

RESOLUTION NO. 2019-

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2019 OF THE COUNTY OF SPOTSYLVANIA VIRGINIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$94,000,000, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, the Board of Supervisors (the “Board”) of the County of Spotsylvania, Virginia (the “County”), has established a master program for financing and refinancing the acquisition, construction, operation, maintenance and extension of its water and sewer system (the “System”) by the issuance of Bonds payable from revenues of the System, all pursuant to the terms of an Agreement of Trust dated as of July 1, 1997, as supplemented (the “Master Agreement of Trust”), between the County and U.S. Bank National Association (as successor to SunTrust Bank), as trustee (the “Trustee”);

WHEREAS, the County has determined to issue a series of its water and sewer system revenue and refunding bonds (the “Bonds”) for the purpose of financing (i) the costs of certain expansions and capital improvements to the System identified in the County's adopted Capital Improvement Plan (the “2019 Project”); (ii) as advisable based on extant market conditions and the advice of the County’s Financial Advisor (as hereinafter defined), the costs of refunding in advance of their stated maturity dates all or a portion of the outstanding maturities (the “Refunding”) of the County’s (a) Water and Sewer System Revenue and Refunding Bonds Series 2010A (Tax-Exempt Revenue and Refunding Bonds) (the “Series 2010A Bonds”), (b) Water and Sewer System Revenue Bonds Series 2010B (Taxable-Direct Payment Build America Bonds) (the “Series 2010B Bonds”), (c) Water and Sewer System Revenue Refunding Bonds, Series 2013 (the “Series 2013 Bond”), (d) Water and Sewer System Revenue Refunding Bonds Series 2015 (the “Series 2015 Bonds”)(such series of bonds as are refunded, the “Refunded Bonds”); and (iii) paying the costs of issuance of the Bonds;

WHEREAS, the County held a public hearing, duly noticed, on September 10, 2019, on the issuance of that portion of the Bonds that is intended to be allocated to the payment of the costs of the 2019 Project and related costs, all in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended (the “Virginia Code”), the County having been advised that no public hearing is necessary under such section of the Virginia Code in order to issue that portion of the Bonds that is allocable to the Refunding; and

WHEREAS, the County Administrator and the County's financial advisor (the “Financial Advisor”), have recommended to the Board that, subject to the conditions described herein, the County issue and sell the Bonds either through a competitive sale, a negotiated underwriting with a qualified investment bank or firm, or a direct private placement with a qualified financial institution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SPOTSYLVANIA, VIRGINIA:

1. **Issuance and Sale.** The Board hereby authorizes the issuance and sale of the Bonds in the aggregate maximum principal amount of \$94,000,000 pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, to provide (a) funds in the maximum principal amount of \$24,000,000 to pay the costs of the 2019 Project and to pay the costs of issuing the Bonds, and (b) funds in the maximum principal amount of \$70,000,000 to pay the costs of the Refunding.

2. **Ninth Supplemental Agreement.** The Chairman or Vice Chairman of the Board, either of whom may act, is authorized and directed to execute a Ninth Supplemental Agreement of Trust to be dated a date determined by the County Administrator or any senior finance officer of the County (the "Finance Officer") (the "Ninth Supplemental Agreement" and, together with the Master Agreement of Trust as previously supplemented, the "Agreement of Trust") and deliver it to the Trustee. The Ninth Supplemental Agreement shall be in substantially the form as presented to this meeting, with such completions, omissions, insertions and changes not inconsistent with this Resolution as the Chairman or Vice Chairman may approve. The execution of the Ninth Supplemental Agreement by the Chairman or Vice Chairman shall constitute conclusive evidence of his approval of the Ninth Supplemental Agreement.

3. **Bond Details.** The Bonds shall be issued as either tax-exempt or taxable bonds, and shall be designated "Water and Sewer System Revenue and Refunding Bonds, Series 2019[A] [B (Taxable {if applicable})]" or such other designation as may be determined by the County Administrator or the Finance Officer, shall be dated such date or dates not later than December 31, 2019, as may be determined by the County Administrator or the Finance Officer, shall be in registered form, in denominations of \$5,000 and multiples thereof, and shall be numbered R-1 upward. Each Bond shall bear interest at such rate as shall be determined at the time of sale, payable semiannually on dates determined by the County Administrator or the Finance Officer, calculated on the basis of a 360-day year of twelve 30-day months. Subject to Section 5, the Board authorizes the issuance and sale of the Bonds on terms as shall be satisfactory to the County Administrator or the Finance Officer; provided, however, that the Bonds (a) shall mature, or be subject to mandatory sinking fund redemption, in installments beginning no later than December 1, 2020 and ending no later than December 1, 2039, (b) shall have a "true" or "Canadian" interest cost not to exceed 5.00%, (c) shall be sold at a price not less than 98.0% of the original aggregated principal amount thereof (inclusive of original issue premium, original issue discount and underwriter's discount) and (d) shall result in an aggregate net present value savings to the County on the Refunding of at least 3.0%. The Bonds may be issued on such date or dates, in one or more series for one or more of the purposes included in the Recitals to this Resolution, all as may be determined by the County Administrator or the Finance Officer.

4. **Redemption Provisions.** The Bonds may be subject to redemption prior to maturity at the option of the County on or after the dates, if any, determined by the County Administrator or the Finance Officer, in whole or in part at any time, at a redemption price equal to the principal amount of the Bonds, together with any accrued interest to the redemption date, plus a redemption premium not to exceed 2.0% of the principal amount of the Bonds, such redemption premium to be determined by the County Administrator or the Finance Officer.

5. **Sale of Bonds.**

(a) The Board approves the following terms of the sale of the Bonds. The Bonds may be sold by competitive bid, by a negotiated sale, or by direct private placement with one or more financial institutions, as the County Administrator or the Finance Officer determines, in collaboration with the Financial Advisor, to be in the best interests of the County. The County Administrator or the Finance Officer, in collaboration with the Financial Advisor, is authorized and directed to determine (i) the principal amount of the Bonds, subject to the limitations set forth in Section 1, (ii) the interest rates of the Bonds, the maturity schedule of the Bonds and the purchase prices for the Bonds, subject to the limitations set forth in Section 3, (iii) the redemption provisions of the Bonds, subject to the limitations set forth in Section 4, and (iv) the dated date, the principal and interest payment dates and the record date of the Bonds, all as the County Administrator or the Finance Officer determines to be in the best interests of the County.

(b) If the County Administrator or the Finance Officer determines to sell the Bonds by competitive bid, the County Administrator or the Finance Officer is authorized to receive bids for the Bonds and award the Bonds to the bidder providing the lowest “True” or “Canadian” interest cost, subject to the limitations set forth in Section 3. Following a competitive sale of the Bonds, the County Administrator, as Clerk of the Board, shall file a certificate setting forth the final terms of the Bonds with the County's permanent records. The actions of the County Administrator or the Finance Officer in selling the Bonds by competitive sale shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Board.

(c) If the County Administrator or the Finance Officer determines to sell the Bonds in a negotiated sale, the County Administrator is authorized, in collaboration with the Financial Advisor, to select any investment bank or firm to serve as underwriter for the Bonds and to execute and deliver to each such underwriter a bond purchase agreement (the “Bond Purchase Agreement”). The Bond Purchase Agreement shall be in a form approved by the County Administrator or the Finance Officer to reflect the final terms of the Bonds, and as approved as to form and correctness by the County Attorney. The execution of the Bond Purchase Agreement by the County Administrator or the Finance Officer shall constitute conclusive evidence of his or her approval of the final form of the Bond Purchase Agreement. Following a negotiated sale of the Bonds, the County Administrator, as Clerk of the Board, shall file a copy of the Bond Purchase Agreement with the County's permanent records. The actions of the County Administrator or the Finance Officer in selling the Bonds by negotiated sale shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Board.

(d) If the County Administrator or the Finance Officer determines to sell the Bonds through a direct private placement with one or more financial institutions, the County Administrator shall file a certificate setting forth the final terms of the Bonds with the County's permanent records. The actions of the County Administrator or the Finance Officer in selling the Bonds by direct, private placement with one or more financial institutions shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Board.

6. **Notice of Sale; RFP for Private Placement of Bonds.** If the Bonds are sold by competitive sale, the County Administrator or the Finance Officer, in collaboration with the Financial Advisor, is authorized and directed to take all proper steps to advertise the Bonds for sale in accordance with the form of Notice of Sale, a draft of which has been provided to the members of the Board, which is hereby approved; provided that the County Administrator or the Finance Officer, in collaboration with the Financial Advisor, may make such changes in the notice of Sale not inconsistent with the provisions of this Resolution as he may consider to be in the best interests of the County. The distribution of the Notice of Sale shall constitute conclusive evidence of the approval of the County Administrator or the Finance Officer of any such changes.

If the Bonds are sold by direct private placement with one or more financial institutions, the County Administrator or the Finance Officer, in collaboration with the County's Financial Advisor, is authorized and directed to take all proper steps to solicit proposals from qualified financial institutions for the purchase of the Bonds through a request for proposals or other process to be instituted by the County's Financial Advisor on behalf of the County.

7. **Pledge of Security.** The Bonds shall be limited obligations of the County, payable solely from the Net Revenues (as defined in the Agreement of Trust) and the funds created by the Agreement of Trust, and nothing in the Bonds or the Agreement of Trust shall be deemed to create or constitute an indebtedness or pledge of the Commonwealth of Virginia or any political subdivision thereof, including the County.

8. **Preparation and Delivery of Bonds.** After the Bonds have been sold, the Chairman or Vice Chairman of the Board, either of whom may act, and the Clerk of the Board are hereby authorized and directed to have the Bonds prepared and executed pursuant to the Agreement of Trust, to deliver them to the Trustee for authentication, and to cause the Bonds so executed and authenticated to be delivered to the purchasers or the underwriters, as applicable, upon payment of the purchase price.

9. **Official Statement.** The form of Preliminary Official Statement describing the Bonds, a draft of which has been provided to the members of the Board, is approved as the form of the Preliminary Official Statement by which the Bonds will be offered for sale, with such completions, omissions, insertions and changes not inconsistent with this Resolution as the County Administrator or the Finance Officer, in collaboration with the Financial Advisor, may consider appropriate, including without limitation changes as necessary to reflect whether the Bonds are sold by a competitive sale or a negotiated sale. After the Bonds have been sold, the County Administrator or the Finance Officer, in collaboration with the Financial Advisor and the County's Bond Counsel, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement, execution thereof by the County Administrator or the Finance Officer to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes. The County shall arrange for the delivery to the underwriters of the Bonds of a reasonable number of copies of the final Official Statement, within seven business days after the Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the underwriters initially sell the Bonds.

10. **Official Statement Deemed Final.** The County Administrator or the Finance Officer is authorized, on behalf of the County, to deem the Preliminary Official Statement and the Official Statement to be “final” as of their dates within the meaning of Rule 15c2-12, as amended (the “Rule”), of the Securities and Exchange Commission, except for the omission from the Preliminary Official Statement of certain pricing and other information permitted to be omitted pursuant to the Rule. The distribution of the Preliminary Official Statement and the execution of the final Official Statement by the County Administrator or the Finance Officer shall be conclusive evidence that each has been deemed final as of its date by the County, except for the omission in the Preliminary Official Statement of such pricing and other information permitted to be omitted pursuant to the Rule.

11. **Continuing Disclosure.** The Chairman or Vice Chairman of the Board and the County Administrator and such officer or officers of the County as either may designate are hereby authorized and directed to execute a continuing disclosure agreement (the “Continuing Disclosure Agreement”) setting forth the reports and notices to be filed by the County and containing such covenants as may be necessary to assist the purchasers of the Bonds in complying with the provisions of the Rule. The Continuing Disclosure Agreement shall be substantially in the form included as Appendix E to the draft Preliminary Official Statement circulated to the Board at or prior to this meeting, with such completions, omissions, insertions and changes not inconsistent with this Resolution as the Chairman or Vice Chairman may consider appropriate. The execution of the Continuing Disclosure Agreement shall constitute conclusive evidence of the approval of the Continuing Disclosure Agreement by such officers.

12. **Non-Arbitrage Certificate and Elections.** To the extent determined to be necessary by the County’s Bond Counsel, such officers of the County as may be requested are authorized and directed to execute an appropriate certificate setting forth the expected use and investment of the proceeds of the Bonds in order to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, including the regulations issued pursuant thereto (the “Code”), and any elections such officers deem desirable regarding rebate of earnings to the United States for purposes of complying with Section 148 of the Code. Such certificate and elections shall be in such form as may be requested by Bond Counsel for the County.

13. **Escrow Agreement.** The County Administrator, the County Treasurer and the Finance Officer, or any of them, are authorized and directed to execute an escrow agreement (the “Escrow Agreement”) between the County and U.S. Bank National Association, Richmond, Virginia, which is hereby appointed Escrow Agent (the “Escrow Agent”). The Escrow Agreement shall be in substantially the form of the draft of such agreement which has been previously provided to the members of the Board, and shall provide for the deposit and investment of a portion of the Series 2019 Bond proceeds for the defeasance of the Refunded Bonds. The Escrow Agreement shall be in such final form as approved by the County Administrator, the County Treasurer and the Finance Officer, or any of them, in collaboration with the County Attorney and the County's bond counsel, the execution thereof by the County Administrator, the County Treasurer and the Finance Officer, or any of them, to constitute conclusive evidence of their approval of the Escrow Agreement. The Escrow Agreement shall provide for the irrevocable deposit of a portion of the Series 2019 Bond proceeds in an escrow

fund which shall be sufficient, when invested in noncallable, direct obligations of the United States Government (the "Government Obligations"), to provide for payment of principal of and premium, if any, and interest on the Refunded Bonds; provided, however, that such Bond proceeds shall be invested in such a manner that none of the Bonds that are tax-exempt bonds will be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"). The Escrow Agent is authorized and directed to execute an initial and final subscription form for the purchase of the Government Obligations.

14. **Deposit of Bond Proceeds; SNAP Investment Authorization**. The Board has previously received and reviewed an Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool I (the "Contract"), and the Board has determined to authorize the County Treasurer to utilize SNAP in connection with the investment of the proceeds of the Bonds, if the County Administrator or the Finance Officer determines that the utilization of SNAP is in the best interests of the County. The Board acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the County in connection with SNAP, except as otherwise provided in the Contract.

15. **Official Intent**. The County intends that the adoption of this resolution be considered as "official intent" within the meaning of the Treasury Regulations, Section 1.150-2, promulgated under the Code.

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

17. **Filing of Resolution with Circuit Court**. The County Administrator is hereby directed to cause a certified copy of this Resolution to be filed with the Circuit Court of Spotsylvania County, Virginia, promptly following its adoption.

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

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

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Approved as to form:

Karl R. Holsten, Esq.
County Attorney

CERTIFICATE

The undersigned Clerk of the Board of Supervisors (the "Board") of the County of Spotsylvania, Virginia (the "County") hereby certifies that:

1. A meeting of the Board was duly called and held on September 10, 2019 (the "Meeting").

2 Attached hereto is a true, correct and complete copy of a resolution (the "Resolution") of the Board entitled "Resolution Authorizing the Issuance and Sale of Water and Sewer System Revenue and Refunding Bonds, Series 2019, of the County of Spotsylvania, Virginia, in the Maximum Principal Amount of \$94,000,000, and Providing for the Form, Details and Payment Thereof," as recorded in full in the minutes of the Meeting and duly adopted by a majority of the members of the Board present and voting during the Meeting.

3. A summary of the members of the Board present or absent at the Meeting, and the recorded vote with respect to the Resolution, is set forth below:

Member Name	Voting				
	Present	Absent	Yes	No	Abstaining
Paul D. Trampe - Chairperson	_____	_____	_____	_____	_____
Gary F. Skinner - Vice Chairperson	_____	_____	_____	_____	_____
Chris Yakabowski	_____	_____	_____	_____	_____
Kevin Marshall	_____	_____	_____	_____	_____
David Ross	_____	_____	_____	_____	_____
Timothy J. McLaughlin	_____	_____	_____	_____	_____
Greg Benton	_____	_____	_____	_____	_____

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

WITNESS MY HAND and the seal of the Board of Supervisors of the County of Spotsylvania, Virginia, this ____ day of _____, 2019.

Clerk, Board of Supervisors of
the County of Spotsylvania, Virginia

[SEAL]