

Mayor J. Paul Kilgore, Jr. called a regular monthly meeting of the Amherst Town Council to order on November 10, 2015 at 7:00 P.M. in the Council Chambers of the Town Hall at 174 S. Main Street. Council members Kenneth Bumgarner, André Higginbotham, Rachel Thompson and Kenneth Watts were present; Mike Mozingo was absent. Town Manager Jack Hobbs, Town Attorney Tom Berry, Police Chief Robert Kimbrel, Public Utilities Director Tom Fore and Finance Director Colan Davis were present.

Ms. Rachel Carton came forward to offer a prayer as a citizen comment.

Michael Dowell came forward to announce the Second Stage group's programs through the end of 2015.

Vernon Wood came forward to give a report on his group's efforts to maintain and improve the Christmas decoration program.

IDA Chairman Jim Meade came forward to give a report on the hotel recruitment effort.

Gary Christie from the Region 2000 organizations came forward to give a report on his group's activities.

A duly advertised public hearing on the bond that would finance the Main Street waterline project was opened at 7:42 P.M. After a report on the need for and status of the project, the Town Manager recommended approval of a proposed resolution. It was understood that after this step the only remaining significant action the Council would need to fully authorize the project would be to approve the award of a construction contract following a bid procedure. There being no one present who wished to speak on the matter, the public hearing closed at 7:43 P.M.

Mr. Bumgarner made a motion that was seconded by Mrs. Thompson and passed 4-0-1 to approve a resolution authorizing the Town to borrow money to fund the project. Messrs. Bumgarner, Higginbotham, Thompson and Watts voted "Aye" via a roll call vote; Mr. Mozingo was absent. A copy of the resolution is attached and made a part of these minutes.

Mr. Watts made a motion that was seconded by Mrs. Thompson and passed 4-0-1 to approve the minutes from the October 14, 2015 meeting. Messrs. Bumgarner, Higginbotham, Thompson and Watts voted "Aye"; Mr. Mozingo was absent.

Mrs. Thompson gave a report on the October 30, 2015 meeting of the Finance and IT Committee. The Councilors discussed the need to improve the business license tax collection effort. The Finance & IT Committee and Town Attorney Berry were asked to monitor and advise on the Finance Director's work to resolve the problem.

Mr. Bumgarner gave a report on the October 26, 2015 meeting of the Public Safety Committee.

Mayor Kilgore led a discussion on the items left to complete for the Town Hall project. These include the resolving the Council Chamber meeting room table issue and the sound and video surveillance systems.

There was a discussion on improving the enforcement provisions of the meals tax ordinance. The Council agreed that it would consider amendments recommended by the Finance and IT Committee.

Town Manager Hobbs summarized the figures and other information contained in the draft audit report presented at the October meeting and led a discussion on the three items in the auditor's "management letter" and the required Management Discussion and Analysis letter. Mrs. Thompson made a motion that was seconded by Mr. Bumgarner and passed 4-0-1 to accept the auditor's FY15 audit report and authorize the printing of a final edition. Messrs. Bumgarner, Higginbotham, Thompson and Watts voted "Aye"; Mr. Mozingo was absent.

The Councilors discussed a proposal on how to dispose of the Town's Thompson submachine gun. The Councilors asked that it be involved in the review of the full request for proposals that would be sent to gun brokers prior to its issuance. Mr. Watts made a motion that was seconded by Mrs. Thompson to designate that the proceeds from the sale of the gun go towards the police department without the reduction of the current budget. After some discussion, Mr. Watts withdrew his motion and Mrs. Thompson withdrew her second.

The Town Manager gave oral reports on upcoming procurement activity, preparations for the FY 17 budget cycle and the status of various projects.

There being no further business, Mrs. Thompson made a motion that was seconded by Mr. Watts and passed 4-0-1 to adjourn the meeting at 9:22 P.M. Messrs. Bumgarner, Higginbotham, Thompson and Watts voted "Aye"; Mr. Mozingo was absent.

J. Paul Kilgore, Jr.
Mayor

Attest: _____
Clerk of Council

Town of Amherst
Main Street Waterline Project
November 10, 2015

NOV 12 2015

Roy C. Mayo, III
Clerk

RESOLUTION

WHEREAS, pursuant to the Town Charter and the Public Finance Act, Chapter 26, Title 15.2 of the Code of Virginia, 1950, as amended (the "Public Finance Act"), the Town of Amherst, Virginia, (the "Town") is duly incorporated and empowered to finance and refinance costs in connection with capital projects for essential governmental purposes for the benefit of the Town and to issue its general obligation water revenue bonds, and notes to pay such costs, as described below; and

WHEREAS, the Town desires funds to pay capital costs to (i) acquire, replace, construct, upgrade, and equip the Town's water system and related facilities (collectively, the "Water System"), including but not limited to installation of approximately 11,520 linear feet of 12 inch water transmission distribution pipe to replace existing 6 inch pipe and existing 10 inch pipe, and (ii) to pay preliminary costs and cost of issuance expenses, in order for the Town to increase the effectiveness, safety, and efficiency of its Water System (the "Project"); and

WHEREAS, in a letter from Virginia Resources Authority ("VRA") to the Town, dated October 15, 2015 (a copy of which is attached hereto as Exhibit A, the "Commitment Letter"), among other correspondences from Virginia Department of Health ("VDH"), the Town was advised that the Project is eligible for financial assistance; and

WHEREAS, the financial assistance shall consist of a \$2,959,008 loan to the Town (the "Financial Assistance"), from the Virginia Water Supply revolving Fund (the "Fund"), being provided under a Financing Agreement (defined below) for a 2.25% Cost of Funds (defined below) loan from VRA, as Administrator of the Fund; and

WHEREAS, the Town Council held a public hearing, upon due notice therefore, immediately prior hereto regarding the issuance by the Town from time to time of an up to \$2,959,008 general obligation water revenue bond of the Town to be secured by the full faith and credit pledge of the Town and its right, title and interest to the water revenues received by the Town from its System (as defined in the Financing Agreement), subject to the Town's right to use such amounts for the payment of the Operation and Maintenance Expenses of the System (as defined in the Financing Agreement), and further, the Town shall fund a debt service reserve fund in order for the Town to provide further security for the benefit of VRA for the payment of the Bond (defined below) and the performance by the Town of its obligations contemplated thereunder, with such reserve amount being finalized based on the actual maximum annual debt service on the Bond (defined below) as determined by VRA, all in accordance with the requirements of Section 15.2-2606 of the Public Finance Act; and

WHEREAS, pursuant to the Commitment Letter, the final terms of such Financial Assistance shall be set forth, among other documents, in a Financing Agreement, to be dated

such date as may be necessary or convenient, by and between VRA, as Administrator of the Fund, and the Town (the "Financing Agreement," a substantially final form of which has been presented at this meeting and is on file among the Town's official records).

WHEREAS, the Town now desires to approve the terms and provisions of the Financial Assistance in connection with the Project, all as further described below.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Amherst, Virginia, as follows:

1. **Authorization of Bond and Use of Proceeds**. It is hereby determined to be necessary and expedient for the Town to obtain a loan in the principal amount not to exceed \$2,959,008, to be used, together with other lawfully available funds therefore (as described herein), in order to pay the capital costs of the Project.

2. **Sale of Bond**. There is hereby authorized to be issued and sold to VRA, as Administrator of the Fund, a general obligation water revenue bond of the Town to be designated up to \$2,959,008 Town of Amherst, Virginia General Obligation Water Revenue Bond (Main Street Waterline Project), Series 2015 (the "Bond"), for the purpose of financing the Project, pursuant to the terms and conditions set forth herein.

3. **Authorization of Documentation in connection with the Bond**. The Town Council hereby accepts and approves the terms of the Financing Agreement. The text thereof is hereby incorporated in this Resolution as if fully set forth herein. The Mayor, the Vice Mayor, and the Town Manager, any one or more of whom may act (whether individually or collectively, the "Town Representative"), are each hereby authorized to execute and deliver the Financing Agreement and any other instruments on behalf of the Town in connection therewith, all as may be required by VDH or VRA, as Administrator of the Fund, in connection with the Financial Assistance to pay the costs of the Project and to carry out the intent and purposes of this Resolution.

4. **Details and Form of the Bond**. The Bond shall be a single, fully registered Bond, without coupons, shall be numbered R-1, shall be dated as of the date of its delivery to the VRA, as Administrator of the Fund and initial registered owner thereof, upon payment therefor (the "Closing Date"), shall bear a 2.25% Cost of Funds thereon (representing 0.75% interest to the Fund and a 1.50% fee for administrative and management services thereon), and shall not exceed the principal amount of \$2,959,008. The Bond shall be substantially in the form attached hereto as **Exhibit B**.

If principal disbursements up to the maximum authorized amount of the Bond are not made, the principal amount due on the Bond shall not include such undisbursed amount. Further, unless the Town and the VRA agree otherwise, in writing, until all amounts due under the Bond and the Financing Agreement shall have been paid in full, less than full disbursement of the maximum authorized amount of the Bond shall not postpone the due date of any semi-annual installment due on the Bond, or change the amount of such installment unless the principal amount due under the Bond is less than the amount of such installment.

The Town Representative is expressly authorized and directed hereunder to finally determine and approve all details of the Bond, including without limitation, the maximum principal amount authorized to be advanced thereunder, the maturity or payment dates and amounts and the final maturity date; *provided, however* that (i) the maximum principal amount authorized to be advanced under the Bond shall not exceed \$2,959,008 , (ii) the Cost of Funds on the bond shall not exceed 2.25% per annum, and (iii) the final maturity of the Bond shall be no later than December 31, 2048. The payment schedule shall be set forth in (or attached to) the form of the Bond and finally approved by the Town Representative.

If any installment is not paid within ten (10) days after its due date, the Town shall be obligated to pay the registered owner an amount equal to five percent (5.0%) of the overdue installment. In addition to the payments of principal of the Bond, the Town agrees to pay on demand of the VRA, as Administrator of the Fund, certain Additional Payments (as defined in the Financing Agreement), including the five percent (5.0%) per annum late fee for any overdue installment from the due date of such Additional Payments until the date of payment thereof, all as set forth in the Financing Agreement.

Installments of principal shall be payable in lawful money of the United States of America by check or draft mailed (or other credit transfer being sent) to the registered owner of the Bond at its address as it appears on the registration books of the Registrar, except that the final installment shall be payable upon presentation and surrender of the Bond at the office of the Town Treasurer, who is hereby appointed Registrar.

5. **Pledge of Full Faith and Credit and Pledge of Revenues; Debt Service Reserve Fund; Parity Lien Matters.**

(a) **Security for the Bond; Debt Service Reserve Fund:**

The Bond shall be a taxable general obligation of the Town for the payment of principal of which its full faith and credit shall be irrevocably pledged and shall be payable from *ad valorem* taxes without limitation of rate or amount. In addition, to secure the payment and performance of the Town's obligations under the Bond, the Town hereby pledges all of its right, title and interest to the Revenues received by the Town from its System (all as defined in the Financing Agreement), subject to the Town's right to use such amounts for the payment of the Operation and Maintenance Expenses of the System (all as defined in the Financing Agreement).

Further, the Town shall fund a debt service reserve fund in order for the Town to provide further security for the benefit of VRA for the payment of the Bond and the performance by the Town of its obligations contemplated thereunder, with such reserve amount being finalized based on the actual maximum annual debt service on the Bond as determined by VRA.

(b) Parity Lien Matters:

The lien of this pledge shall be on parity with the lien of the pledge by the Town of the Revenues of the System in connection with the Town's \$565,935 General Obligation Water Revenue Bond, Series 2012, issued on November 15, 2012, to Virginia Resources Authority, as Administrator of the Virginia Water Supply Revolving Fund.

The parity lien of the pledge of the Revenues in connection with the Bond shall be valid and binding from and after the date of delivery of the Bond. Further, the Revenues shall immediately be subject to the lien of such parity pledge without any physical delivery of them or further act, and shall be valid and binding against all parties having claims of any kind against the Town regardless of whether such parties have notice thereof.

6. Limitations on Additional Indebtedness by the Town. The Town hereby acknowledges and agrees to the additional indebtedness limitations set forth in Section 10.4 of the Financing Agreement with respect to indebtedness payable from or secured by a pledge of Revenues, except Subordinate Bonds or Parity Bonds (all as defined in the Financing Agreement).

7. Compliance with Davis-Bacon and Iron and Steel. In accordance with the terms of the Financing Agreement, the Town hereby covenants to comply with the provisions of the Davis-Bacon Act and related acts, as amended ("Davis-Bacon"), with respect to the Project and require that all laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character, as determined by the United States Secretary of Labor in accordance with Section 513 of the Federal Water Pollution Control Act, as amended.

Further, as required under the Financing Agreement, the Town covenants to comply with the provisions with Section 608 of the Federal Water Pollution Control Act and related acts, as amended ("Iron and Steel") with respect to the Project and require that all iron and steel products used in connection therewith are to be produced in the United States as required under such Act. The term "iron and steel products" is defined to mean the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete and construction materials

8. Additional Documentation in connection with the Bond. The Town Representative is hereby authorized to execute and deliver any monthly reports (or other periodic reports) as may be required by VDH or VRA, or both, and to submit such reports with each Request for Disbursement under the Financing Agreement in order for payment requests to be processed. In addition to any other governmental requirements contained in the Financing Agreement, or otherwise, the Town hereby agrees and covenants to comply with all applicable governmental requirements relating to the Project, including any contract inserts and procedural guidelines with respect to compliance with Davis-Bacon and Iron and Steel requirements and the use and application of funds, all as provided in the Financing Agreement. Further, the Town acknowledges and agrees that the Financial Assistance as described herein constitutes a financial

assistance package as contemplated under the Commitment Letter. Accordingly, the Town hereby agrees, confirms and accepts that a failure of the Town to comply with any of the requirements relating to the Project and the use and application of funds shall constitute an Event of Default under the Financing Agreement, or either of them.

9. **Further Actions.** The Town Representative, the Clerk of the Town Council, and all such other officers of the Town as may be requested by VDH or VRA from time to time, are each hereby authorized and directed to take all proper steps to (i) have the Bond and the Financing Agreement prepared and executed in accordance with their respective terms and to deliver the Bond upon payment therefor pursuant to directions provided by the VRA, (ii) execute all such additional instruments, agreements, documents, and certificates, all as may be requested by the Town Attorney or Bond Counsel to the Town or VRA, or as otherwise required by the Financing Agreement in furtherance of the purposes set forth herein. All such further actions shall be conclusively deemed as having been accepted and approved as authorized herein without any further acts or approvals. All such actions previously taken are hereby ratified and confirmed in their entirety.

10. **Financial Records and Statements; Recordkeeping and Reporting.**

(a) **Financial Records and Statements:**

The Town shall have an annual audit of the financial condition of the Town (and at the reasonable request of VRA, of the System) made by an independent certified public accountant, within 180 days after the end of each fiscal year that shall include a supplemental schedule demonstrating whether the Town during such fiscal year satisfied the rate covenant described in Section 5.2(a) of the Financing Agreement. Such annual audit shall be conducted in accordance with the provisions of the Single Audit Act of 1984, 31 U.S.C. 7501 et seq., as amended, and regulations promulgated thereunder, including OMB Circular No. A-133. The Town will provide a copy of such report immediately upon the Town's acceptance thereof. Such report shall include all information described in Section 10.2 of the Financing Agreement.

(b) **Recordkeeping and Reporting:**

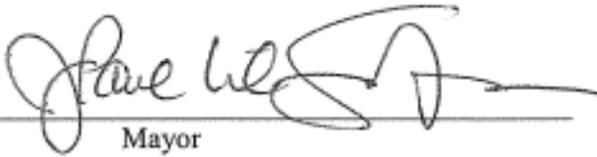
The Town hereby agrees to comply with all recordkeeping and reporting requirements under the Safe Drinking Water Act and related acts, as amended, including any reports required by a federal agency or VRA, such as performance indicators of program deliverables, information on costs and progress with respect to the Project. The Town acknowledges that all contracts and subcontracts related to the Project also are subject to audit by appropriate federal and state entities.

11. **Filing of this Resolution.** The appropriate officers of the Town, any one of whom may act, are each hereby authorized and directed to coordinate with legal counsel in order to see to the filing of a certified copy of this Resolution in the Clerk's Office of the Circuit Court of Amherst County, Virginia, as required by law.

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

Approved: November 10, 2015

TOWN OF AMHERST, VIRGINIA



Mayor

Attachments:

- Exhibit A: Commitment Letter, Dated October 15, 2015
- Exhibit B: Form of Bond

CERTIFICATE OF VOTES

The record of the roll-call vote by the Town Council of the Town of Amherst, Virginia, on the foregoing Resolution, adopted by the Council after the holding of a duly noticed public hearing therefore, at its duly called regular public meeting on the date hereof, is as follows:

NAME	AYE	NAY	ABSTAIN	ABSENT
Michael R. Mozingo, Sr.				✓
Andra A. Higginbotham	✓			
Kenneth S. Watts	✓			
Kenneth R. Bumgarner	✓			
Rachel Elkins Thompson	✓			

Dated: November 10, 2015

[SEAL]



Clerk of Town Council
Town of Amherst, Virginia

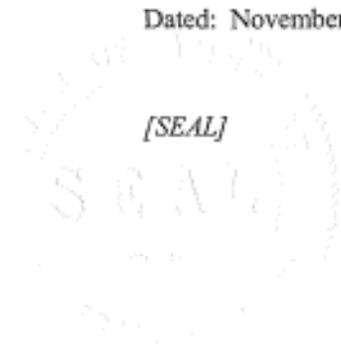


Exhibit A



Stephanie L. Hamlett
Executive Director

October 15, 2015

Mr. Jack Hobbs
Town Manager
Town of Amherst
186 S. Main Street
Amherst, VA 24521

Re: **Virginia Water Supply Revolving Fund
Town of Amherst, Virginia
WSL-002-15 Main Street Water Line Replacement Project**

Dear Mr. Hobbs:

Virginia Resources Authority (the "Authority") is pleased to advise you that the Virginia Department of Health (the "Department of Health") has authorized a loan in an amount up to \$2,959,008 (the "Loan") from the Virginia Water Supply Revolving Fund (the "Fund") to the Town of Amherst (the "Town"). The cost of funds on the Loan will be 2.25%, comprised of interest to the Fund of 0.75% and a fee of 1.50% for administrative and management services attributable to the Loan. Payments on the Loan will begin approximately six months after the estimated Project completion for a term of thirty years.

The Loan will be used to finance a water line replacement on Main Street, together with related expenses (the "Project"). The Authority offers to extend to the Town the Loan as stated, subject to the satisfaction of the conditions to purchase the Town's Local Bond as set forth in the enclosed Financing Agreement (Sections 2.1, 3.1, and 3.2).

It is understood the Loan will be secured by a pledge of revenues from the Town's water system, the full faith and credit of the Town, and a debt service reserve fund. The Town's Local Bond evidencing the Loan shall be issued on a parity basis with all outstanding indebtedness secured by the Town's water revenues.

Loan closing and the disbursement of funds thereunder shall also be subject to the availability of funds from the (a) United States Environmental Protection Agency Capitalization Grant under the Safe Drinking Water Amendments of 1996 and (b) the Commonwealth of Virginia match grant.

Loan closing and the disbursement of funds in connection therewith shall remain subject to satisfaction of any condition prerequisite thereto established by the Department of Health. The Town shall comply in all respects with all applicable federal laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding

Mr. Jack Hobbs
October 15, 2015
Page 2

thereof by the Fund, including, but not limited to, the federal "crosscutting" requirements identified in the attached Schedule A.

The Authority reserves the right to withdraw or alter the terms of this commitment if, between the date of the Town's loan application and the date of closing, the Town incurs any debt or its financial condition changes in any way deemed material by the Authority in its sole discretion. Loan closing will not be set until all applicable pre-closing conditions have been met.

If you have any questions concerning the foregoing, please call Shawn Crumlish at 804-616-3445. If you concur with the terms and conditions herein stated, please acknowledge your acceptance thereof by signing below and returning the original to me. Retain a copy for your records.

If Loan closing shall not have occurred by February 1, 2016, it is understood that the Authority reserves the right to modify any of the conditions of this commitment or to withdraw the funding offer.

Very truly yours,



Stephanie L. Humlett

The Town fully intends (i) to use the offered Loan for the Project and (ii) to commence or continue the Project, as applicable, pending closing of the Loan, on or about the 16th day of January, 2016. The foregoing terms and conditions are hereby acknowledged and accepted the 10th day of November, 2015.

By:


Town Manager

Attachment - Schedule A

C: Daniel R. Lauro, Esq.
Eric E. Ballou, Esq.
Megan M. Gilliland, Esq.
Steven D. Pellei, P.E., VDH - Office of Drinking Water

SCHEDULE A
FEDERAL CROSS-CUTTING REQUIREMENTS

ENVIRONMENTAL AUTHORITIES:

Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended.
Clean Air Act, Pub. L. 84-159, as amended.
Coastal Barrier Resources Act, Pub. L. 97-348.
Coastal Zone Management Act, Pub. L. 92-583, as amended.
Endangered Species Act, Pub. L. 93-205, as amended.
Environmental Justice, Executive Order 12898.
Floodplain Management, Executive Order 11988 as amended by Executive Order 12148.
Protection of Wetlands, Executive Order 11990.
Farmland Protection Policy Act, Pub. L. 97-98.
Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended.
National Historic Preservation Act of 1966, Pub. L. 89-665, as amended.
Safe Drinking Water Act, Pub. L. 93-523, as amended.
Wild and Scenic Rivers Act, Pub. L. 90-542, as amended.

ECONOMIC AND MISCELLANEOUS AUTHORITIES:

Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372.
Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended.
Debarment and Suspension, Executive Order 12549.

SOCIAL LEGISLATION:

Age Discrimination Act of 1975, Pub. L. 94-135.
Title IV of the Civil Rights Act of 1964, Pub. L. 88-352.¹
Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act).
Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250).
The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient).
Equal Employment Opportunity, Executive Order 11246.
Women's and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432.
Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590.
Anti-Lobbying Provisions (40 CFR Part 30) [applies only to capitalization grant recipients].

¹ The Civil Rights Act and related anti-discrimination statutes apply to all the operations of the SRF program.

Exhibit B

R-1

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

\$ _____ TOWN OF AMHERST, VIRGINIA
GENERAL OBLIGATION WATER REVENUE BOND
(MAIN STREET WATERLINE PROJECT), SERIES 2015

Closing Date: _____, 2015

MATURITY DATE

[_____], 2045

DATED DATE

[_____], 2015

REGISTERED OWNER: VIRGINIA RESOURCES AUTHORITY, AS ADMINISTRATOR
OF VIRGINIA WATER SUPPLY REVOLVING FUND

PRINCIPAL AMOUNT: _____
DOLLARS (\$ _____)

The TOWN OF AMHERST, VIRGINIA (the "Town"), 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 2.25% Cost of Funds (representing 0.75% interest hereon and 1.50% administrative fees), together with Additional Payments, if any, all as set forth in the Financing Agreement (described below).

This Bond shall be payable as follows. On [_____], only the Cost of Funds hereon shall be due and payable. Beginning on [_____], 2015, and continuing semi-annually thereafter on each [_____] 1 and [_____] 1 for the term hereof, equal installments of the principal of and Cost of Funds hereon shall be payable each in the amount of \$[_____], with the final installment hereof in the amount of \$[_____] being due and payable on [_____], when, if not sooner paid, all amounts due hereunder and under the Financing Agreement (defined below) shall be due and payable in full, upon presentation and surrender of this Bond at the office of the Town Treasurer, who is appointed as Registrar.

Installments shall be payable in lawful money of the United States of America by check or draft (or other credit transfer) mailed or otherwise sent to the registered owner of this Bond at its address as it appears on the registration books of the Registrar, except that the final installment shall be payable at the office of the Registrar upon presentation and surrender of this Bond. If any installment hereunder is not paid within ten (10) days of its due date, the Town agrees to pay to the registered owner on demand a late payment charge in an amount equal to five percent (5.0%) of the overdue installment, as well as any amount(s) due under the Financing Agreement, dated as of [_____]1, 2015 (the "Financing Agreement"), between the Town and Virginia Resources Authority ("VRA"), as Administrator of Virginia Water Supply Revolving Fund (the "Fund"). Such late payment charge is further described in the Financing Agreement in Section 6.1(b) thereof and shall be due and payable by the Town on demand by VRA, as Administrator of the Fund. VRA, as Administrator of the Fund, shall deliver to the Town a certificate as to the amount of such late payment charge due hereunder setting forth in reasonable detail the basis for the late payment charge and the manner of calculation thereof. The certificate shall be conclusive (absent manifest error) as to the amount of late payment charge set forth therein.

In addition, pursuant to Section 6.2 of the Financing Agreement, the Town shall pay certain Additional Payments (as further described in the Financing Agreement) on the demand and at the direction of VRA, as Administrator of the Fund. Specific reference is hereby made to such provision set forth in the Financing Agreement for the terms and conditions under which Additional Payments, if any, shall be due and payable hereunder by the Town.

Capitalized terms not otherwise defined in this Bond shall be assigned the meaning as set forth in the Financing Agreement.

The issuance of this Bond has been duly authorized by the Town Council (the "Council") of the Town by a Resolution duly adopted on November 10, 2015 (the "Authorizing Resolution"), among other official actions in accordance with law. The Town shall use the proceeds of the Bond, together with other monies lawfully available to the Town (as described below), to pay capital costs to (i) acquire, replace, construct, upgrade, and equip the Town's water system and related facilities (collectively, the "Water System"), including but not limited to installation of approximately 11,520 linear feet of 12 inch water transmission distribution pipe to replace existing 6 inch pipe and existing 10 inch pipe, and (ii) to pay preliminary costs and cost of issuance expenses, in order for the Town to increase the effectiveness, safety, and efficiency of its Water System (the "Project").

This Bond shall be a taxable general obligation of the Town for the payment of principal of and Cost of Funds on which its full faith and credit shall be irrevocably pledged and shall be payable from ad valorem taxes without limitation of rate or amount. In addition, to secure the payment and performance of the Town's obligations under this Bond, among other payment

obligations of the Town, this Bond shall be a water revenue bond obligation of the Town for which the Town has pledged all of its right, title and interest to the Revenues received by the Town from its System, subject to the Town's right to use such amounts for the payment of the Operation and Maintenance Expenses of the System. Further, the Town shall fund a debt service reserve fund in order for the Town to provide further security for the benefit of VRA for the payment of the Bond and the performance by the Town of its obligations contemplated thereunder, with such reserve amount being finalized based on the actual maximum annual debt service on the Bond as determined by VRA.

Such lien of the pledge of the Revenues in connection with this Bond shall be on parity with the lien of the pledge of the Revenues by the Town in connection with the Town's \$565,935 General Obligation Bond (Rt. 60 West Water Line Project), Series 2012, issued on November 15, 2012 to Virginia Resources Authority, as Administrator of the Virginia Water Supply Revolving Fund.

The pledge of the Revenues to secure the payment and performance of this Bond shall have priority over all subsequent obligations and liabilities of the Town. The lien of the pledge of the Revenues in connection with this Bond shall be valid and binding from and after the date of delivery hereof. Further, the Revenues shall immediately be subject to the lien of such pledge without any physical delivery of them or further act, and shall be valid and binding against all parties having claims of any kind against the Town regardless of whether such parties have notice thereof.

This Bond is issued pursuant to the terms of the Authorizing Resolution, the Financing Agreement, 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, and the Town Charter. The obligations of the Town 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.

Pursuant to the Authorizing Resolution, among other documents, the Town has agreed, confirmed and accepted that a failure of the Town to comply with any of the requirements relating to the Project and the use and application of funds as contemplated under the Commitment Letter shall constitute an Event of Default under the Financing Agreement.

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

No notation is required to be made on this Bond of the payment of any principal on normal semi-annual payment dates, as set forth above. **HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.**

At its option and after giving at least ten (10) days' written notice to VRA, as Administrator of the Fund, the Town may prepay this Bond at any time, in whole or in part and without penalty. Such written notice shall specify the date on which the Town will make such prepayment and whether this Bond will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such partial prepayment shall be applied against the principal amount outstanding under this Bond but shall not postpone the due date of any subsequent payment on this Bond, or change the amount of such installment, unless the Town and VRA, as Administrator of the Fund, agree otherwise in writing.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia and the Town Charter 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.

[THIS SPACE LEFT BLANK INTENTIONALLY]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Council of the Town of Amherst, Virginia, has caused this Bond to be signed by the Mayor, the seal of the Town to be affixed and attested by the signature of the Clerk of Town Council, and this Bond to be dated the Dated Date set forth above.

[Seal]

TOWN OF AMHERST, VIRGINIA

By: _____
Mayor
Town of Amherst, Virginia

ATTEST:

Clerk of Town Council
Town of Amherst, Virginia

TRANSFER OF BOND

The transfer of this Bond may be registered by the registered owner or his duly authorized attorney upon presentation hereof to the Registrar who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____, 2015	VRA, as Administrator of the Fund	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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