



RESOLUTION

2020-08.01

Bond Covenants

At a regular meeting of the Bedford Regional Water Authority ("Authority") Board of Directors, held in the Board Meeting Room at the Authority's Administrative Annex Building on the 18th of August 2020, beginning at 7:00 p.m.

WHEREAS, the Bedford Regional Water Authority (the "Authority"), a public body politic and corporate, formed and existing in accordance with the provisions of Virginia Water and Waste Authorities Act, Chapter 51 of Title 15.2 of the Code of Virginia, 1950 (the "Act"), has been asked by Virginia Resources Authority ("VRA") for a legal opinion from the Authority's bond counsel relative to the Authority's bond covenants as to "No Free Service" and "No Private Use" in a proposed agreement (the "MLCA Contract") with Mariners Landing Community Association ("MCLA") for exchange of water for irrigation in return for electric service for a future water pressure reducing valve vault; and,

WHEREAS, under current law, use of the proceeds of the sale of the Authority's four outstanding Local Bonds (the "Local Bonds") to VRA (and the facilities financed or refinanced therewith (the "Related Financed Property")) (1) will likely result in a breach of the "No Free Service" covenants in the respective Local Bond Sale and Financing Agreements between the Authority and VRA (the "Financing Agreements") and (2) will not result in the Local Bonds' being considered "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code, 1986, as amended (the "Code"); and,

WHEREAS, the Authority proposes to enter into the MLCA Contract, a copy of which has been presented to this meeting, for the exchange of certain water and electrical services; and,

WHEREAS, Glenn Feldmann has analyzed the issues under federal and state law and has determined and is prepared to render its opinion that (1) while the MCLA Contract would violate the "No Free Service" covenant in the Financing Agreements, the relatively minor default under the Financing Agreements could be waived by VRA and (2) the arrangement would not result in private use of the Authority's Related Financed Property in violation of the "No Private Use" requirement in the related Non-arbitrage Certificates and Tax Compliance Agreements; now,

THEREFORE, BE IT RESOLVED by the Board of Directors of the Bedford Regional Water Authority that the form of the MCLA Contract is hereby approved, and the Executive Director is hereby authorized and directed to execute and deliver the same in substantially the form presented to this meeting, with such revisions as he shall deem beneficial to the Authority, and to take such further action as may be necessary or convenient to carry out the sense and purpose of this resolution; and,

BE IT FURTHER RESOLVED that the four Amendments to Financing Agreements presented to this meeting be executed and delivered by the Authority to the VRA in order to register the MLCA Contract as a special use contract on the appropriate exhibit of the respective Financing Agreements; and,



BE IT FURTHER RESOLVED that Glenn Feldmann Darby & Goodlatte, bond counsel to the Authority is requested to deliver the required legal opinions to permit the Authority to enter into and perform the MLCA Contract without violating either the "No Free Service" or the "No Private Use" covenants relating to the Authority's Local Bonds; and,

BE IT FURTHER RESOLVED that the four Amendments to Financing Agreements presented to this meeting be executed and delivered by the Authority to the VRA in order to register the MLCA Contract as a special use contract on the appropriate exhibit of the respective Financing Agreements; and,

BE IT FURTHER RESOLVED that the appropriate officers are hereby authorized and directed to execute, deliver and file all documents, certificates and instruments and to take all such further action as may be necessary or desirable in connection with and that are in conformity with the purposes and intent of this resolution.

This resolution shall take effect immediately.

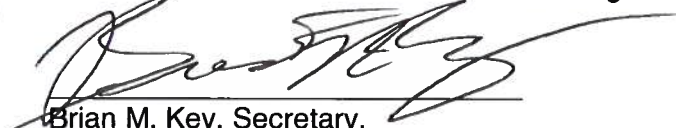
Member Segroves made a motion to approve this resolution.

Member Gunnoe seconded the motion.

Board Member Votes: 6 Aye, 0 Nay, 0 Abstain. The motion carried.

CERTIFICATION

The undersigned secretary of the Bedford Regional Water Authority does hereby certify that the foregoing is a true, complete, and correct Resolution adopted by a vote of a majority of the Directors of the Bedford Regional Water Authority, present at a regular meeting of the Board of Directors of the Bedford Regional Water Authority duly called and held August 18, 2020 at which a quorum was present and acting throughout, and that the same has not been amended or rescinded and is in full force and effect as of the date of the above mentioned meeting.


Brian M. Key, Secretary,
Bedford Regional Water Authority

(SEAL)