

ARTICLES OF INCORPORATION

The Board of Supervisors of Bedford County, Virginia and the City Council of the City of Bedford, Virginia have, by concurrent resolutions, adopted the following Articles of Incorporation of the Bedford Regional Water Authority, pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2 of the 1950 Code of Virginia, as amended) (the “Act”).

**ARTICLE I:**

The name of the Authority shall be the Bedford Regional Water Authority and the address of its principal office is 1723 Falling Creek Road, Bedford VA 24523.

**ARTICLE II:**

The names of the political subdivisions participating in the Authority are Bedford County, Virginia and the City of Bedford, Virginia (collectively, the “Localities”) each of which hereby acknowledges, covenants, and agrees that these Articles of Incorporation shall not be further amended or changed without the express agreement of each of the governing bodies of each of the Localities.

**ARTICLE III:**

The Board of the Authority shall consist of seven members. The names, addresses, and terms of office of the six initial members of the Bedford Regional Water Authority are as follows:

<u>NAME</u>	<u>TERM OF OFFICE</u>	
	<u>BEGINNING</u>	<u>ENDING</u>
1. Thomas D. Segroves	12/01/2012	12/31/2014
2. Robert Flynn	12/01/2012	12/31/2015
3. Carl H. Wells	12/01/2012	12/31/2016
4. Walter Siehien	12/01/2012	12/31/2014
5. Michael C. Moldenhauer	12/01/2012	12/31/2015
6. Elmer C. Hodge, Jr.	12/01/2012	12/31/2016

The governing body of each Locality has initially appointed the number of members set forth opposite its name below:

Bedford County – Three, for terms of 2, 3 and 4 years  
 City of Bedford – Three, for terms of 2, 3 and 4 years

The seventh initial member will be nominated by the initial six (6) members and confirmed by the governing bodies of each of the Localities for an initial term of four (4) years. If no nominee for the seventh position is made by the Authority within 45 days of the Authority’s first meeting, or, if made, is not approved by the Localities within forty-five (45) days of being nominated and such nomination communicated to the Localities, such appointment shall be made on the application of the Authority by the Judge of the Circuit Court of Bedford County, Virginia. In case an initial member dies, resigns, or is

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disqualified, and upon the expiration of the initial term of any member, successors shall be appointed by the same method as for the initial members.

If the Authority fails to nominate or if either Locality fails to appoint a successor within 45 days of the end of any term or tenure (such time period to be extended another 30 days at the request of any Locality made within such 45 day period) a successor shall, on the Authority's application, be appointed by the Judge of the Circuit Court of Bedford County.

After the initial terms, each Board member shall be appointed for a four-year term ending on December 31 in the fourth year and shall serve until a successor is appointed and qualified. No member may serve more than two (2) successive full four- (4) year terms, but may serve again after not serving for four (4) years.

Each member shall be reimbursed by the Authority for the amount of actual expenses incurred in the performance of Authority duties.

After the expiration of the first four (4) year term for the Board positions of initial members who served for two (2) years, all further appointments will be based upon proportionate representation of the Localities according to the total number of equivalent residential connections ("ERC's") for both water and sewer in each jurisdiction based on an equivalent rate calculation of two hundred gallons per day per connection. This calculation shall be made six months prior to the expiration of the term. In no event shall either Bedford or Bedford County appoint and have fewer than two (2) members of the Board of Directors of the Authority.

**ARTICLE IV:**

The purposes for which the Authority is being organized are to exercise all the powers granted to the Authority to acquire, finance, construct, operate, manage and maintain water, waste water, sewage disposal and other facilities pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the 1950 Code of Virginia, as amended ("Act"). The Authority shall have all of the rights, powers, and duties of an authority under the Act.

On or before December 31, 2016 the Authority shall make every reasonable effort to construct a water line of sufficient size to connect the existing City of Bedford and the Bedford County Public Service Authority water systems in accordance with the terms of Principles Governing the Creation of the Bedford Regional Utilities Authority attached as Exhibit 7 to that Voluntary Settlement of Transition to Town Status and Other Related Issues Between the City of Bedford and the County of Bedford, dated August 2012.

The Authority will substantially equalize rates and establish volume rates for large customers in accordance with that Consolidation Agreement dated as of October 31, 2012 (the "Consolidation Agreement") by and among the City of Bedford, Virginia, Bedford County, Virginia and the Bedford County Public Service Authority.



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The Authority will take all other action contemplated to be taken by the Authority in the Consolidation Agreement.

It is not practicable to set forth herein information regarding preliminary estimates of capital costs, proposals for specific projects to be undertaken or initial rates for the proposed projects.

**ARTICLE V:**

The Authority shall serve the incorporated and unincorporated areas of Bedford County, Virginia and to the extent permitted by the Act such other towns or public or private entities as the Authority may determine upon the terms and conditions established pursuant to appropriate contracts.

**ARTICLE VI:**

The Authority shall cause an annual audit of its books and records to be made by the State Auditor of Public Accounts or by an independent certified public accountant at the end of each fiscal year and a certified copy thereof to be filed promptly with the governing body of each of the incorporating political subdivisions.

**ARTICLE VII:**

The term of existence of the Authority shall be 50 years from the effective date of the Members' resolutions authorizing these Articles.

IN WITNESS WHEREOF the Board of Supervisors of Bedford County and the City Council of the City of Bedford, Virginia have caused these Articles of Incorporation to be executed in their respective names, and their respective seals have been affixed hereto and attested by the respective secretaries and clerks of each.

ATTEST:

CITY OF BEDFORD, VIRGINIA

\_\_\_\_\_, City Clerk  
Mayor

By \_\_\_\_\_

ATTEST:

BEDFORD COUNTY, VIRGINIA

\_\_\_\_\_, Clerk,

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Chairman, Board of Supervisors