.00	5.125%	2.183%	139,090.63	354,090.63	
4/1/2023				133,581.26	133,581.26	487,671.89
10/1/2023	225,000.00	5.125%	2.374%	133,581.26	358,581.26	
4/1/2024				127,815.63	127,815.63	486,396.89
10/1/2024	235,000.00	5.125%	2.525%	127,815.63	362,815.63	
4/1/2025				121,793.76	121,793.76	484,609.39
10/1/2025	250,000.00	5.125%	2.645%	121,793.76	371,793.76	
4/1/2026				115,387.51	115,387.51	487,181.27
10/1/2026	265,000.00	5.125%	2.792%	115,387.51	380,387.51	
4/1/2027				108,596.88	108,596.88	488,984.39
10/1/2027	275,000.00	3.125%	3.033%	108,596.88	383,596.88	
4/1/2028				104,300.01	104,300.01	487,896.89
10/1/2028	285,000.00	5.125%	3.005%	104,300.01	389,300.01	
4/1/2029				96,996.88	96,996.88	486,296.89
10/1/2029	300,000.00	3.288%	3.450%	96,996.88	396,996.88	
4/1/2030				92,065.63	92,065.63	489,062.51
10/1/2030	310,000.00	3.411%	3.570%	92,065.63	402,065.63	
4/1/2031				86,778.13	86,778.13	488,843.76
10/1/2031	320,000.00	3.449%	3.681%	86,778.13	406,778.13	
4/1/2032				81,259.38	81,259.38	488,037.51
10/1/2032	335,000.00	4.826%	3.390%	81,259.38	416,259.38	
4/1/2033				73,175.01	73,175.01	489,434.39
10/1/2033	345,000.00	3.663%	3.815%	73,175.01	418,175.01	
4/1/2034				66,856.25	66,856.25	485,031.26
10/1/2034	360,000.00	4.760%	3.499%	66,856.25	426,856.25	
4/1/2035				58,287.50	58,287.50	485,143.75
10/1/2035	380,000.00	4.763%	3.534%	58,287.50	438,287.50	
4/1/2036				49,237.50	49,237.50	487,525.00
10/1/2036	400,000.00	4.750%	3.619%	49,237.50	449,237.50	
4/1/2037				39,737.50	39,737.50	488,975.00
10/1/2037	415,000.00	4.748%	3.635%	39,737.50	454,737.50	
4/1/2038				29,884.38	29,884.38	484,621.88
10/1/2038	440,000.00	4.818%	3.663%	29,884.38	469,884.38	
4/1/2039				19,284.38	19,284.38	489,168.76
10/1/2039	460,000.00	4.125%	4.077%	19,284.38	479,284.38	
4/1/2040				9,796.88	9,796.88	489,081.26
10/1/2040	475,000.00	4.125%	4.077%	9,796.88	484,796.88	
4/1/2041				-	-	484,796.88
	7,380,000.00			5,106,950.13	12,486,950.13	12,486,950.13

(1) Includes Annual Administrative Charge.

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

CITY OF PETERSBURG, VIRGINIA
WATER AND SEWER REVENUE BOND, SERIES 2015

FINAL MATURITY DATE

October 1, 2040

DATED DATE

April 28, 2015

REGISTERED OWNER: VIRGINIA RESOURCES AUTHORITY

PRINCIPAL AMOUNT: SEVEN MILLION THREE HUNDRED EIGHTY
THOUSAND AND 00/100 DOLLARS (\$7,380,000)

The CITY OF PETERSBURG, VIRGINIA (the "City"), for value received, promises to pay, solely from the sources described below and pledged to the payment of this Bond, to the registered owner of this Bond or legal representative, the principal sum stated above, together with interest thereon at the rates stated below, as set forth below.

This Bond shall be payable as follows. Principal on this Bond shall be due and payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this Bond shall be due and payable semi-annually on each April 1 and October 1, commencing October 1, 2015. Interest on this Bond is computed on the basis of a year of 360 days and twelve 30-day months at the rates set forth in Schedule I attached hereto.

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement"), between Virginia Resources Authority ("VRA") and the City, so long as this Bond is held by VRA or the Trustee (as defined in the Financing Agreement), interest is payable by check or draft mailed to the registered owner of this Bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the Registrar. Principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. In case the date fixed for the payment of principal of or interest on or the redemption of this Bond shall not be a Business Day (as defined below) then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such maturity date or date fixed for the payment of interest or redemption. "Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

If any installment of principal of and interest on this Bond is not paid to the registered owner of this Bond within ten days after its due date, the City shall pay to VRA a late payment charge in an amount equal to 5% of the overdue installment.

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

Principal of and interest on this Bond shall be payable solely from the Revenues (as defined in the Financing Agreement), except to the extent such payment shall be made from the proceeds of this Bond or the bonds or notes to be issued by the City to redeem the Bond or the income, if any, derived from the investment thereof. The Revenues are pledged to secure the payment of the principal of and interest on this Bond, on parity with the pledge of Revenues to the payment of the Existing Parity Bonds (as defined in the Financing Agreement). This Bond shall not be deemed to create or constitute a pledge of the faith and credit of the Commonwealth of Virginia or of any political subdivision thereof, including the City. 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, including the City, are pledged to the payment of the principal of or interest on this Bond. The issuance of this Bond shall not directly or indirectly or contingently obligate the Commonwealth of Virginia or any county, city, town or other subdivision of the Commonwealth of Virginia to levy any taxes whatever therefor or to make any appropriation for their payment except from the Revenues and any other funds or property pledged for such purpose under the provisions of the Resolution (as defined below).

The issuance of this Bond has been duly authorized by the City Council by resolution adopted March 17, 2015 (the "Resolution"), and is issued for the purpose of financing the costs of the Project (as defined in the Financing Agreement) and paying the issuance and financing costs associated with this Bond.

This Bond is issued pursuant to the terms of the Resolution, the Financing Agreement, and the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended. The obligations of the City under this Bond shall terminate when all amounts due and to become due pursuant to this Bond and the Financing Agreement have been paid in full.

The City may issue additional bonds ranking on a parity with this Bond with respect to the pledge of the Revenues under the terms of the Financing Agreement.

This Bond is subject to defeasance, prepayment and/or redemption as provided in the Financing Agreement.

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

This Bond may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in form satisfactory to the City Treasurer, as registrar. Such transfer shall be made in the registration books kept by the City Treasurer, as registrar, upon presentation and surrender hereof.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this Bond have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia and the Charter of the City.

[Signature Page Follows]

IN WITNESS WHEREOF, the City Council of the City of Petersburg, Virginia, has caused this Bond to be dated as of the Dated Date and to be executed by its Mayor and to be attested to and its seal to be affixed to this Bond by the City Clerk.

[SEAL]

CITY OF PETERSBURG, VIRGINIA

By: _____

W. Howard Myers, Mayor

ATTEST

By: _____

Nykesha D. Jackson, City Clerk

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE.)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and does hereby irrevocably constitute and appoint

_____, attorney, to transfer said Bond on the books kept for registration of said Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

Registered Owner

(Notice: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

SCHEDULE I

**CITY OF PETERSBURG, VIRGINIA
WATER AND SEWER REVENUE BOND, SERIES 2015**

(See Attached)

SPECIMEN

DEBT SERVICE
Virginia Resources Authority- VFPF 2015A
City of Petersburg
FINAL NUMBERS

Period Ending	Principal	Coupon (1)	Yield (1)	Interest	Total Debt Service	Annual Debt Service
10/1/2015				139,949.85	139,949.85	
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4/1/2034				66,856.25	66,856.25	485,031.26
10/1/2034	360,000.00	4.760%	3.499%	66,856.25	426,856.25	
4/1/2035				58,287.50	58,287.50	485,143.75
10/1/2035	380,000.00	4.763%	3.534%	58,287.50	438,287.50	
4/1/2036				49,237.50	49,237.50	487,525.00
10/1/2036	400,000.00	4.750%	3.619%	49,237.50	449,237.50	
4/1/2037				39,737.50	39,737.50	488,975.00
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10/1/2039	460,000.00	4.125%	4.077%	19,284.38	479,284.38	
4/1/2040				9,796.88	9,796.88	489,081.26
10/1/2040	475,000.00	4.125%	4.077%	9,796.88	484,796.88	
4/1/2041				-	-	484,796.88
	7,380,000.00			5,106,950.13	12,486,950.13	12,486,950.13

(1) Includes Annual Administrative Charge.

**A RESOLUTION ESTABLISHING A PROPOSED
SCHEDULE OF RATE CHARGES FOR THE
PETERSBURG WATER AND SEWER UTILITY**

WHEREAS, the City of Petersburg purchases water and sewage services from the Appomattox Regional Water Authority; and

WHEREAS, the cost to purchase and distribute water has continually increased; and

WHEREAS, the cost of wastewater collection and treatment has increased; and

WHEREAS, the operating costs continue to increase and utility rates must increase to cover these operating expenses; and

WHEREAS, the City Manager has recommended rates as set forth below based upon findings from the Director of Public Works and supplemental recommendations; and

WHEREAS, the City of Petersburg proposes to increase the utility rates each year for the next five (5) years as follows:

FY16: 14.1%

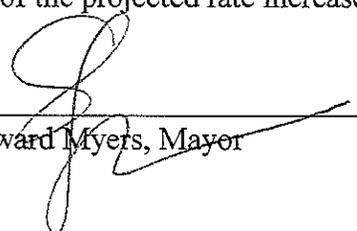
FY17: 13.4%

FY18: 3.2%

FY19: 4.9%

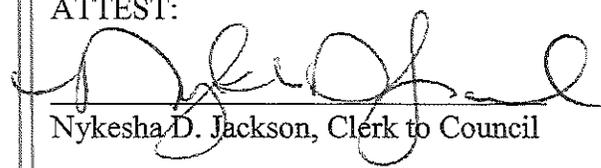
FY20: 5.0%

NOW, THEREFORE, BE IT RESOLVED, that that the Petersburg City Council approves of the proposed rate increases for the next five (5) years to cover the necessary operating expenses and to inform the citizens of Petersburg of the projected rate increases.



W. Howard Myers, Mayor

ATTEST:

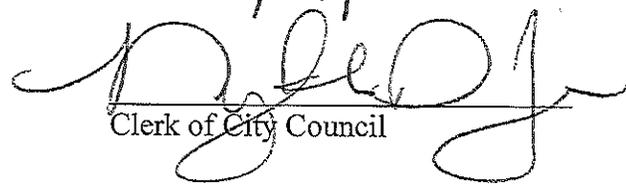


Nykesha D. Jackson, Clerk to Council

Adopted by the Council of Petersburg, Virginia, this 21 day of April, 2015.

Resolution 15-R-29
Adopted by the City of Petersburg
Council of the City of Petersburg on:

4/21/15



Clerk of City Council

AFFP
NOTICE OF PUBLIC HEARING ON PR

Affidavit of Publication

STATE OF VIRGINIA }
COUNTY OF PETERSBURG }
SS

NOTICE OF PUBLIC
HEARING ON PROPOSED REVENUE BOND
ISSUANCE BY THE CITY OF PETERSBURG,
VIRGINIA

Diane G. Ange, being duly sworn, says:

That she is Accounting Clerk of the The Progress-Index, a daily newspaper of general circulation, printed and published in Petersburg, Petersburg County, Virginia; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

March 03, 2015

Notice is hereby given that the Council of the City of Petersburg, Virginia (the "City"), will hold a public hearing in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, on the issuance of one or more series of public utility revenue bonds (the "Bonds") of the City in the maximum aggregate principal amount of \$7,505,000, the proceeds of which will be used, along with other available funds, if any, to finance the costs of various approved City water and sewer capital improvement projects and to pay the costs of issuance on the Bonds. The public hearing, which may be continued or adjourned, will be held at 6:30 p.m. or as soon thereafter as the matter may be heard on TUESDAY, MARCH 17, 2015, before the City Council at the Union Train Station, 103 River Street, Petersburg, Virginia.

All interested persons are invited to appear at the time and place aforementioned. If special assistance for the disabled is needed, please contact the office of the Clerk of Council at (804) 733-2323.

Nykesha D. Jackson

Clerk of Council

That said newspaper was regularly issued and circulated on those dates.

SIGNED:


Accounting Clerk

Subscribed to and sworn to me this 3rd day of March 2015.



Carmen Hardy, The Progress-Index Notary, Petersburg County, Virginia

My commission expires: May 31, 2018

00030136-00087341

CYNTHIA HENDREN
MCGUIREWOODS LLP
ONE JAMES CENTER 2ND FLOOR
901 E CARY ST
RICHMOND, VA 23219

**NOTICE OF PUBLIC
HEARING ON PRO-
POSED REVENUE BOND
ISSUANCE BY THE CITY
OF PETERSBURG,
VIRGINIA**

Notice is hereby given that the Council of the City of Petersburg, Virginia (the "City"), will hold a public hearing in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, on the issuance of one or more series of public utility revenue bonds (the "Bonds") of the City in the maximum aggregate principal amount of \$7,505,000, the proceeds of which will be used, along with other available funds, if any, to finance the costs of various approved City water and sewer capital improvement projects and to pay the costs of issuance on the Bonds.

The public hearing, which may be continued or adjourned, will be held at 6:30 p.m. or as soon thereafter as the matter may be heard on TUESDAY, MARCH 17, 2015, before the City Council at the Union Train Station, 103 River Street, Petersburg, Virginia.

All interested persons are invited to appear at the time and place aforementioned.

If special assistance for the disabled is needed, please contact the office of the Clerk of Council at (804) 733-2323.

Nykesha D. Jackson

Clerk of Council

AFFP
NOTICE OF PUBLIC HEARING ON PR

Affidavit of Publication

STATE OF VIRGINIA }
COUNTY OF PETERSBURG }
SS
}

NOTICE OF PUBLIC
HEARING ON PROPOSED REVENUE BOND
ISSUANCE BY THE CITY OF PETERSBURG,
VIRGINIA

Diane G. Ange, being duly sworn, says:

That she is Accounting Clerk of the The Progress-Index, a daily newspaper of general circulation, printed and published in Petersburg, Petersburg County, Virginia; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

March 11, 2015

Notice is hereby given that the Council of the City of Petersburg, Virginia (the "City"), will hold a public hearing in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, on the issuance of one or more series of public utility revenue bonds (the "Bonds") of the City in the maximum aggregate principal amount of \$7,505,000, the proceeds of which will be used, along with other available funds, if any, to finance the costs of various approved City water and sewer capital improvement projects and to pay the costs of issuance on the Bonds.

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Nykesha D. Jackson

Clerk of Council

That said newspaper was regularly issued and circulated on those dates.

SIGNED:


Accounting Clerk

Subscribed to and sworn to me this 11th day of March 2015.


Carmen Hardy, The Progress-Index Notary, Petersburg County, Virginia
My commission expires: May 31, 2018

00030136-00089219

CYNTHIA HENDREN
MCGUIRE WOODS LLP
ONE JAMES CENTER 2ND FLOOR
901 E CARY ST
RICHMOND, VA 23219

**NOTICE OF PUBLIC
HEARING ON PRO-
POSED REVENUE BOND
ISSUANCE BY THE CITY
OF PETERSBURG,
VIRGINIA**

Notice is hereby given that the Council of the City of Petersburg, Virginia (the "City"), will hold a public hearing in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, on the issuance of one or more series of public utility revenue bonds (the "Bonds") of the City in the maximum aggregate principal amount of \$7,505,000, the proceeds of which will be used, along with other available funds, if any, to finance the costs of various approved City water and sewer capital improvement projects and to pay the costs of issuance on the Bonds.

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All interested persons are invited to appear at the time and place aforementioned.

If special assistance for the disabled is needed, please contact the office of the Clerk of Council at (804) 733-2323.

Nykesha D. Jackson

Clerk of Council

CERTIFICATE AS TO INSURANCE

The undersigned representative of VACo Insurance, a provider of insurance to the City of Petersburg, Virginia (the "City"), hereby certifies as of May 28, 2015 (the "Closing Date"), follows:

1. Unless otherwise defined, all defined terms used herein have the meanings given to such terms in the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement"), between the Virginia Resources Authority and the City.

2. I have read and understand the insurance requirements set forth in Sections 8.1 and 8.2 of the Financing Agreement, a copy of which is attached hereto as Exhibit A.

3. I have examined the insurance policies described in the certificate of insurance attached to this Certificate as Exhibit B.

4. It is my opinion, as a person knowledgeable in the insurance business, that (a) the insurance policies described in the attached certificate of insurance meet all of the requirements of Sections 8.1 and 8.2 of the Financing Agreement, and (b) the insurance policies and coverage described in the attached certificate of insurance are in full force and effect as of the date of this Certificate.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has caused this Certificate as to Insurance to be executed as of the Closing Date.

VACO INSURANCE

By: KARLA D. REED-WILLIAMS

Its: _____

Exhibit A – Sections 8.1 and 8.2 of the Financing Agreement
Exhibit B – Evidence as to Insurance

Section 8.1 Insurance. The Local Government shall maintain or cause to be maintained insurance against such risks as are customarily insured against by systems similar in size and character to the System, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the System's insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia). The determination of replacement cost shall be made, in conjunction with representatives of the Local Government, by a recognized appraiser or insurer selected by the Local Government and acceptable to VRA.

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

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

Neither VRA nor the Trustee shall have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance or (ii) the application of the proceeds of insurance.

The Local Government shall provide annually to VRA a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

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

CERTIFICATE OF INSURANCE

ISSUE DATE
05/15/2015

PRODUCER
Risk Management Programs, Inc.
1315 Franklin Road SW
Roanoke, VA 24016

THIS CERTIFICATE OF INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY. IT CONFERS NO RIGHTS UPON THE THIRD PARTY REQUESTING THE CERTIFICATE BEYOND WHAT THE REFERENCED POLICY OF INSURANCE EXPRESSLY PROVIDES. THIS CERTIFICATE OF INSURANCE DOES NOT EXTEND, AMEND, OR ALTER THE COVERAGE, TERMS, EXCLUSIONS, OR CONDITIONS AFFORDED BY THE POLICY REFERENCED IN THIS CERTIFICATE OF INSURANCE.

COMPANIES AFFORDING COVERAGE

INSURED
City of Petersburg
103 W. Tabb St.
Petersburg, VA 23803

- COMPANY LETTER A Virginia Association of Counties Group Self-Insurance Risk Pool
- COMPANY LETTER B
- COMPANY LETTER C
- COMPANY LETTER D
- COMPANY LETTER E

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS												
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.				GENERAL \$ PRODUCTS-COMP/OP \$ PERSONAL & ADV. INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$												
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$												
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$												
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY BOARD OF SUPERVISORS / SCHOOL BOARD / AUTHORITY BOARD ARE: <input type="checkbox"/> INCLUDED <input checked="" type="checkbox"/> EXCLUDED	VA-PE-290-15	07/01/2014	07/01/2015	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: center;"><input checked="" type="checkbox"/></td> <td style="width: 70%;">WC STATUTORY LIMITS</td> <td style="width: 25%;">OTHER</td> </tr> <tr> <td></td> <td>EL EACH ACCIDENT</td> <td style="text-align: right;">\$ 1,000,000</td> </tr> <tr> <td></td> <td>EL DISEASE-POLICY LIMIT</td> <td style="text-align: right;">\$ 1,000,000</td> </tr> <tr> <td></td> <td>EL DISEASE-EACH EMP.</td> <td style="text-align: right;">\$ 1,000,000</td> </tr> </table>	<input checked="" type="checkbox"/>	WC STATUTORY LIMITS	OTHER		EL EACH ACCIDENT	\$ 1,000,000		EL DISEASE-POLICY LIMIT	\$ 1,000,000		EL DISEASE-EACH EMP.	\$ 1,000,000
<input checked="" type="checkbox"/>	WC STATUTORY LIMITS	OTHER															
	EL EACH ACCIDENT	\$ 1,000,000															
	EL DISEASE-POLICY LIMIT	\$ 1,000,000															
	EL DISEASE-EACH EMP.	\$ 1,000,000															
	OTHER																

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
RE : Virginia Resources Authority's Spring Pool Issue

CERTIFICATE HOLDER

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

AUTHORIZED REPRESENTATIVE

Karen A. Reed-Williams

CERTIFICATE OF LIABILITY INSURANCE

DATE 05/15/2015

PRODUCER
 RISK MANAGEMENT PROGRAMS, INC.
 308 MARKET STREET SE
 SUITES 1&2
 ROANOKE VA 24011

THIS CERTIFICATE OF INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY. IT CONFERS NO RIGHTS UPON THE THIRD PARTY REQUESTING THE CERTIFICATE BEYOND WHAT THE REFERENCED POLICY OF INSURANCE EXPRESSLY PROVIDES. THIS CERTIFICATE OF INSURANCE DOES NOT EXTEND, AMEND, OR ALTER THE COVERAGE, TERMS, EXCLUSIONS, OR CONDITIONS AFFORDED BY THE POLICY REFERENCED IN THIS CERTIFICATE OF INSURANCE.

COMPANIES AFFORDING COVERAGE

INSURED
 CITY OF PETERSBURG
 103 W. TABB ST.
 PETERSBURG, VA 23803

Company A Virginia Association of Counties Group Self-Insurance Risk Pool
 Company B _____
 Company C _____
 Company D _____

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims

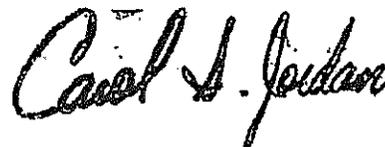
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> Commercial General Liability <input type="checkbox"/> Claims Made <input checked="" type="checkbox"/> Occur <input type="checkbox"/> Owners & Contractors Prot <input checked="" type="checkbox"/> 0 Retention	VA-PE-290-15	07/01/2014	07/01/2015	Occurrence Limit \$ 5,000,000
	Products- Comp/OP \$ 5,000,000				
	Personal & ADV Injury \$ 5,000,000				
	Each Occurrence \$ 5,000,000				
	Fire Damage (Any one fire) \$ 500,000				
	Med. Exp. (Any one person) \$ N/A				
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> Any Auto <input type="checkbox"/> All Owned Autos <input type="checkbox"/> Scheduled Autos <input type="checkbox"/> Hired Autos <input type="checkbox"/> Non-Owned Autos	VA-PE-290-15	07/01/2014	07/01/2015	Combined Single Limit \$ 5,000,000
	Bodily Injury (Per person) \$				
	Bodily Injury (Per accident) \$				
	Property Damage \$				
	LAW ENFORCEMENT LIABILITY				Each Wrongful Act \$
					Deductible \$
	PUBLIC OFFICIALS LIABILITY INCLUDING EMPLOYMENT PRACTICES LIABILITY				Each Loss \$
					Annual Aggregate \$
					Deductible \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Proprietor/Partners <input type="checkbox"/> Incl /Executive Officers Are: <input type="checkbox"/> Excl				<input type="checkbox"/> WC Statutory Limits <input type="checkbox"/> Other
					EL Each Accident \$
					EL Disease-Policy Limit \$
					EL Disease-Each Emp. \$
A	OTHER Property	VA-PE-290-15	07/01/2014	07/01/2015	Various Ded/Blanket per schedule on file \$10,000 Comprehensive/\$10,000 Collision \$250,000 Blanket, \$250 Deductible
A	Auto Physical Damage	VA-PE-290-15	07/01/2014	07/01/2015	
A	Crime	VA-PE-290-15	07/01/2014	07/01/2015	

Description of Operations/Locations/Vehicles/Special Items:
 Virginia Resources Authority's Spring Pool Issue

CERTIFICATE HOLDER

VIRGINIA RESOURCES AUTHORITY
 1111 EAST MAIN STREET
 SUITE 1920
 RICHMOND, VA 23219

Authorized Representative



VIRGINIA RESOURCES AUTHORITY
VIRGINIA POOLED FINANCING PROGRAM

NONARBITRAGE CERTIFICATE AND TAX COMPLIANCE AGREEMENT
(NEW MONEY)

This **NONARBITRAGE CERTIFICATE AND TAX COMPLIANCE AGREEMENT** (this "Agreement") is dated May 28, 2015 (the "Closing Date"), and is between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and the **CITY OF PETERSBURG, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "Local Government").

RECITALS

A. On the Closing Date, VRA is issuing its \$119,000,000 Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2015A (Tax-Exempt) (the "Related Series of VRA Bonds"), pursuant to a Master Indenture of Trust dated as of December 1, 2003 (the "Master Indenture"), between VRA and U.S. Bank National Association, as successor trustee (the "Trustee"), as previously supplemented and amended and as further supplemented by a Thirty-First Supplemental Series Indenture of Trust dated as of May 1, 2015 (together with the Master Indenture, the "Indenture"), between VRA and the Trustee.

B. VRA is using a portion of the net proceeds of the Related Series of VRA Bonds to purchase the Local Government's \$7,380,000 Water and Sewer Revenue Bond, Series 2015 (the "Local Bond"), pursuant to a Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement"), between VRA and the Local Government.

C. Pursuant to Section 9.1 of the Financing Agreement, the Local Government has agreed, among other things, not to take or omit to take any action that would cause interest on the Related Series of VRA Bonds to be includable in gross income for federal income tax purposes or to become a Specific Tax Preference Item, as hereinafter defined, and this Agreement is intended to amplify that general covenant.

D. At the direction of VRA, the Local Government is not issuing the Local Bond as a Tax-Exempt Bond, as hereinafter defined, and is making no representation that the Local Bond is a Tax-Exempt Bond. Local Bond Counsel, as hereinafter defined, will not opine that the Local Bond is a Tax-Exempt Bond, but Local Bond Counsel will opine that the Local Bond is not a "private activity bond" within the meaning of the Code, as hereinafter defined. However, the Local Government acknowledges that, in order to facilitate the drafting and administration of this Agreement, certain definitions and provisions will treat the Local Bond as if it were a Tax-Exempt Bond to maintain the tax status of the Related Series of VRA Bonds, but this is not to be interpreted as a representation or inference that the Local Bond is in fact a Tax-Exempt Bond.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions. Unless otherwise defined, each capitalized term used in this Agreement has the meaning set forth below:

"AMT Bond" means a "specified private activity bond" as defined in Section 57(a)(5)(C) of the Code, the interest on which is a Specific Tax Preference Item.

"Bona Fide Debt Service Fund" means a fund, which may include Proceeds, that (i) is used primarily to achieve a proper matching of revenues with principal and interest payments on the Local Bond within each Bond Year and (ii) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(a) the earnings on the fund for the immediately preceding Bond Year; or

(b) one-twelfth of the principal and interest payments on the Local Bond for the immediately preceding Bond Year.

"Bond Year" means, for purposes of this Agreement, the twelve-month (or shorter) period ending November 1 of each year. The Local Government and VRA each acknowledge that the first Bond Year, which ends on November 1, 2015, will be a "short" first Bond Year.

"Capital Expenditure" means any cost of a type that is properly chargeable to capital account (or would be so chargeable with (or but for) a proper election or the application of the definition of "placed in service" under Treas. Regs. § 1.150-2(c)) under general federal income tax principles, determined at the time the expenditure is paid.

"Capital Reserve Fund" means the Capital Reserve Fund established under Section 7.1 of the Master Indenture to provide credit support for certain of the Related Series of VRA Bonds and other bonds issued by VRA under the Master Indenture.

"Closing Date" has the meaning set forth in the Introductory Clause.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statutes. Each citation to a Code section includes the related Treasury Regulations, revenue procedures and revenue rulings.

"Constructed Personal Property" means the extended construction/rehabilitation period tangible personal property and the specially developed computer software described in Treas. Regs. § 1.148-7(g)(3).

"Construction Expenditures" means Capital Expenditures that, on or before the date the property financed by the expenditures is placed in service, will be properly chargeable to or may be capitalized as part of the basis of:

(a) Real Property, other than expenditures for (i) the acquisition of any interest in land and (ii) the acquisition of any interest in Real Property other than land (except as provided in Treas. Regs. § 1.148-7(g)(2)); or

(b) Constructed Personal Property.

"Costs of Issuance" means costs to the extent incurred in connection with, and allocable to, the issuance of an issue of Tax-Exempt Bonds, including the following costs but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than for qualified guarantees (as defined in Treas. Regs. § 1.148-4(f)); and similar costs.

"Demand Deposit SLGS" means certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series Program described in 31 C.F.R. Part 344.

"Excluded Service Contract" means a Service Contract for services that are solely incidental to the primary governmental function or functions of the Financed Property (for example, contracts for janitorial, office equipment repair, billing, or similar services). Additional Service Contracts included in this definition are (i) contracts to provide for services by a Nongovernmental Person if the only compensation is the reimbursement of the Nongovernmental Person for actual and direct expenses paid by the Nongovernmental Person to unrelated parties and (ii) contracts to provide for the operations by a Nongovernmental Person of a facility or system of facilities that consists predominantly of public utility property (within the meaning of Section 168(i)(10) of the Code), if the only compensation is the reimbursement of actual and direct expenses of the Nongovernmental Person and reasonable administrative overhead expenses of the Nongovernmental Person.

"Federal Government" means the government of the United States or any of its agencies or instrumentalities, including any entity with statutory authority to borrow from the United States.

"Financed Property" means the land, building, equipment, vehicles and other property financed or refinanced directly or indirectly with the Gross Proceeds of a Tax-Exempt Bond. The Related Financed Property is an example of Financed Property.

"General Public Use" means use of Financed Property as a member of the general public. Use by a Nongovernmental Person in a Trade or Business is treated as General Public Use only if the Financed Property is intended to be available and in fact is reasonably available for use on the same basis by natural persons not engaged in a Trade or Business. Use under arrangements that convey priority rights or other preferential benefits is not use on the same basis as the general public.

"Governmental Person" means any Person that is a state or local governmental unit (or any instrumentality thereof).

"Governmental Use" means any use other than a Private Business Use.

"Gross Proceeds" has the meaning set forth in Treas. Regs. § 1.148-1(b). The Gross Proceeds of the Local Bond include, without limitation, the Proceeds and any Replacement Proceeds allocable to the Local Bond.

"Hedge Contract" means a contract entered into primarily to reduce a Tax-Exempt Bond issuer's risk of interest rate changes with respect to a borrowing. For example, a Hedge Contract may be an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option.

"Investment Proceeds" means any amounts actually or constructively received from investing Sale Proceeds.

"Issue" or "issue" has the meaning set forth in Treas. Regs. § 1.150-1(c), which in general provides that an "issue" consists of two or more Tax-Exempt Bonds that are (i) sold at substantially the same time, (ii) sold pursuant to the same plan of financing and (iii) reasonably expected to be paid from substantially the same source of funds, determined without regard to guarantees from parties unrelated to the obligor. Unless otherwise specifically provided, the Local Bond shall be treated as an issue of Tax-Exempt Bonds for purposes of this Agreement.

"Local Account" has the meaning set forth in the Financing Agreement.

"Local Authorization" has the meaning set forth in the Financing Agreement.

"Local Bond" has the meaning set forth in the Recitals.

"Local Bond Counsel" means McGuireWoods LLP.

"Local Debt Service Reserve Fund" means the Local Debt Service Reserve Fund established under Section 6.5 of the Financing Agreement.

"New Money Proceeds" means, collectively, the New Money Sale Proceeds and the other Proceeds derived therefrom or allocable thereto (for example, to pay the proportionate share of the Costs of Issuance of the Local Bond).

"New Money Sale Proceeds" has the meaning set forth in Section 2.7(a) below.

"Nongovernmental Person" means any Person that is not a Governmental Person. The Federal Government is a Nongovernmental Person.

"Nonpurpose Investment" means any security, obligation, annuity, or other investment-type property (excluding any Tax-Exempt Investment) in which Gross Proceeds of Tax-Exempt Bonds are invested and that is not acquired to carry out the governmental purpose thereof. Cash is not a Nonpurpose Investment. Certain prepayments for property or services may constitute a Nonpurpose Investment under Treas. Regs. § 1.148-1.

"Official Intent Resolution" means an ordinance or resolution adopted by the Local Government's governing body evidencing the Local Government's intent to reimburse an original expenditure with the proceeds of a debt obligation. The resolution must generally describe the Project for which the original expenditure is paid and state the maximum principal amount of obligations expected to be issued for the Project.

"Person" means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, corporation or partnership, or any other entity (including a federal, state or local governmental entity).

"Pledged Fund" means any amount that is directly or indirectly pledged to pay principal or interest on an issue of Tax-Exempt Bonds. A pledge need not be cast in any particular form but, in substance, must provide reasonable assurance that the amount will be available to pay principal or interest on the Tax-Exempt Bond, even if the issuer encounters financial difficulties.

"Preliminary Expenditures" include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation and similar costs incident to commencement of construction.

"Private Business Use" means a use of the Proceeds directly or indirectly in a Trade or Business carried on by a Nongovernmental Person other than General Public Use. For all purposes hereof, a Private Business Use of any

Financed Property is treated as a Private Business Use of the Proceeds that financed the Financed Property. Both actual and beneficial use by a Nongovernmental Person may be treated as Private Business Use under Section 141 of the Code. In most cases, however, Private Business Use results from a Nongovernmental Person having special legal entitlements to use the Financed Property under an arrangement with the issuer. Examples of the types of special legal entitlements resulting in Private Business Use of Proceeds include ownership for federal tax purposes of Financed Property by a Nongovernmental Person and actual or beneficial use of Financed Property by a Nongovernmental Person pursuant to a lease, a Service Contract (other than an Excluded Service Contract or a Qualified Service Contract), an incentive payment contract or certain other arrangements such as a take-or-pay or other output-type contract. Any arrangement that is properly characterized as a lease for federal income tax purposes is treated as a lease for purposes of the Private Business Use analysis. An arrangement that is referred to as a management or service contract may nevertheless be treated as a lease, and in determining whether a management or service contract is properly characterized as a lease, it is necessary to consider all of the facts and circumstances, including (i) the degree of control over the property that is exercised by a Nongovernmental Person, and (ii) whether a Nongovernmental Person bears risk of loss of the Financed Property. Private Business Use of Financed Property that is not available for General Public Use may also be established on the basis of a special economic benefit to one or more Nongovernmental Persons even if such Nongovernmental Persons do not have a special legal entitlement to the use of the Financed Property. In determining whether special economic benefit gives rise to Private Business Use, it is necessary to consider all of the facts and circumstances, including one or more of the following factors: (i) whether the Financed Property is functionally related or physically proximate to property used in the Trade or Business of a Nongovernmental Person, (ii) whether only a small number of Nongovernmental Persons receive the economic benefit, and (iii) whether the cost of the Financed Property is treated as depreciable by the Nongovernmental Person.

"Private Business Use Limit" means 5% of the Proceeds of an issue of Tax-Exempt Bonds.

"Proceeds" means the Sale Proceeds, the Investment Proceeds and the Transferred Proceeds, collectively, of an issue of Tax-Exempt Bonds.

"Project" means the project described in Exhibit A.

"Project Costs" has the meaning set forth in the Financing Agreement.

"Purchase Price" has the meaning set forth in Section 2.2 below.

"Qualified Reimbursable Expenditure" means an expenditure which (i) is a Capital Expenditure, (ii) was paid not earlier than 60 days before the date the Local Government adopted an Official Intent Resolution with respect to such

expenditure, and (iii) is reimbursed no later than the later of (A) 18 months after the date the original expenditure was paid, or (B) 18 months after the relevant project is placed in service or abandoned (but in no event more than 3 years after the original expenditure was paid).

"Qualified Service Contract" means a Service Contract that satisfies the requirements of Revenue Procedure 97-13.

"Real Property" means land and improvements thereto, such as buildings or other inherently permanent structures, including items that are structural components of such buildings or structures. In addition, "Real Property" includes interests in real property.

"Rebate Amount" means an amount equal to the sum of (i) the excess of (A) the amount earned on all Nonpurpose Investments allocable to the Gross Proceeds of the Local Bond, over (B) the amount which would have been earned if such Nonpurpose Investments were invested at a Yield equal to the Related VRA Bond Yield, plus (ii) any income attributable to the excess described in (i).

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

"Related Series of VRA Bonds" has the meaning set forth in the recitals to this Agreement and, as used below, also means any Tax-Exempt Bonds issued by VRA to refund the Related Series of VRA Bonds in whole or in part.

"Related VRA Bond Yield" means 2.87902%, which figure was provided by VRA to the Local Government.

"Related Working Capital Expenditures" means, for purposes of this Agreement, the Costs of Issuance of the Local Bond and the Related Series of VRA Bonds and any other related working capital expenditures to which the de minimis rule under Treas. Regs. § 1.148-6(d)(3)(ii)(A) applies.

"Replacement Proceeds" means amounts that have a sufficiently direct nexus to an issue of Tax-Exempt Bonds or to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be replacement proceeds. Replacement Proceeds include, but are not limited to, Sinking Funds and Pledged Funds.

"Revenue Procedure 97-13" means Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67, copies of which are available from VRA upon request.

"Sale Date" means May 13, 2015.

"Sale Proceeds" means the amount actually or constructively received from the sale of an issue of Tax-Exempt Bonds.

"Service Contract" means a contract under which a Nongovernmental Person will provide services involving all, a portion or any function of Financed Property. For example, a Service Contract includes a contract for the provision of management services for all or any portion of Financed Property.

"Sinking Fund" means a debt service fund, redemption fund, reserve fund, replacement fund, or any similar fund, to the extent reasonably expected to be used directly or indirectly to pay principal or interest on an issue of Tax-Exempt Bonds.

"Specific Tax Preference Item" means a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, such as interest on an AMT Bond.

"Substantial Beneficiary" means, with respect to the Local Bond, the Local Government, any related party to the Local Government (within the meaning of Treas. Regs. § 1.150-1) and the Commonwealth of Virginia.

"Tax-Exempt Bond" means any bond, note or other obligation the interest on which is excludable from gross income under Section 103(a) of the Code, but, unless specifically provided otherwise, shall not include an AMT Bond. For purposes of this Agreement, the term also includes the Local Bond, unless specifically stated otherwise.

"Tax-Exempt Investment" means a Tax-Exempt Bond, a Tax-Exempt Mutual Fund or a Demand Deposit SLGS.

"Tax-Exempt Mutual Fund" means an interest in a regulated investment company to the extent that at least 95% of the income to the holder thereof constitutes interest that is derived from Tax-Exempt Bonds (which, for this purpose, may include AMT Bonds).

"Trade or Business" means any activity carried on by a Person, except for a natural person. "Trade or Business" for a natural person means any activity carried on by such natural person that constitutes a "trade or business" within the meaning of Section 162 of the Code.

"Transferred Proceeds" has the meaning set forth in Treas. Regs. § 1.148-9(b), which provides that when Sale Proceeds or Investment Proceeds of an

issue of refunding Tax-Exempt Bonds discharge any of the outstanding principal amount of refunded Tax-Exempt Bonds a portion of the unspent Sale Proceeds, Investment Proceeds and Transferred Proceeds of the refunded issue become Transferred Proceeds of the refunding issue and cease to be Proceeds of the refunded issue.

"VRA COI/CRF Amount" has the meaning set forth in Section 2.2(c).

"VRA COI/CRF Proceeds" has the meaning set forth in Section 2.2(c).

"Yield" or "yield" means, with respect to the Related Series of VRA Bonds, yield computed under the provisions of Treas. Regs. § 1.148-4 and, with respect to Nonpurpose Investments, yield computed under the provisions of Treas. Regs. § 1.148-5.

ARTICLE II NONARBITRAGE CERTIFICATIONS OF THE LOCAL GOVERNMENT

Section 2.1 Responsible Officer, Reasonable Expectations. (a) The undersigned officer of the Local Government is one of the Local Government's officers charged with the responsibility of issuing the Local Bond pursuant to the Local Authorization.

(b) The undersigned officer of the Local Government hereby certifies in good faith that set forth in this Article II are the reasonable expectations of the Local Government as of the Closing Date regarding the amount, the investment and the use of the Gross Proceeds of the Local Bond.

Section 2.2 Issuance and Sale of Local Bond. (a) On the Closing Date, the Local Government will issue and sell the Local Bond pursuant to the Local Authorization and the terms of the Financing Agreement in the principal amount of \$7,380,000.

(b) On the Closing Date, the Local Government will deliver the Local Bond to the Trustee upon the order of VRA in exchange for receipt of the amount of \$7,942,638.65 (the "Purchase Price").

(c) The Purchase Price was calculated by adding (i) \$7,380,000.00 to (ii) \$664,511.80 the net premium allocable to the Local Bond (which aggregate amount (\$8,044,511.80) is the Sale Proceeds of the Local Bond) and then subtracting \$101,873.15 (the "VRA COI/CRF Amount").

(d) VRA reasonably expects to apply the VRA COI/CRF Amount and the Investment Proceeds thereon (collectively, the "VRA COI/CRF Proceeds") to pay the portion of the Costs of Issuance of the Related Series of VRA Bonds (including underwriters discount) allocable to the Local Bond (\$65,753.65 plus any Investment Proceeds allocable thereto) and to make a deposit to VRA's Capital Reserve Fund (\$36,119.50).

(e) VRA shall not take any action (i) to allow the VRA COI/CRF Proceeds to be used in a Private Business Use or (ii) to invest the VRA COI/CRF Proceeds in Nonpurpose

Investments at a Yield greater than the Related VRA Bond Yield unless such proceeds may be invested at an unrestricted yield pursuant to Section 148 of the Code. VRA hereby authorizes the Local Government and Local Bond Counsel to assume without any further inquiry or investigation that VRA will fulfill such reasonable expectations and agreement for all purposes hereunder.

Section 2.3 Purpose of Local Bond; Description of Project; Use of Proceeds.

(a) The Local Government is issuing the Local Bond to provide funds to be used to undertake the Project, which includes paying the Costs of Issuance related to the Local Bond, all as substantially as set forth in Exhibit B.

(b) The Project is described in Exhibit A.

The Local Government shall not use the Proceeds of the Local Bond directly or indirectly to pay the principal or redemption price of or the interest on any other obligation, including any Tax-Exempt Bond.

Section 2.4 No Aggregation; No Hedge Contracts. (a) Except for the Related Series of VRA Bonds and the local obligations related thereto (including the Local Bond), no Tax-Exempt Bonds or other debt obligations of the Local Government or any other issuer have been or will be (i) sold less than 15 days before or after the Sale Date, (ii) sold pursuant to the same plan of financing with the Local Bond, and (iii) reasonably expected to be paid from substantially the same source of funds as the Local Bond, determined without regard to guarantees from parties unrelated to the Local Government, if any.

(b) The Local Government has not entered and will not enter into any Hedge Contract with respect to the Local Bond.

Section 2.5 Expenditure of Proceeds. (a) The Local Government agrees that any Sale Proceeds or Investment Proceeds of the Local Bond disbursed to it from the Local Account, such as any "Additional Proceeds" identified on Exhibit B, will be applied in accordance with Section 4.3 of the financing Agreement.

(b) The Local Government (i) represents the payment of none of the legal and underwriting costs or any other Costs of Issuance of the Local Bond is contingent and (ii) agrees to pay at least 95% of the reasonably expected legal and underwriting costs and the other Costs of Issuance of the Local Bond not later than 180 days after the Closing Date.

Section 2.6 New Money Sale Proceeds; Expectations as to Timing and Amount of Certain Expenditures. (a) The Sale Proceeds less (i) the VRA COI/CRF Amount, (ii) the Sale Proceeds to be used to pay the Local Costs of Issuance and (iii) the amounts deposited in the Local Debt Service Reserve Fund is referred to below as the "New Money Sale Proceeds" (\$8,044,511.80 – \$101,873.15 – \$48,455.55 – \$489,434.39 = \$7,404,748.71).

(b) All Project Costs paid or financed with the New Money Proceeds will constitute either Capital Expenditures or Related Working Capital Expenditures.

(c) All of the New Money Proceeds will be advanced and expended to pay or reimburse the Local Government for Project Costs by no later than May 1, 2018.

(d) The Local Government already has or will within six months after the Closing Date incur a substantial binding obligation to a third party to expend at least 5% of the New Money Proceeds to pay Project Costs of the Project. For this purpose, an obligation is not binding if it is subject to contingencies within the Local Government or a related party's control.

(e) The completion of the Project and the allocation of the New Money Proceeds to pay or reimburse the Local Government for Project Costs will proceed with due diligence substantially in accordance with the expenditure schedule attached as Exhibit C.

Section 2.7 [Reserved]

Section 2.8 Reimbursement Limitations. (a) The Local Government does not expect to reimburse itself for costs related to the New Money Proceeds.

(b) Except as provided in subsection (c), the Local Government shall not use New Money Proceeds to reimburse itself for expenditures made to pay Project Costs of the Project prior to the Closing Date, unless the original expenditure (i) is a Local Cost of Issuance and represents a Preliminary Expenditure which, when added to all other reimbursed Preliminary Expenditures, does not exceed an amount equal to 20% of the New Money Sale Proceeds or (ii) is a Qualified Reimbursable Expenditure.

(c) Notwithstanding the reimbursement requirements of subsection (a), the Local Government shall be entitled to use the New Money Proceeds to reimburse itself for expenditures made to pay Project Costs of the Project prior to the Closing Date, if the aggregate amount of all such reimbursements do not exceed the lesser of \$100,000 or 5% of the New Money Sale Proceeds.

(d) The Local Government shall note all such reimbursements in writing.

(e) Except for amounts deposited in a Bona Fide Debt Service Fund, the Local Government shall not use amounts used to reimburse itself within one year of the date of the reimbursement allocation in a manner that results in the creation of Replacement Proceeds.

Section 2.9 No Replacement Proceeds. (a) Except as may be described in Exhibit B, the Local Government neither has on the Closing Date nor expects to have after the Closing Date any funds that are restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, for the payment of the Project Costs and the Costs of Issuance of the Local Bond.

(b) The weighted average maturity of the Local Bond does not exceed 120% of the reasonably expected economic life of the Related Financed Property as determined in the manner provided under Section 147(b) of the Code.

(c) Other than amounts in the Local Debt Service Reserve Fund or that may constitute or may be deposited in a Bona Fide Debt Service Fund, there will be no moneys,

securities, obligations, annuity contracts, residential rental property, AMT Bonds, investment-type property, Sinking Funds, Pledged Funds, or other Replacement Proceeds that will be accumulated or held or pledged as security by the Local Government or any other Substantial Beneficiary of the Local Bond as security for or the direct or indirect source of the payment of the principal or interest on the Local Bond. Amounts constituting or on deposit in a Bona Fide Debt Service Fund may be invested without Yield restriction.

(d) Pursuant to the Financing Agreement, the Local Government is required to fund the Local Debt Service Reserve Fund on the Closing Date. As set forth in Exhibit B, Sale Proceeds of the Local Bond will be used to fund the Local Debt Service Reserve Fund.

(e) Although the Local Government does not reasonably expect to use any amounts in the Local Debt Service Reserve Fund to pay principal or interest on the Local Bond, there is reasonable assurance that such amount will be available for such purpose if the Local Government encounters financial difficulties. VRA would not have purchased the Local Bond without the funding and availability of the Local Debt Service Reserve Fund.

(f) VRA and the Local Government hereby waive any right to invest amounts in the Local Debt Service Reserve Fund at a materially higher Yield as part of a reasonably required reserve or replacement fund pursuant to Treas. Regs. § 1.148-9(g). Such amounts will be invested at a Yield not exceeding the Related VRA Bond Yield or in Tax-Exempt Investments.

Section 2.10 No Overburdening. The Proceeds are not expected to exceed the amount necessary for the governmental purposes for which the Local Bond is being issued.

Section 2.11 No Abusive Arbitrage Device. The Local Government has not used and will not use an "abusive arbitrage device" in connection with the Local Bond. An action is an "abusive arbitrage device" if the action has the effect of (i) enabling the Local Government to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (ii) overburdening the market for Tax-Exempt Bonds; provided, however, that no action that is expressly permitted by Section 148 of the Code or Treas. Regs. §§ 1.148-1 through 1.148-11 is an abusive arbitrage device.

Section 2.12 Reasonable Expectations. To the best of the undersigned's knowledge, information and belief, the expectations stated in this Article are reasonable and there are no other facts, estimates or circumstances that would materially change such expectations.

**ARTICLE III
ARBITRAGE REBATE**

Section 3.1 In General. (a) The Local Government recognizes that the provisions of Section 148(f) of the Code require a rebate of arbitrage profits to the United States in certain circumstances in order for the Related Series of VRA Bonds not to be treated as "arbitrage bonds." The Local Government agrees to pay to VRA in accordance with written directions provided by VRA periodic installments of the Rebate Amount as computed by a rebate consultant selected by VRA.

(b) VRA shall cause the Rebate Amount to be computed in accordance with Section 148(f) of the Code and shall reduce the Rebate Amount by taking into consideration the spending and other exceptions to the rebate requirement provided under Section 148(f) of the Code for which any of the Gross Proceeds of the Local Bond may qualify in the reasonable judgment of VRA.

(c) The Local Government agrees to provide to VRA any records reasonably requested by VRA in order to facilitate the calculation of the Rebate Amount.

Section 3.2 Twenty-Four Month Spending Exception. (a) The Local Government reasonably expects that at least 75% of the New Money Proceeds will be spent for Construction Expenditures with respect to property that is to be owned by the Local Government.

(b) In order for the New Money Proceeds of the Local Bond to qualify for the "twenty-four month" spending exception to the rebate requirement, at least the following percentages of the New Money Proceeds should be spent for the governmental purposes of the Local Bond within the following periods: (i) 10% within six months after the Closing Date (the "First Spending Period"); (ii) 45% within one year after the Closing Date (the "Second Spending Period"); (iii) 75% within 18 months after the Closing Date (the "Third Spending Period"); and (iv) 100% within two years after the Closing Date. One hundred percent of such amounts may be treated as spent within two years after the Closing Date if no more than \$370,237.44 (that is 5% of the original amount of the New Money Sale Proceeds) is withheld as a reasonable retainage as defined under Treas. Regs. § 1.148-7(h) (for example, to ensure compliance with construction contracts). This retainage must be spent within three years after the Closing Date.

(c) For purposes of determining whether the spending requirements have been met as of the First, Second and Third Spending Periods described in subsection (b) above, there will be included in New Money Proceeds the amount of Investment Proceeds the Local Government reasonably expects to earn for the entire construction period of the Project. Such Investment Proceeds are reasonably expected to be in the amount of \$20,375.70 as set forth in Exhibit D attached hereto (the "Expected Investment Proceeds"). As of any determination date occurring after the end of the Third Spending Period, the amount of Investment Proceeds to be included in New Money Proceeds shall be equal to the actual amount of Investment Proceeds earned as of the determination date and the amount of Investment Proceeds that the Local

Government reasonably expects to receive in the future from the investment of the unexpended New Money Proceeds.

(d) NEITHER VRA NOR THE LOCAL GOVERNMENT HAS ELECTED WITH RESPECT TO THE LOCAL BOND TO PAY THE PENALTY IN LIEU OF REBATE UNDER SECTION 148(F)(4)(C)(vii)(I) OF THE CODE.

ARTICLE IV GENERAL TAX COVENANTS

Section 4.1 Reasonable Expectations; General Covenants. (a) The Local Government reasonably expects, as of the Closing Date, to use or cause the use of the Gross Proceeds of the Local Bond and the Related Financed Property in accordance with the provisions hereof over the entire stated term of the Local Bond. The Local Government has no expectation or intent to sell any of the Related Financed Property or otherwise change the use of any Financed Property from a qualified use to a non-qualified use or to permit any such action to be taken.

(b) The Local Government shall not directly or indirectly invest, use or permit the use of the Gross Proceeds of the Local Bond use or permit the use of the Related Financed Property except in accordance with Articles II and IV hereof.

(c) The Local Government covenants that the ownership, use and status of the Related Financed Property will not change unless an opinion of nationally-recognized bond counsel is provided in accordance with Section 5.2 with respect to the proposed change. The Local Government acknowledges that such opinion may not be obtainable unless, with respect to any nonqualified portion of the Related Series of VRA Bonds, the Local Government (i) undertakes remedial action under Treas. Regs. § 1.141-12 or (ii) requests and obtains a closing agreement from the IRS through the Voluntary Closing Agreement Program provided under IRS Notice 2008-31.

(d) The Local Government agrees that a specific remedy that shall be available to VRA, the Trustee, or both, for a violation by the Local Government of any covenant hereunder is that the Local Government will pay or reimburse VRA for any arbitrage rebate liability, yield reduction payment, interest, penalties or similar items assessed or incurred with respect to the Related Series of VRA Bonds in any way attributable to such violation. This specific remedy shall be in addition to any other remedies available to VRA or the Trustee under law or equity.

Section 4.2 Private Business Use Restrictions. (a) The Local Government shall at all times conduct or cause to be conducted the operation of the Related Financed Property so as not to permit the Private Business Use of the Proceeds to exceed the Private Business Use Limit.

(b) The Local Government shall not enter into any arrangement with any Person with respect to the use of the Related Financed Property that would cause the Private Business Use Limit to be exceeded. Private Business Use by any and all Nongovernmental Persons shall be aggregated in determining compliance with the Private Business Use Limit.

(c) Any Private Business Use of the Proceeds of the Local Bond shall be related to a Governmental Use thereof and shall not be disproportionate to the related Governmental Use within the meaning of Section 141(b)(3) of the Code.

(d) Listed or described on Exhibit D are (i) all Service Contracts existing or reasonably expected to be entered into with respect to the Related Financed Property, (ii) any portion of the Related Financed Property owned or leased or reasonably expected to be owned or leased by a Nongovernmental Person, (iii) all incentive payment, take-or-pay as output contracts existing or reasonably expected to be entered into with Nongovernmental Persons with respect to the Related Financed Property and (iv) any other current or reasonably expected uses of the Related Financed Property not constituting General Public Use.

(e) The Local Government acknowledges that any Service Contract entered into with respect to the Related Financed Property must be a Qualified Service Contract or an Exempt Service Contract, and the Local Government shall consult with bond counsel and VRA prior to entering into any such agreement.

Section 4.3 No Private Loans. (a) The Local Government (i) represents that it reasonably expects that it will be the only ultimate borrower receiving a loan made or financed directly or indirectly from the Proceeds of the Local Bond and (ii) shall not use or permit the use of any Proceeds of the Local Bond directly or indirectly to make a loan to an ultimate borrower other than itself.

(b) Any transaction that is generally characterized as a loan for federal income tax purposes is a "loan" for purposes of this Section. In addition, a loan may arise from the direct lending of bond proceeds or may arise from transactions in which indirect benefits that are the economic equivalent of a loan are conveyed, including any contractual arrangement which in substance transfers tax ownership or significant burdens and benefits of ownership.

(c) Except as provided below, a prepayment for property or services is treated as a "loan" for purposes of this Section if a principal purpose for prepaying is to provide a benefit of tax-exempt financing to the seller. A prepayment is not treated as a loan for purposes of this Section if prepayments on substantially the same terms are made by a substantial percentage of Persons who are similarly situated to the prepayer but who are not beneficiaries of tax-exempt financing.

(d) The term "loan" as used in this Section does not refer to the purchase of Nonpurpose Investments.

Section 4.4 No Hedge Bonds. (a) The Local Government reasonably expects that not less than 85% of the spendable Proceeds will be used to carry out the governmental purpose thereof within three years after the date of issuance and will not cause more than 50% of the Proceeds to be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more.

(b) In developing its reasonable expectations, the Local Government disregarded expectations as to changes in interest rates or in the provisions of the Code.

(c) Methods of obtaining a substantially guaranteed yield on Nonpurpose Investments include, but are not limited to, purchase of (i) obligations of the United States Government where the purchaser does not reasonably expect to need the principal amount of such obligations until their maturity and (ii) guaranteed investment contracts.

Section 4.5 Use by the Federal Government. The Local Government shall not permit any of the Related Financed Property to be used or occupied by the Federal Government except as General Public Use.

Section 4.6 No Federal Guaranty. (a) The Local Government shall not permit:

(1) the payment of the principal or interest on the Local Bond to be guaranteed (in whole or in part) by the Federal Government,

(2) 5% or more of the Gross Proceeds of the Local Bond to be (A) used in making loans the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the Federal Government or (B) invested (directly or indirectly) in federally insured deposits or accounts, or

(3) the payment of the principal or interest on the Local Bond to be otherwise indirectly guaranteed (in whole or in part) by the Federal Government; provided that none of the above-described prohibitions shall apply to investments of Gross Proceeds of the Local Bond in a Bona Fide Debt Service Fund.

Section 4.7 No Acquisition of Bonds. The Local Government shall not acquire, nor permit any "related party" of the Local Government (within the meaning of Treas. Regs. § 1.150-1) to acquire any of the Related Series of VRA Bonds or other bonds or obligations of VRA pursuant to any arrangement, formal or informal, in an amount related to the amount of the Local Bond.

Section 4.8 Recordkeeping Requirements. (a) The Local Government agrees to maintain and/or retain the following records (or to cause them to be maintained and/or retained) (collectively, the "Material Records"):

(1) The bond transcript for the Local Bond;

(2) Documentation evidencing the expenditure and allocation of the Proceeds and any other Gross Proceeds of the Local Bond;

(3) Documentation evidencing use of the Related Financed Property by Governmental Persons and Nongovernmental Persons;

(4) Documentation evidencing all sources of payment or security for the Local Bond; and

(5) Documentation pertaining to all Nonpurpose Investments as specified in subsection (b) below.

(b) The Local Government agrees to keep and retain adequate records with respect to each Nonpurpose Investment made with or allocable to the Gross Proceeds of the Local Bond, except for Nonpurpose Investments allocable to the VRA COI/CRF Proceeds and the Investment Proceeds thereon. Such records shall include: (i) purchase price; (ii) purchase date; (iii) type of investment; (iv) accrued interest paid; (v) interest rate; (vi) principal amount; (vii) maturity date; (viii) interest payment dates; (ix) date of liquidation; (x) receipt upon liquidation, and (xi) the records required to be kept pursuant to Treas. Regs. § 1.148-5(d)(6)(iii) (if applicable). If any investment becomes a Nonpurpose Investment of Gross Proceeds on a date other than the date such investment is purchased, the records required to be kept shall include the fair market value of such investment on the date it becomes such a Nonpurpose Investment. If any Nonpurpose Investment is retained after the date the Local Bond is retired, the records required to be kept shall include the fair market value of such investment on the date of such retirement. Amounts of Gross Proceeds or Nonpurpose Investments will be segregated whenever necessary to maintain these records.

(c) The Local Government agrees to keep the Material Records in a manner that ensures their complete access to VRA. This may be accomplished through the maintenance of hard copies or by maintenance of the Material Records in an electronic format in accordance with the requirements of Rev. Proc. 97-22, 1997-1 C.B. 652 (or any successor thereto).

(d) The Local Government shall keep the Material Records until the third anniversary of the later of the final maturity or redemption date of the Related Series of VRA Bonds or any Tax-Exempt Bonds issued to refund the Related Series of VRA Bonds.

ARTICLE V MISCELLANEOUS

Section 5.1 Term. The covenants contained in this Agreement shall be effective on the Closing Date. Except with respect to Section 3.1, which shall be effective until all arbitrage rebate liability is discharged with respect to the Gross Proceeds of the Local Bond, and Section 4.8(d), which shall be effective as provided therein, the Local Government's obligations under this Agreement shall be effective so long as any of the payment obligations under the Local Bond remains unpaid (whether or not defeased).

Section 5.2 Opinion of Bond Counsel. If the Local Government shall provide an opinion of nationally-recognized bond counsel acceptable to VRA and the Trustee to the effect that any action or forbearance required under this Agreement or otherwise is not required or is no longer required to maintain the excludability from gross income of the interest on the Related Series of VRA Bonds under Section 103 of the Code and to prevent such interest from becoming a Specific Tax Preference Item, the Local Government shall not be required to comply therewith.

Section 5.3 Enforcement by Trustee. The Local Government acknowledges that its representations, warranties and covenants under this Agreement are incorporated by reference into the Financing Agreement and that the Trustee may enforce the Local Government's obligations under this Agreement subject to the terms of the Indenture and the Financing Agreement.

Section 5.4 Further Assurances. Each party to this Agreement shall execute and deliver such other instruments or documents and take such other actions, including after the date of this Agreement, as may be reasonably requested by the other party to consummate more effectively the purpose or subject matter of this Agreement.

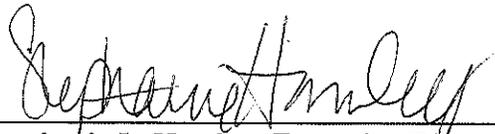
Section 5.5 Reliance. It is understood by the Local Government that the certifications, representations, warranties and agreements contained in this Agreement will be relied upon by (i) Local Bond Counsel for the purpose of rendering its legal opinion in connection with the issuance of the Local Bond, (ii) the Executive Director of VRA for the purposes of establishing the reasonableness of certain of her expectations certified in VRA's Tax Certificate and Regulatory Agreement being delivered on the date hereof in connection with the issuance of the Related Series of VRA Bonds and (iii) McGuireWoods LLP, bond counsel to VRA, in rendering its opinion that interest on the Related Series of VRA Bonds is excludable from gross income of the owners thereof for federal income tax purposes. Such reliance for such purposes is authorized.

Section 5.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

[Signature Page Follows]

WITNESS the following signatures, all duly authorized, as of the Closing Date.

VIRGINIA RESOURCES AUTHORITY

By: 
Stephanie L. Hamlett, Executive Director

CITY OF PETERSBURG, VIRGINIA

By: 
William E. Johnson III, City Manager

EXHIBITS:

- A - Description of Project
- B - Sources and Uses Schedule
- C - Expenditure Schedule
- D - Description of Certain Arrangements

EXHIBIT A

DESCRIPTION OF PROJECT

To finance water and wastewater system improvements identified in the Local Government's fiscal year 2015-2017 Capital Improvement Plan.

EXHIBIT B
SOURCES AND USES SCHEDULE

Sources	
Par Amount	\$ 7,380,000.00
Net Premium (Discount)	664,511.80
Estimated Earnings	20,375.70
Total Sources	\$ 8,064,887.50

Uses	
Poor Creek - 24" Line Replacment	\$ 1,793,000.00
Infrastructure	300,000.00
Locke's Pump Station - 12" Check Valves	325,000.00
Water / Sewer GIS Mapping	144,000.00
SCADA System	65,000.00
Equipment	275,000.00
Poor Creek - Force Main	1,800,000.00
Public Works Facility	450,000.00
Brickhouse Run Sewer Lining (I&I)	250,000.00
Tank Assessment Program	1,875,000.00
Locke's Pump Station - Water Main	125,000.00
Local Debt Service Reserve Fund	489,434.39
Local Costs of Issuance	48,455.55
VRA Costs of Issuance	32,266.97
Capital Reserve Fund Equity Contribution	36,119.50
Underwriter's Discount	33,486.68
Additional Proceeds / Contingency	23,124.41
Total Uses	\$ 8,064,887.50

EXHIBIT C

EXPENDITURE SCHEDULE FOR NEW MONEY SALE PROCEEDS

* The estimated earnings were computed using an assumed interest rate of 0.17%, which was the average interest rate on the Virginia SNAP investment pool for the seven days ended on May 13, 2015.

Date	Beginning Balance	Interest Earnings	Balance with Earnings	Draw Amount	Ending Balance
5/28/2015	\$7,453,204.26	105.59	7,453,309.85	-	7,453,204.26
6/1/2015	7,453,204.26	1,055.89	7,454,365.73	-	7,453,309.85
7/1/2015	7,453,309.85	1,056.04	7,455,421.77	531,125.00	7,454,365.73
8/1/2015	7,454,365.73	980.94	6,925,277.71	-	6,924,296.77
9/1/2015	6,924,296.77	981.08	6,926,258.79	-	6,925,277.71
10/1/2015	6,925,277.71	981.22	6,927,240.01	531,125.00	6,926,258.79
11/1/2015	6,926,258.79	906.12	6,397,021.13	-	6,396,115.01
12/1/2015	6,396,115.01	906.24	6,397,927.37	-	6,397,021.13
1/1/2016	6,397,021.13	906.37	6,398,833.74	303,500.00	6,397,927.37
2/1/2016	6,397,927.37	863.51	6,096,197.25	-	6,095,333.74
3/1/2016	6,095,333.74	863.63	6,097,060.88	-	6,096,197.25
4/1/2016	6,096,197.25	863.75	6,097,924.63	151,750.00	6,097,060.88
5/1/2016	6,097,060.88	842.37	5,947,017.00	-	5,946,174.63
6/1/2016	5,946,174.63	842.49	5,947,859.50	-	5,947,017.00
7/1/2016	5,947,017.00	842.61	5,948,702.11	1,318,425.00	5,947,859.50
8/1/2016	5,947,859.50	655.96	4,630,933.07	-	4,630,277.11
9/1/2016	4,630,277.11	656.05	4,631,589.12	-	4,630,933.07
10/1/2016	4,630,933.07	656.14	4,632,245.26	1,118,425.00	4,631,589.12
11/1/2016	4,631,589.12	497.79	3,514,318.05	-	3,513,820.26
12/1/2016	3,513,820.26	497.86	3,514,815.91	-	3,514,318.05
1/1/2017	3,514,318.05	497.93	3,515,313.84	639,100.00	3,514,815.91
2/1/2017	3,514,815.91	407.46	2,876,621.31	-	2,876,213.84
3/1/2017	2,876,213.84	407.52	2,877,028.83	-	2,876,621.31
4/1/2017	2,876,621.31	407.58	2,877,436.41	319,550.00	2,877,028.83
5/1/2017	2,877,028.83	362.37	2,558,248.77	-	2,557,886.41
6/1/2017	2,557,886.41	362.42	2,558,611.19	-	2,558,248.77
7/1/2017	2,558,248.77	362.47	2,558,973.66	700,000.00	2,558,611.19
8/1/2017	2,558,611.19	263.35	1,859,237.02	-	1,858,973.66
9/1/2017	1,858,973.66	263.39	1,859,500.41	-	1,859,237.02
10/1/2017	1,859,237.02	263.43	1,859,763.84	700,000.00	1,859,500.41
11/1/2017	1,859,500.41	164.30	1,159,928.14	-	1,159,763.84
12/1/2017	1,159,763.84	164.32	1,160,092.46	-	1,159,928.14

Date	Beginning Balance	Interest Earnings	Balance with Earnings	Draw Amount	Ending Balance
1/1/2018	1,159,928.14	164.35	1,160,256.81	400,000.00	1,160,092.46
2/1/2018	1,160,092.46	107.70	760,364.51	-	760,256.81
3/1/2018	760,256.81	107.72	760,472.23	-	760,364.51
4/1/2018	760,364.51	107.73	760,579.96	760,579.96	760,472.23
5/1/2018	760,472.23	105.59	7,453,309.85	-	-
Total		\$20,375.70		\$7,473,579.96	

EXHIBIT D
DESCRIPTIONS OF CERTAIN ARRANGEMENTS

None.

CERTIFICATE OF CONSULTING ENGINEER

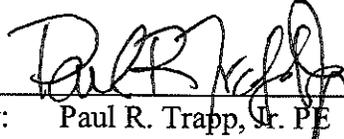
As of May 28, 2015 (the "Closing Date"), and pursuant to Section 3.4 of the Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement"), between the Virginia Resources Authority and the City of Petersburg, Virginia (the "City"), the undersigned certifies as follows:

1. Capitalized terms used and not defined herein have the meaning given them in the Financing Agreement.
2. I am the Consulting Engineer to the City, and I am providing this Certificate to satisfy certain requirements specified in Section 3.4 of the Financing Agreement.
3. A description of the Project is set forth in Exhibit A.
4. The Purchase Price and funds available from other sources specified in the Project Budget will be sufficient to pay the estimated construction portion of the total Project Costs set forth in the Project Budget attached as Exhibit B.
5. The Project is part of the System as defined in the Financing Agreement.
6. All governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project required to have been obtained by the Closing Date have been obtained, and I know of no reason why any future required governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project cannot be obtained as needed.
7. It is expected that the City will complete the Project on or before May 1, 2018.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Consulting Engineer of the City is signing this Certificate of Consulting Engineer as of the Closing Date.

TIMMONS GROUP, INC.

A handwritten signature in black ink, appearing to read "Paul R. Trapp, Jr.", written over a horizontal line.

By: Paul R. Trapp, Jr. PE
Title: Director of Infrastructure Services

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the financing of water and wastewater system improvements identified in the Local Government's fiscal year 2015-2017 Capital Improvement Plan.

Utility Fund Capital Improvement Plan

Fiscal Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Sources of Funds						
Bond Proceeds	2,100,000	3,302,000	2,000,000	1,300,000	1,400,000	8,852,000
Uses of Funds						
Poor Creek - 24" Line Replacement Infrastructure	1,191,000	602,000	0	0	0	1,793,000
Locke's Pump Station - 12" Check Valves	300,000	0	0	0	0	300,000
Water/Sewer GIS Mapping	325,000	0	0	0	0	325,000
SCADA System	144,000	0	0	0	0	144,000
Main Pump Station - 20" Check Valves	65,000	0	0	0	0	65,000
Equipment	0	0	0	0	0	0
Poor Creek - Force Main	75,000	200,000	0	0	0	275,000
Public Works Facility	0	1,800,000	0	0	0	550,000
Brickhouse Run Sewer Lining (I&I)	0	450,000	0	0	0	450,000
Tank Assessment Program	0	250,000	0	0	0	250,000
Locke's Pump Station - Water Main	0	0	1,875,000	0	0	1,875,000
DSI Sanitary Sewer Pipeline Replacement	0	0	125,000	0	0	125,000
South Crater Water Main	0	0	0	750,000	0	750,000
Medical Park Hydro Pump Lift Station	0	0	0	500,000	0	500,000
Rives Water Line	0	0	0	50,000	0	50,000
Locke's Pump Station - Upgrade	0	0	0	0	700,000	700,000
Total Uses of Funds	2,100,000	3,302,000	2,000,000	1,300,000	1,400,000	8,852,000

Source: City of Petersburg.

EXHIBIT B

PROJECT BUDGET

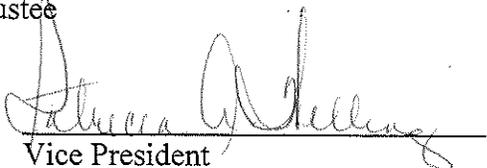
<u>Project</u>	<u>Amount</u>
Poor Creek - 24" Line Replacement	\$1,793,000.00
Infrastructure	300,000.00
Locke's Pump Station - 12" Check Valves	325,000.00
Water / Sewer GIS Mapping	144,000.00
SCADA System	65,000.00
Equipment	275,000.00
Poor Creek - Force Main	1,800,000.00
Public Works Facility	450,000.00
Brickhouse Run Sewer Lining (I&I)	250,000.00
Tank Assessment Program	1,875,000.00
Locke's Pump Station - Water Main	125,000.00

RECEIPT FOR BOND

The undersigned certifies, on behalf of U.S. Bank National Association, as successor trustee (the "Trustee") under the Master Indenture of Trust dated as of December 1, 2003, as amended and supplemented between the Virginia Resources Authority ("VRA") and SunTrust Bank, as original trustee, that the Trustee has received the \$7,380,000 Water and Sewer Revenue Bond, Series 2015, of the City of Petersburg, Virginia, which the Trustee has purchased at the direction of VRA.

Dated: May 28, 2015

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: 
Its: Vice President
Name: Patricia A. Welling



City Attorney
Brian K. Telfair

Assistant City Attorney
Danielle N. Powell

City of Petersburg

Office of the City Attorney

City Hall
135 North Union Street
Petersburg, Virginia 23803

Telephone: (804) 733-2305
TDD: (804) 733-8003
Fax: (804) 732-9212

E-mail: btelfair@petersburg-va.org
dpowell@petersburg-va.org

May 28, 2015

City of Petersburg City Council
City of Petersburg, Virginia, Virginia

Virginia Resources Authority
Richmond, Virginia

\$7,380,000
City of Petersburg, Virginia
Water and Sewer Revenue Bond, Series 2015

Ladies and Gentlemen:

I have acted as counsel to the City of Petersburg, Virginia, Virginia (the "Local Government"), in connection with the issuance and sale by the Local Government of its \$7,380,000 Water and Sewer Revenue Bond, Series 2015 (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement) and in such capacity, I have examined, among other things, the following documents:

- (a) a certified copy of the Local Authorization (as defined in the Financing Agreement), authorizing the issuance and sale of the Bond to Virginia Resources Authority ("VRA") to finance the Project;
- (b) a copy of the Local Bond Sale and Financing Agreement (the "Financing Agreement") dated as of April 10, 2015, and between the Local Government and the Virginia Resources Authority ("VRA"); and
- (c) a copy of the Local Tax Document (as defined in the Financing Agreement).

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

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

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

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

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

1. The Local Government is a duly created and validly existing municipal corporation and political subdivision of the Commonwealth of Virginia and is vested with the rights and powers conferred upon it by Virginia law.
2. The Local Government has full right, power and authority to (i) adopt the Local Authorization and execute and deliver the Local Bond Documents and all related documents, (ii) undertake the Project and (iii) carry out and consummate all of the transactions contemplated by the Local Authorization and the Local Bond Documents, including owning and operating the System.
3. The Local Bond Documents were duly authorized by the Local Authorization and the Financing Agreement is in substantially the same form as presented to the Governing Body at its meeting at which the Local Authorization was adopted.
4. All governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date hereof have been obtained for (i) the Local Government's adoption of the Local Authorization, (ii) the execution and delivery of the Local Bond Documents and the Local Bond, (iii) the Local Government's performance of its obligations under the Local Bond Documents and the Local Bond, and (iv) to the best of my knowledge, the operation and use of the System. I know of no reason why any such required

governmental permits, licenses, registrations, certificates, authorizations or approvals cannot be obtained as required in the future.

5. The Financing Agreement has been executed and delivered by duly authorized officials of the Local Government and constitutes a legal, valid and binding obligation of the Local Government enforceable against the Local Government in accordance with its terms. The Local Bond has been executed and delivered by duly authorized officials of the Local Government and will constitute a legal, valid and binding limited obligation of the Local Government enforceable against the Local Government in accordance with its terms. The obligations of the Local Government under the Financing Agreement and the Local Bond, and the enforceability of such obligations, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, (c) the exercise of sovereign police powers of the Commonwealth of Virginia, and (d) rules of law which may limit the enforceability on public policy grounds of any obligations of indemnification undertaken by the Local Government.

6. The issuance of the Local Bond and the execution and delivery of the Local Bond Documents and the performance by the Local Government of its obligations thereunder are within the powers of the Local Government and will not conflict with, or constitute a breach or result in a violation of, (i) any federal or Virginia constitutional or statutory provision, (ii) to the best of my knowledge, any agreement or other instrument to which the Local Government is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Local Government or its property.

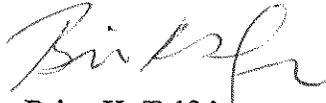
7. The Local Government, to the best of my knowledge, is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. To the best of my knowledge, no event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to the Financing Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

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

City of Petersburg City Council
Virginia Resources Authority

9. Except as set forth in the Financing Agreement, there are not pending nor, to the best of my knowledge, threatened against the Local Government, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, (i) affecting the creation, organization or existence of the Local Government or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery and/or performance of the Local Authorization or the Local Bond Documents or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond Documents or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or resolution may have a material adverse effect on the Local Government or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization, the Local Bond Documents or the Local Bond, or (v) affecting the undertaking of the Project.

Very truly yours,



Brian K. Telfair
Petersburg City Attorney

Sources and Uses of Funds

Virginia Resources Authority- VPPF 2015A
City of Petersburg
FINAL NUMBERS

Sources:	
<hr/>	
Bond Proceeds:	
Par Amount	7,380,000.00
Net Premium	664,511.80
	<hr/>
	8,044,511.80
	<hr/>
Uses:	
<hr/>	
Project Fund Deposits:	
Project Fund	7,402,000.00
Other Fund Deposits:	
Local Debt Service Reserve Fund	489,434.39
Delivery Date Expenses:	
Cost of Issuance	32,266.97
Underwriter's Discount	33,486.68
Local Cost of Issuance	48,455.55
CRF Equity Contribution (Tax-Exempt)	36,119.50
	<hr/>
	150,328.70
Other Uses of Funds:	
Additional Proceeds	2,748.71
	<hr/>
	8,044,511.80
	<hr/>
First Interest Payment Date	10/1/2015
All-in True Interest Cost of Borrower Bonds	3.793886%

DEBT SERVICE
Virginia Resources Authority- VFPF 2015A
City of Petersburg
FINAL NUMBERS

Period Ending	Principal	Coupon (1)	Yield (1)	Interest	Total Debt Service	Annual Debt Service
10/1/2015				139,949.85	139,949.85	
4/1/2016				164,646.88	164,646.88	304,596.73
10/1/2016	160,000.00	4.438%	0.676%	164,646.88	324,646.88	
4/1/2017				161,096.88	161,096.88	485,743.76
10/1/2017	170,000.00	4.449%	1.027%	161,096.88	331,096.88	
4/1/2018				157,315.63	157,315.63	488,412.51
10/1/2018	175,000.00	5.125%	1.354%	157,315.63	332,315.63	
4/1/2019				152,831.26	152,831.26	485,146.89
10/1/2019	185,000.00	3.774%	1.567%	152,831.26	337,831.26	
4/1/2020				149,340.63	149,340.63	487,171.89
10/1/2020	195,000.00	5.125%	1.783%	149,340.63	344,340.63	
4/1/2021				144,343.76	144,343.76	488,684.39
10/1/2021	205,000.00	5.125%	2.014%	144,343.76	349,343.76	
4/1/2022				139,090.63	139,090.63	488,434.39
10/1/2022	215,000.00	5.125%	2.183%	139,090.63	354,090.63	
4/1/2023				133,581.26	133,581.26	487,671.89
10/1/2023	225,000.00	5.125%	2.374%	133,581.26	358,581.26	
4/1/2024				127,815.63	127,815.63	486,396.89
10/1/2024	235,000.00	5.125%	2.525%	127,815.63	362,815.63	
4/1/2025				121,793.76	121,793.76	484,609.39
10/1/2025	250,000.00	5.125%	2.645%	121,793.76	371,793.76	
4/1/2026				115,387.51	115,387.51	487,181.27
10/1/2026	265,000.00	5.125%	2.792%	115,387.51	380,387.51	
4/1/2027				108,596.88	108,596.88	488,984.39
10/1/2027	275,000.00	3.125%	3.033%	108,596.88	383,596.88	
4/1/2028				104,300.01	104,300.01	487,896.89
10/1/2028	285,000.00	5.125%	3.005%	104,300.01	389,300.01	
4/1/2029				96,996.88	96,996.88	486,296.89
10/1/2029	300,000.00	3.288%	3.450%	96,996.88	396,996.88	
4/1/2030				92,065.63	92,065.63	489,062.51
10/1/2030	310,000.00	3.411%	3.570%	92,065.63	402,065.63	
4/1/2031				86,778.13	86,778.13	488,843.76
10/1/2031	320,000.00	3.449%	3.681%	86,778.13	406,778.13	
4/1/2032				81,259.38	81,259.38	488,037.51
10/1/2032	335,000.00	4.826%	3.390%	81,259.38	416,259.38	
4/1/2033				73,175.01	73,175.01	489,434.39
10/1/2033	345,000.00	3.663%	3.815%	73,175.01	418,175.01	
4/1/2034				66,856.25	66,856.25	485,031.26
10/1/2034	360,000.00	4.760%	3.499%	66,856.25	426,856.25	
4/1/2035				58,287.50	58,287.50	485,143.75
10/1/2035	380,000.00	4.763%	3.534%	58,287.50	438,287.50	
4/1/2036				49,237.50	49,237.50	487,525.00
10/1/2036	400,000.00	4.750%	3.619%	49,237.50	449,237.50	
4/1/2037				39,737.50	39,737.50	488,975.00
10/1/2037	415,000.00	4.748%	3.635%	39,737.50	454,737.50	
4/1/2038				29,884.38	29,884.38	484,621.88
10/1/2038	440,000.00	4.818%	3.663%	29,884.38	469,884.38	
4/1/2039				19,284.38	19,284.38	489,168.76
10/1/2039	460,000.00	4.125%	4.077%	19,284.38	479,284.38	
4/1/2040				9,796.88	9,796.88	489,081.26
10/1/2040	475,000.00	4.125%	4.077%	9,796.88	484,796.88	
4/1/2041				-	-	484,796.88
	<u>7,380,000.00</u>			<u>5,106,950.13</u>	<u>12,486,950.13</u>	<u>12,486,950.13</u>

(1) Includes Annual Administrative Charge.

McGUIREWOODS

May 28, 2015

City Council of the
City of Petersburg, Virginia
Petersburg, Virginia

Virginia Resources Authority
Richmond, Virginia

**City of Petersburg, Virginia
\$7,380,000 Water and Sewer Revenue Bond,
Series 2015**

Ladies and Gentlemen:

We have served as Bond Counsel to the City of Petersburg, Virginia (the "City"), in connection with the issuance of its \$7,380,000 Water and Sewer Revenue Bond, Series 2015, dated April 28, 2015 (the "Bond"), pursuant to a resolution adopted by the City Council on March 17, 2015 (the "Bond Resolution"), and a Local Bond Sale and Financing Agreement dated as of April 10, 2015 (the "Financing Agreement"), between Virginia Resources Authority ("VRA") and the City.

In connection with this opinion, we have examined (i) the Constitution of Virginia (the "Constitution"), (ii) the applicable laws of (A) the Commonwealth of Virginia (the "Commonwealth"), including without limitation the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended, and (B) the United States of America, including without limitation the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) copies of proceedings and other documents relating to the issuance and sale of the Bond by the City as we have deemed necessary to render the opinions contained herein.

As to questions of fact material to this opinion, we have relied upon (i) representations of the City, including, without limitation, representations as to the use of proceeds of the Bond, (ii) certifications of public officials furnished to us and (iii) certifications and representations contained in certificates of the City and others delivered at closing, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine, all documents, certificates, and instruments submitted to us as originals are authentic, and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorized, executed, and delivered by all parties to them other than the City, and we have further assumed the due organization, existence, and powers of all parties other than the City.

Based on the foregoing, in our opinion, under current law:

1. The City has the requisite authority and power to enter into the Financing Agreement and the Nonarbitrage Certificate and Tax Compliance Agreement dated May 28, 2015, between VRA and the City (the "Local Tax Document" and collectively, the "Local Bond Documents"), to issue and sell the Bond and to apply the proceeds from the issuance and sale of the Bond as set forth in the Financing Agreement.

2. The Bond has been authorized and issued in accordance with the Constitution and laws of the Commonwealth and constitutes a valid and binding limited obligation of the City.

3. The City may, on more than one occasion, issue additional bonds and incur other obligations secured by a pledge of the Revenues under the conditions, limitations, and restrictions set forth in the Financing Agreement, and any such additional bonds or other obligations will be secured, as to the pledge of Revenues, on parity with the Bond, as provided in the Financing Agreement.

4. The Bond is not being issued as a tax-exempt obligation for federal income tax purposes and, therefore, we express no opinion regarding any federal tax consequences of the ownership of or receipt for accrual of interest on the Bond. Under current law, however, the current and expected use of the proceeds of the sale of the Bond to VRA (and the facilities financed therewith) will not result in the Bond being considered a "private activity bond" within the meaning of Section 141 of the Code. In delivering this opinion, we are (i) relying upon and assuming the accuracy of certifications and representations of representatives of the City as to facts material to the opinion and (ii) assuming continuing compliance with the Covenants (as defined below) by the City. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bond in order for the Bond not to be considered a "private activity bond." These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bond and the use of the property financed or refinanced by the Bond and limitations on the source of the payment of and the security for the Bond. The Local Tax Document contains covenants (the "Covenants") by which the City has agreed to comply with such requirements.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bond.

Certain requirements and procedures contained, incorporated or referred to in the Local Tax Document, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such

document. We express no opinion concerning any effect on the status of the Bond of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

5. The interest on the Bond is excludable from gross income for purposes of income taxation by the Commonwealth. We express no opinion regarding (i) other tax consequences arising with respect to the Bond under the laws of the Commonwealth, (ii) Supplemental Interest (as defined in the Bond) or (iii) any consequences arising with respect to the Bond under the tax laws of any state or local jurisdiction other than the Commonwealth.

6. The Local Bond Documents have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery thereof by VRA, constitute valid and binding agreements of the City and are enforceable against the City in accordance with their terms.

The enforceability of the obligations of the City under the Bond and the Local Bond Documents is subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws now or hereafter in effect relating to or affecting creditors' rights. The enforceability of such obligations is also subject to the exercise of judicial discretion in accordance with general principles of equity, which may limit the enforcement of certain remedies but which do not affect the validity of such obligations.

Our services as Bond Counsel to the City have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary. We have not examined any documents or other information concerning the financial resources of the City and, therefore, we express no opinion as to the accuracy or completeness of any information that may have been relied upon by any holder of the Bond in making such holder's decision to purchase the Bond. We have not been requested to give any opinion, and therefore, we express no opinion as to the compliance by the City with any terms and conditions that may be required as a condition to the purchase of the Bond. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

McGuire Woods LLP