



Amherst County Service Authority Board
County Resolution No. 2017-A-0004-R

For consideration on October 3, 2017

A RESOLUTION, NO. 2017-A-0004-R

A resolution, requesting the issuance, and providing for the form, details, and payment of a water and sewer system revenue refunding bond, series 2017, in a principal amount not to exceed \$6,200,000.

Approved as to form by the County Attorney

BE IT RESOLVED BY THE AMHERST COUNTY SERVICE AUTHORITY BOARD:

I. That the Amherst County Service Authority Board hereby requests the issuance, and providing for the form, details, and payment of a water and sewer system revenue refunding bond, series 2017, in a principal amount not to exceed \$6,200,000, as follows:

WHEREAS, the Amherst County Service Authority (**the "Authority"**) presently owns, operates and maintains water and sewer and sewage treatment facilities (**together, the "System"**) to provide for the water and sewer needs of the residents and businesses of Amherst County, Virginia (**the "County"**) pursuant to the Virginia Water and Waste Authorities Act (**the "Act"**); and

WHEREAS, the Authority has previously issued its \$9,915,000 Water and Sewer Revenue Refunding Bond, Series 2012 (**the "Series 2012 Bond"**) pursuant to a Local Bond Sale and Financing Agreement dated as of April 30, 2012 between the Virginia Resources Authority (**"VRA"**) and the Authority to provide funds used (i) to refund the Authority's Water and Sewer Revenue Bond, Series 2009 issued on September 29, 2009 in the original aggregate principal amount of \$8,044,000 (**the "Series 2009 Bond"**), (ii) refund the Authority's Water and Sewer Revenue Refunding Bond, Series 2010 issued on June 23, 2010 in the original aggregate principal amount of \$3,582,000, and (iii) to pay certain costs of issuance related to the Series 2012 Bond; and

WHEREAS, the Authority has directed Davenport & Company LLC (**the "Financial Advisor"**) to prepare a Request for Proposal (**the "RFP"**) to obtain financing proposals to refund and refinance all or a portion of the Series 2012 Bond to achieve debt service savings for the Authority; and

WHEREAS, the Financial Advisor has received responses to the RFP that reflect attractive debt service savings and, after reviewing the responses, the Financial Advisor has recommended that the Authority select the proposal dated August 29, 2017 (**the "Bank Proposal"**) from Branch Banking and Trust Company (**the "Bank"**); and

WHEREAS, the Authority desires to issue, offer and sell its water and sewer system revenue refunding bond in the maximum principal amount of \$6,200,000 (**the "Bond"**) to finance the costs of the refunding, defeasance and redemption of some or all of the portion of the Series 2012 Bond (**the "Refunded Bond"**) that refunded the Series 2009 Bond and the costs of issuing the Bond; and

WHEREAS, the Bond shall be secured by the Revenues (as defined in the Financing Agreement, defined below) on a parity basis with any Parity Bonds (as defined in the Financing Agreement) that the Authority may issue in accordance with the terms of the Financing Agreement; and

WHEREAS, there has been presented to this meeting a proposed financing arrangement to provide for the advance refunding, defeasance and redemption of the Refunded Bond and pay certain costs of issuance of the Bond, with the Bond to bear interest at a fixed rate through its maturity date, and with other terms as more particularly set forth in the Bank Proposal; and

WHEREAS, there has been presented to this meeting a draft of the Financing Agreement dated as of October 1, 2017 (**the "Financing Agreement"**) between the Authority and the Bank, pursuant to which the Bond is to be issued, which the Authority proposes to execute, a copy of which shall be filed with the records of the Authority.

The form of the Bond has also been presented to this meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE AMHERST COUNTY SERVICE AUTHORITY BOARD:

1. The Authority finds and determines that the refunding, defeasance and redemption of the Refunded Bond will be consistent with the purposes of the Act.
2. The Authority hereby authorizes the issuance of the Bond pursuant to the terms and conditions of the Financing Agreement, the Escrow Agreement (as defined below) and the Bank Proposal. The Authority shall use proceeds from the issuance of the Bond to advance refund, defease and redeem the Refunded Bond by funding an escrow account to be invested by the Escrow Agent for defeasance and redemption of the Refunded Bond, in accordance with the Escrow Agreement, and to pay costs of issuance of the Bond. The Bond shall be issued in the original principal amount not to exceed \$6,200,000, shall bear interest at an the annual rate of 2.89% , shall be issued as a fully registered bond, without coupons, shall be payable in annual installments of principal and semi-annual installments of interest with a final maturity date no later than November 1, 2037, and shall otherwise be in accordance with the terms of the Financing Agreement, the Escrow Agreement, the Bank Proposal and form of Bond approved at this meeting.
3. The Bond is secured by a pledge of Revenues, but in all events the pledge and granting of a security interest in the Revenues toward payment of the Bond shall be on a parity basis with any Parity Bonds that are existing or that the Authority may issue in the future. Such Parity Bonds shall be secured equally and ratably with the Bond, without preference, priority or distinction, provided, however, that any Parity Bond may have other security pledged to its payment and not to the payment of other

Parity Bonds.

4. All costs and expenses in connection with the undertaking toward issuance of the Bond, including the Authority's expenses and the fees and expenses of the Authority's attorney, financial advisor, Bond Counsel, the Bank, the Bank's counsel, the Escrow Agent, the Verification Agent, VRA and VRA's counsel shall be paid from the proceeds of the Bond or other funds of the Authority.
5. The Chairman of the Authority, the Vice Chairman of the Authority, the Authority Director, Sands Anderson PC as Bond Counsel to the Authority, the Financial Advisor and all other appropriate officers, representatives, agents and employees of the Authority shall take all actions and execute all certificates and documents as shall be necessary to carry out the provisions of this Resolution. The Chairman or Vice Chairman of the Authority, or either of them, is hereby authorized and directed to execute the Financing Agreement, which shall be in substantially the form submitted to this meeting, which is approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer executing it, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.
6. The Chairman and Vice Chairman of the Authority, either of whom may act, are hereby authorized and directed to execute the Bond by manual or facsimile signature, and the Secretary and Director of the Authority, either of whom may act, are hereby authorized to affix the seal of the Authority to or print a facsimile thereof on the Bond and attest the same by manual or facsimile signature, and the officers of the Authority are hereby authorized and directed to deliver the Bond to the Bank upon terms provided in the Financing Agreement. The Bond shall be in substantially the form as Exhibit A attached hereto, with such variations, insertions or deletions as may be approved by the officer executing the Bond on the Authority's behalf. The Secretary of the Authority is hereby appointed as the Registrar for the Bond.
7. The Chairman and Vice Chairman of the Authority, either of whom may act, are hereby authorized and directed to execute an escrow agreement in connection with the Bond (**the "Escrow Agreement"**) among the Authority, VRA and U.S. Bank National Association (**the "Escrow Agent"**). The Escrow Agreement shall be in the form approved by the Chairman or Vice Chairman of the Authority, or either of them, in collaboration with the Authority's bond counsel, the execution thereof to constitute conclusive evidence of approval of the Escrow Agreement. The Escrow Agreement shall provide for the irrevocable deposit of a portion of the Bond proceeds in an escrow account which shall be sufficient, when invested in noncallable, direct obligations of the United States Government (**the "Government Obligations"**), or otherwise, to provide for the payment of principal of and premium, if any, and interest on the Refunded Bond; provided, however, that such Bond proceeds shall be invested in such manner that the VRA Bonds will not be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (**the "Code"**). The Escrow Agent is authorized and directed to execute an initial and final subscription form for the purchase of the Government Obligations.
8. The officers of the Authority are hereby authorized and directed to execute, deliver and file all certificates and documents and to take all such further action as they may consider necessary or desirable in their sole and absolute discretion in connection

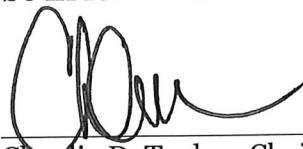
with the prepayment, refunding and redemption in full of the Refunded Bond and the issuance, sale and delivery of the Bond, and any such action previously taken is hereby approved, ratified and confirmed. Such authorization includes but is not limited to (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Bond to show that such expected use and investment will not violate the provisions of Section 148 of the Code, and regulations thereunder, applicable to "arbitrage bonds," (b) making any elections that such officers deem desirable regarding any provision requiring rebate to the United States of "arbitrage profits" earned on investment of proceeds of the Bond, (c) providing for the Authority to pay any such rebate amount, (d) filing Internal Revenue Service Form 8038-G, (e) procuring the issuance of a verification report from a verification agent **(the "Verification Agent")** in relation to advance refunding the Refunded Bond and (f) the execution of such instruments to accomplish the refunding, defeasance and redemption in full of the Refunded Bond including those required by the Escrow Agent to fund the escrow account created by the Escrow Agreement in connection with the defeasance of the Refunded Bond, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bond and the refunding, defeasance and redemption of the Refunded Bond.

9. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.
10. The Authority designates the Bond as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3) of the Code and represents and covenants as follows:
 - (a) The Authority will in no event designate more than \$10,000,000 of obligations as tax-exempt obligations in calendar year 2017 (excluding any bonds deemed designated pursuant to the provisions of Section 265(b)(3)(D)(ii) of the Code), including the Bond, for the purpose of such Section 265(b)(3);
 - (b) The Authority has no "subordinate entities" within the meaning of such Section 265(b)(3) or entities that issue tax-exempt obligations on behalf of the Authority and the Authority has not issued, in the aggregate, more than \$10,000,000 of tax-exempt obligations in calendar year 2017 (not including "private activity bonds" within the meaning of Code Section 141, other than "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code and further not including an obligation issued to refund, other than advance refund within the meaning of Code Section 149(d)(5), any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation);
 - (c) Barring circumstances unforeseen as of the date of delivery of the Bond, the Authority will not issue tax-exempt obligations if the issuance of such tax-exempt obligations would result in the Authority having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2017 (not including "private activity bonds" within the meaning of Code Section 141, other than "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code and further not including an obligation issued to refund, other than advance refund within the meaning of Code Section 149(d)(5), any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation);

- (d) It has no reason to believe that the Authority will issue tax-exempt obligations in calendar year 2017 in an aggregate amount that will exceed such \$10,000,000 limit.
11. The Authority will not take or omit to take any action the talking or omission of which will cause the Bond to be "arbitrage bonds" within the meaning of Section 148 of the Code or "private activity bonds" within the meaning of Section 141 of the Code, or otherwise cause interest on the Bond to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Authority will comply with any Code provision that may require the Authority at any time to pay to the United States any part of the earnings derived from the investment of the proceeds of the Bond. The Authority shall pay from its legally available funds any amount required to be rebated to the United States of America pursuant to the Code.
12. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.
13. The Post-Issuance Compliance Procedures for Tax Advantaged Governmental Bonds are approved in substantially the form submitted to this meeting, with such completions, omission, insertions, changes and revisions as may be approved by the officer executing such document in his or her sole discretion.
14. All other acts of the officers, directors, agents and representatives of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bond, including issuance of a request for financing proposals to banks, whether such acts occurred before or after the adoption of this Resolution, are hereby approved and ratified.
15. In accordance with the requirements of Section 15.2-5126 of the Code of Virginia, a certified copy of this Resolution shall be filed with the clerk of the circuit court having jurisdiction over any of the political subdivisions that are members of the Authority.

II. That this resolution shall be in force and effect upon adoption.

Adopted this 3rd day of October, 2017.



Claudia D. Tucker, Chair
Amherst County Service Authority Board

ATTEST:



Dean C. Rodgers, Secretary
Amherst County Service Authority Board

Ayes 5

Nays 0

Abstentions 0

ADOPTED

10 / 3 / 17

ADOPTED THIS 3rd DAY OF OCTOBER, 2017.

The members of the Authority Board voted as follows on the adoption of this Bond Resolution:

Ayes

5

Nays

0

Absent

0

Abstentions

0

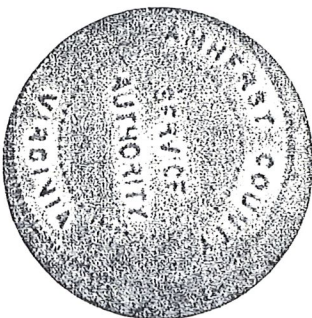
CERTIFICATE

I, Dean C. Rodgers, the undersigned Secretary of the Amherst County Service Authority (the "Authority"), hereby certify that attached hereto is a true and correct copy of a Resolution adopted by the Authority on October 3, 2017, which Resolution has not been amended, modified or repealed as of the date hereof.



Dean C. Rodgers, Secretary
Amherst County Service Authority

SEAL



No. R-1

\$ _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
AMHERST COUNTY SERVICE AUTHORITY**

Water and Sewer System Revenue Refunding Bond, Series 2017

The **AMHERST COUNTY SERVICE AUTHORITY**, a public body politic and corporate of the Commonwealth of Virginia (**the "Authority"**), for value received, hereby promises to pay, solely from the revenues hereinafter described and pledged to the payment thereof, to **BRANCH BANKING AND TRUST COMPANY**, Charlotte, North Carolina or registered assigns by check or draft mailed or delivered to, or in any manner credited to the account of, the registered owner hereof, solely from the sources hereinafter provided, the principal amount of

_____ DOLLARS (\$ _____)

in annual installments in the amounts set forth in Schedule A attached hereto payable on November 1, 2018 and annually on November 1 thereafter to and including November 1, 2037, together with interest from the date of this Bond on the unpaid principal balance, payable semi-annually on May 1 and November 1, beginning May 1, 2018, at the rate of two and eighty nine hundredths percent (2.89%) per year, as set forth in Schedule A attached hereto and in accordance with the provisions of the Financing Agreement (as defined herein).

Installments of both principal and interest shall be payable in lawful money of the United States of America by check or draft mailed to the registered owner at its address as it appears on the registration books kept for that purpose by the Registrar of the Bond. This Bond shall be registered as to principal and interest. Interest on this Bond will be computed on the basis of a year of 360 days and twelve 30-day months. The final installment of principal shall be payable upon presentation and surrender hereof at the office of the Registrar of the Bond.

This Bond has been authorized by a resolution adopted by the Authority on October 3, 2017, (**the "Resolution"**), and is issued pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia, 1950, as amended) (**the "Act"**) and a Financing Agreement, dated as of October 1, 2017 between the Authority and the Bank (**the "Financing Agreement"**) to refund, defease and redeem a portion of the Authority's \$9,915,000 Water and Sewer Revenue Refunding Bond, Series 2012 (**the "Refunded Bond"**) issued pursuant to a Local Bond Sale and Financing Agreement dated as of April 30, 2012 between the Authority and Virginia Resources Authority (**the "2012 Financing Agreement"**) and to pay certain costs of issuance of this Bond. Copies of the Resolution and the Financing Agreement are on file at the offices of the Authority. Reference is hereby made to the Resolution and the Financing Agreement and any amendments thereto for the definitions and provisions, among others, describing the pledge and covenants securing this Bond, the nature and extent of the security, the terms and conditions upon which this Bond is issued, and the rights and obligations of the Authority and the rights of the Bondholder(s). Unless otherwise defined herein, words and terms defined in the Financing Agreement shall have the same meaning when used in this Bond.

Both principal of and interest on this Bond are payable solely from the Revenues derived from the ownership or operation of the System as provided in the Financing Agreement, and nothing herein or in the Resolution or Financing Agreement shall be deemed to create or constitute a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth.

THIS BOND IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM CERTAIN REVENUES TO BE DERIVED FROM THE OWNERSHIP OR OPERATION OF THE AUTHORITY'S WATER AND WASTEWATER SYSTEM AS THE SAME MAY FROM TIME TO TIME EXIST, WHICH REVENUES HAVE BEEN PLEDGED PURSUANT TO THE BOND RESOLUTION AND THE FINANCING AGREEMENT TO SECURE THE PAYMENT THEREOF. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER.

Principal of this Bond may be prepaid at the option of the Authority, in whole at any time on or before November 1, 2017 upon payment of 101% of the outstanding principal amount plus interest accrued to the prepayment date, and in whole at any time after November 1, 2017 upon payment of 100% of the outstanding principal amount plus interest accrued to the prepayment date.

Parity Bonds (as defined in the Financing Agreement) secured equally and ratably with this Bond, without preference, priority or distinction with this Bond, may be issued from time to time under the conditions, limitations and restrictions set forth in the Financing Agreement and the 2012 Financing Agreement, to finance the acquisition or construction of improvements, extensions, additions and replacements to the System, or to refund this Bond or any Parity Bonds or for any or all of such purposes, provided, however, that any such Parity Bond may have other security pledged to its payment and not to the payment of one or more other Parity Bonds, all as provided in the Financing Agreement.

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

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

IN WITNESS WHEREOF, the Amherst County Service Authority, by its Board of Directors has caused this Bond to be signed by its Chairman and attested by the Secretary of the Authority Board of Directors, by their manual or facsimile signatures, and its seal to be impressed or imprinted hereon, and this Bond to be dated as set forth above.

Chairman, Amherst County
Service Authority

(SEAL)

ATTEST:

Secretary, Amherst County
Service Authority

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within-mentioned Resolution.

REGISTRAR

Secretary, Amherst County Service Authority

DATE OF AUTHENTICATION:

October __, 2017

[FORM OF ASSIGNMENT]

For value received, the undersigned hereby sells, assigns, and transfers unto

Please insert social security number or other tax identification number of assignee:

[_____]

Name and address of assignee, including zip code:

_____ the within-mentioned Bond and hereby irrevocably constitutes and appoints _____ attorney-in-fact, to transfer the same on the registration books thereof maintained in the office of the within-mentioned Registrar with the full power of substitution in the premises.

DATED: _____

NOTE: The signature to this assignment must correspond with the name of the registered holder that is written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

SCHEDULE A