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RESOLUTION
2021-09.01
Bond Refunding

**RESOLUTION PROVIDING FOR THE REFUNDING OF CERTAIN MATURITIES OF THE
BEDFORD REGIONAL WATER AUTHORITY'S \$31,225,000 TAXABLE WATER AND
SEWER SYSTEM REVENUE BOND, SERIES 2015**

At a regular meeting of the Board of Directors of the Bedford Regional Water Authority (the "Local Government"), held in the Board Meeting Room at the Local Government's Administrative Annex Building, on the 21st of September, 2021, beginning at 7:00 p.m.

WHEREAS, on October 14, 2015, the Local Government issued its \$31,225,000 Taxable Water and Sewer System Revenue Bond, Series 2015 (the "2015 Local Bond"), and sold it to the Virginia Resources Authority ("VRA") pursuant to a Financing Agreement dated as of September 29, 2015, between VRA and the Local Government (the "2015 Financing Agreement"); and,

WHEREAS, in order to lower its debt service costs, the Local Government has requested VRA to refund certain maturities of the 2015 Local Bond (the "Refunding Transaction") by purchasing from the Local Government its not to exceed \$30,000,000 Taxable Water and Sewer System Revenue Refunding Bond, Series 2021 (the "Local Bond"); and,

WHEREAS, the Local Government and VRA anticipate that all or a portion of the maturities from October 1, 2026 through October 1, 2045 of the 2015 Local Bond in the aggregate amount of up to \$24,815,000 will be refunded in the Refunding Transaction; and,

WHEREAS, the Local Government will affect the Refunding Transaction through the issuance and sale to VRA of the Local Bond in accordance with the terms of a Local Bond Sale and Financing Agreement dated as of September 21, 2021 (the "Agreement"), between VRA and the Local Government, the form of which has been made available to the members of the Board of the Local Government; and,

WHEREAS, unless otherwise defined each capitalized term used in this Resolution shall have the meaning given it in the Agreement; now,

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Local Government agree to the following items:

1. Agreement to Participate. The Local Government's participation in the Refunding Transaction is hereby approved provided that the final maturity of the Refunding Bonds as amended or replaced in the Refunding Transaction shall not be later than final maturities of the portions of the 2015 Local Bond to be refunded.

2. Issuance of Bond and Use of Proceeds. Pursuant to Chapter 51 of Title 15.1 of the Code of Virginia, 1950, as amended, the Virginia Water and Waste Authorities Act (the "Act"), the Local Government hereby provides for the issuance and sale of its Taxable Water and Sewer System Revenue Refunding Bond, Series 2021, in the principal amount of up to \$30,000,000 payable within substantially the same debt service payment schedule as the 2015 Local Bond but not later than October 1, 2045 and consistent with applicable Internal Revenue



Code statutes and regulations, and with an aggregate present value savings of at least 2.0% of the refunded principal amount. The Local Bond is being issued pursuant to the Act and this resolution.

3. Authorization of Agreement. The form of the Agreement is hereby approved. The Local Government's Chair, Vice Chair or Executive Director, either ONE of whom is authorized to act, are authorized to execute the Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Local Authorization as may be approved by the Local Government Chair, Vice Chair or Executive Director, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Chair, Vice Chair or Executive Director, each of whom is authorized to act, are authorized and directed to make such certifications and take such further action as may be necessary or convenient to cause the issuance and sale of the Local Bond and the refunding of the 2015 Local Bond. The issuance and sale of the Local Bond to VRA shall be upon the terms and conditions of the Agreement. The proceeds of such bond shall be applied in the manner set forth in the Agreement. The Chair, Vice Chair, Executive Director and Assistant Director of Finance and Human Resources are hereby named Local Representatives of the Local Government.

4. Bond Details. The Local Bond shall be issued as a single, registered bond, shall be designated "Bedford Regional Water Authority Taxable Water and Sewer System Revenue Refunding Bond, Series 2021," shall be numbered R-1, shall be dated the date of its issuance, shall be in the principal amount not to exceed \$30,000,000 and shall mature no later than the respective maturity dates of the 2015 Local Bond. The Local Government's Chair, Vice Chair or Executive Director, any ONE of whom may act, are each hereby authorized and directed to select the particular maturities of the 2015 Local Bond (if any) to be refunded and direct VRA to provide a Proceeds Requested that achieves the aggregate present value savings of at least 2.0%. It is understood and agreed that the Local Government will be responsible for all reasonable out-of-pocket fees and expenses incurred by VRA (the "VRA Costs") in connection with the Refunding Transaction in the event that the aggregate present value savings of at least 2% can be achieved; *provided, however, that*, if the present value savings would not equal or exceed 2% and the Local Government determines not to proceed with the Refunding Transaction, the VRA Costs to be paid by the Local Government shall be limited to \$5,000. The Local Government authorizes the issuance and sale of the Local Bond on the terms specified in the Commitment. The Local Government authorizes the issuance and sale of the Local Bond to VRA. The Local Government Chair, Vice Chair or Executive Director, either ONE of whom may act, are hereby authorized to execute and deliver the Local Bond, which shall be in substantially the form approved by the Chair, Vice Chair or Executive Director, with such completions, omissions, insertions and changes not inconsistent with this Local Authorization as may be approved by the Chair, Vice Chair or Executive Director. The principal of and premium, if any, and interest on the Local Bond shall be payable in lawful money of the United States of America.

5. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Local Bond shall be payable as set forth in the Agreement. The Local Government may, at its option, redeem, prepay or refund the Local Bond upon the terms set forth in the Agreement and in the Local Bond.

6. Execution and Form of Local Bond; Redemption of the 2015 Local Bond.

The Local Bond shall be signed by the Local Government Chair, Vice Chair or Executive Director and the Local Government's seal shall be affixed thereon and attested by the Secretary of the Local Government. The Local Bond shall be issued as a typewritten bond in substantially the form of **Exhibit A** attached to this Local Authorization, with such completions, omissions, insertions and changes not inconsistent with this Local Authorization as may be approved by the Chair, Vice Chair or Executive Director whose approval shall be evidenced conclusively by the execution and delivery of the Local Bond. The Chair, Vice Chair or Executive Director, any ONE of whom may act, are further authorized to take all such further action as may be necessary or convenient to carry out the terms and intent of this Local Authorization.

7. Revenues Pledged; Disclaimer. Subject to the right of the Local Government to apply its water and sewer revenues (as more particularly defined in the Agreement the "Revenues") to the payment of Operation and Maintenance Expenses (as defined in the Agreement), the Local Government hereby irrevocably pledges the Revenues to the payment of principal of, premium, if any, and interest on the Local Bond. Principal of, and premium, if any, and interest on the Local Bond are payable solely from the Revenues and other sources pledged thereto in the Agreement and this Local Authorization. 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 Local Government, the Town of Bedford, Virginia and Bedford County, Virginia are pledged to the payment of the principal of or premium, if any, or interest on the Local Bond or other costs incident to it. The issuance of the Local Bond shall not directly or indirectly or contingently obligate the Commonwealth of Virginia, the Town of Bedford, Virginia, or any other county, city, town or other subdivision of the Commonwealth of Virginia to levy any taxes whatever therefor or to make any appropriation for its payment except from the Revenues and any other funds or property pledged for such purpose under the provisions of this Local Authorization or the Agreement.

Pursuant to Virginia Code § 15.2-5140 of the Act, all moneys received pursuant to the Act shall be deemed to be trust funds, to be held and applied solely as provided in the Act. Any officer to whom, or any bank, trust company or fiscal agent to which, such moneys are paid shall act as trustee of such moneys and shall hold and apply the same for purposes provided in the Act, subject to such regulations as such resolution or trust agreement may provide.

Reference is made to the Agreement and all amendments and supplements to it for a description of the provisions, among others, with respect to the nature and extent of the security for the Local Bond, the Local Government's rights, duties and obligations, the rights of the registered owners of the Local Bond and the terms upon which the Local Bond is issued and secured.

8. Preparation of Printed Local Bond. The Local Government shall initially issue the Local Bond in typewritten form. Upon request of the registered owner and upon presentation of the Local Bond at the office of the Registrar (as hereinafter defined), the Local Government shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Local Bond in printed form in an aggregate principal amount equal to the unpaid principal of the 2015 Local Bond in typewritten form, in denominations of \$5,000 and multiples thereof, of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Local Bond may be

executed by manual or facsimile signature of the Local Government's Chair, Vice Chair or Executive Director and the Local Government's seal affixed thereto and attested by the Secretary of the Local Government; provided, however, that if both such signatures are facsimiles, no Local Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Local Bond surrendered in any such exchange shall be canceled.

9. Registration and Transfer of the Local Bond. The Local Government appoints the Local Government Treasurer as paying agent and registrar (the "Registrar") for the Local Bond. If deemed to be in its best interest, the Local Government may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the Local Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Local Government shall execute, and the Registrar shall authenticate and deliver in exchange, a new Local Bond or Local Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Local Government, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, or interest and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as owner on the registration books on the 15th day of the month preceding each principal payment date.

10. Mutilated, Lost or Destroyed Local Bond. If the Local Bond has been mutilated, lost or destroyed, the Local Government shall execute and deliver a new Local Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Local Bond or in lieu of and in substitution for such lost or destroyed Local Bond; provided, however, that the Local Government shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the Local Government in connection therewith and, in the case of a lost or destroyed Local Bond, (a) has filed with the Local Government evidence satisfactory to the Local Government that such Local Bond was lost or destroyed and (b) has furnished to the Local Government satisfactory indemnity.

11. Preparation and Delivery of Local Bond. The Local Government Chair, Vice Chair or Executive Director and the Secretary of the are authorized and directed to take all proper steps to have the Local Bond prepared and executed in accordance with its terms and to deliver it to VRA as the purchaser thereof upon receipt of the purchase price from VRA as set forth in the Agreement.

12. Arbitrage Covenants. The Local Government covenants that it shall not take or omit to take any action the taking or omission of which will cause the Local Bond to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the Local Bond to be includable in the gross income of the registered owner thereof under

existing law. Without limiting the generality of the foregoing, the Local Government shall comply with any provision of the Local Government Tax Document (as hereinafter defined) that may require the Local Government at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Local Bond, unless the Local Government receives an opinion of nationally recognized bond counsel that such compliance is not required, or is no longer required, to prevent interest on the Local Bond from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Local Government shall pay any such required rebate from legally available funds.

13. Local Government Tax Document. Such officers of the Local Government as may be requested are authorized and directed to execute and deliver a non-arbitrage certificate and tax compliance agreement (the “Local Government Tax Document”) in a form not inconsistent with this Resolution as may be approved by the officers of the Local Government executing such document, whose approval shall be evidenced conclusively by the execution and delivery thereof.

14. All Other Action Approved. All other actions of Local Government officials in conformity with the purposes and intent of this Local Authorization and in furtherance of the issuance and sale of the Local Bond are ratified, approved and confirmed. The Local Government officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Local Bond pursuant to this Local Authorization and the Agreement.

15. Other Actions. Each Local Representative is authorized to execute and deliver all certificates, documents, agreements and instruments and to take all such further action as they may consider necessary and desirable in connection with the refunding of all or a portion of the 2015 Local Bond and the consummation of the Refunding Transaction, including the execution and delivery of such documents and the making of such elections as may be reasonably requested by VRA to maintain or establish a tax-favored status for the Local Bond.

16. Effective Date. This Local Authorization shall take effect immediately.

This resolution shall take effect immediately.

Member Gray made a motion to approve this Resolution.

Member Segroves made a Second to approve.

- Board member votes: 7 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 September 21, 2021 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



EXHIBIT A
[form of bond]

Interest in this bond is intended by the issuer thereof to be excluded from gross income for federal and state income tax purposes.

REGISTERED
R-1

REGISTERED
_____ __, 2021

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
BEDFORD REGIONAL WATER AUTHORITY
\$ _____ **TAXABLE WATER AND SEWER SYSTEM REVENUE REFUNDING**
BOND,
SERIES 2021

REGISTERED OWNER: **VIRGINIA RESOURCES AUTHORITY**

PRINCIPAL AMOUNT: \$ _____

INTEREST RATE: _____ % per year

The **BEDFORD REGIONAL WATER AUTHORITY**, a public body politic and corporate of the Commonwealth of Virginia (the “Local Government”), for value received, promises to pay, solely from the revenues and other property pledged to the payment of this Bond, to the registered owner of this Bond or legal representative, the principal amount advanced hereunder up to the maximum principal amount stated above, together with interest thereon at the annual rate stated above, as set forth below.

Principal on this Bond shall be payable in annual installments on October 1 in each year beginning October 1, 2022 and Interest on this Bond shall be payable in semi-annual installments on October 1 and April 1 in each year, beginning April 1, 2022, in the amounts and on the dates set forth in Schedule I attached hereto. Interest shall be computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

If any installment of principal of or interest on this Bond is not paid to the registered owner of this Bond within five (5) days after its due date, the Local Government shall pay to the registered owner of this Bond a late payment charge in an amount equal to five percent (5%) of the overdue installment.

The principal of and interest on this Bond is payable in lawful money of the United States.

The issuance of this Bond has been duly authorized by the Board of the Local Government by a resolution adopted September 21, 2021 (the “Local Authorization”), under the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended. This Bond is issued pursuant to the terms of the Local Authorization and a Bond Sale and

Financing Agreement dated as of September 21, 2021 (the “Agreement”), between the Local Government and the Virginia Resources Authority (“VRA”), to evidence a loan by VRA to the Local Government. The Local Government will use the proceeds of this Bond, along with other available funds, if any, to refund the _____ through _____ maturities of its \$31,225,000 Taxable Water and Sewer System Revenue Bond, Series 2015 dated September 4, 2015 (the “2015 Local Bond”); and to pay the issuance costs of this Bond (collectively, the “Project”).

This Bond is a limited obligation of the Local Government and, except to the extent payable from the proceeds of the sale of the Bond or the income, if any, derived from the investment thereof, is payable exclusively from the revenues (as more particularly defined in the Agreement, the “Revenues”) derived by the Local Government from the ownership and operation of its Water System (as more particularly defined in the Agreement, the “System”). This Bond is secured on parity with the Local Government’s outstanding debt obligations listed on Exhibit D to the Agreement (the “Existing Parity Bonds”), with respect to the pledge of Revenues. **NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE LOCAL GOVERNMENT, THE TOWN OF BEDFORD AND BEDFORD COUNTY, VIRGINIA SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND OR THE OTHER COSTS INCIDENT TO IT EXCEPT FROM THE REVENUES AND ANY OTHER MONEY OR PROPERTY PLEDGED FOR SUCH PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE LOCAL GOVERNMENT , THE TOWN OF BEDORD AND BEDFORD COUNTY, VIRGINIA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT TO IT. THE ISSUANCE OF THIS BOND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE LOCAL GOVERNMENT, THE TOWN OF BEDFORD AND BEDFORD COUNTY, VIRGINIA, TO LEVY ANY TAXES FOR THE PAYMENT OF THIS BOND.**

Upon an Event of Taxability, as such term is defined in the Agreement, this Bond will bear interest in the amount necessary to reimburse VRA for any interest, penalties or other charges assessed by the Internal Revenue Service and by any State tax department against VRA by reason of VRA’s failure to include the interest under the Bond in its gross income for income tax purposes.

The obligations of the Local Government under this Bond shall terminate when all amounts due and to become due pursuant to this Bond and the Agreement have been paid in full.

The Local Government may issue additional bonds ranking on parity with this Bond, and the Existing Parity Bonds, with respect to the pledge of the Revenues of the System under the terms of the Agreement and the existing financing agreements relating to each of the Existing Parity Bonds.

This Bond is subject to prepayment in whole or in accordance with the terms of the Agreement.

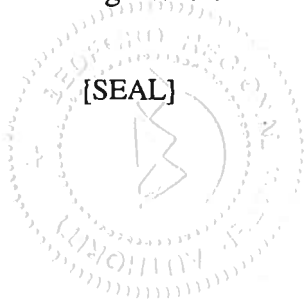
If an Event of Default (as defined in the Agreement) occurs, the principal of this Bond may be declared immediately due and payable by the registered owner of this Bond by written notice to the Local Government.

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

It is 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.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Bedford Regional Water Authority has caused this Bond to be signed by the Executive Director and the Authority's seal to be affixed and attested by the signature of the Secretary or Assistant Secretary.



**BEDFORD REGIONAL WATER
AUTHORITY**

By: *Robert Flynn, Chair*
Robert, Flynn, Chair

ATTEST:

Brian Key
Brian Key, Secretary

[SIGNATURE PAGE TO BEDFORD REGIONAL WATER AUTHORITY
\$ _____ TAXABLE WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
SERIES 2021]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sell(s), assign(s) and transfer(s) unto

(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:

: :
: :
: :

the within-mentioned Bond and hereby irrevocably constitutes and appoints _____
agent, to transfer the same on the books of registry in the office of registrar with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed

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

(Signature of Registered Owner)
NOTICE: The signature above must
correspond with the name of the
registered owner as it appears on the
front of this bond in every particular,
without alteration or enlargement or
any change whatsoever.

**SCHEDULE I TO
BEDFORD REGIONAL WATER AUTHORITY
TAXABLE WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
SERIES 2021**

DEBT SERVICE

[Need Schedule]