

# County of Spotsylvania

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**Service, Integrity, Pride**

At a meeting of the Spotsylvania County Board of Supervisors held on June 23, 2015, on a motion by Mr. Skinner and passed unanimously, the Board adopted the following resolution:

## RESOLUTION NO. 2015-81

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2015 OF THE COUNTY OF SPOTSYLVANIA VIRGINIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$63,000,000, 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 refinance the costs of certain expansions and capital improvements to the System identified in the County's adopted Capital Improvement Plan and to maintain a debt service reserve for the Bonds as required by the Agreement of Trust (each as hereinafter defined) by the issuance, to the extent that debt service savings threshold described herein is satisfied, of water and sewer system revenue refunding bonds (the "Bonds") for the purposes of (1) current refunding the outstanding principal amount of the County's \$37,875,000 Water and Sewer System Revenue Refunding Bonds, Series 2005 (the "Refunded 2005 Bonds"), (2) advance refunding a portion of the outstanding principal amount of the County's \$39,700,000 Water and Sewer System Revenue Bonds Series 2007 (the "Refunded 2007 Bonds," and together with the Refunded 2005 Bonds, the "Refunded Bonds"), (3) fund a debt service reserve account (if necessary), and (4) pay the costs of issuing the Series 2015 Bonds;

**WHEREAS**, the Board has been advised that in accordance with Section 15.2-2643 of the Code of Virginia of 1950, as amended (the "Virginia Code"), no public hearing is necessary under Section 15.2-2606 of the Virginia Code in order to issue the Bonds; and

**WHEREAS**, the County Administrator and Davenport & Company LLC, 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 maximum principal amount of \$63,000,000 pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, to provide funds to pay the costs of the current and advance refunding, as the case may be, the Refunded Bonds and to pay the costs of issuing the Bonds.

2. **Eighth Supplemental Agreement.** The Chairman or Vice Chairman of the Board, either of whom may act, is authorized and directed to execute an Eighth Supplemental Agreement of Trust to be dated a date determined by the County Administrator (the "Eighth Supplemental Agreement" and, together with the Master Agreement of Trust as previously supplemented, the "Agreement of Trust") and deliver it to the Trustee. The Eighth 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, including such changes as may be necessary to reflect the establishment of an Escrow Fund for the Refunded Bonds and related matters. The execution of the Eighth Supplemental Agreement by the Chairman or Vice Chairman shall constitute conclusive evidence of his approval of the Eighth Supplemental Agreement.

3. **Bond Details.** The Bonds shall be issued as tax-exempt, and shall be designated "Water and Sewer System Revenue Refunding Bonds, Series 2015" or such other designation as may be determined by the County Administrator, shall be dated such date as may be determined by the County Administrator, 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, 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; provided, however, that the Bonds (a) shall mature, or be subject to mandatory sinking fund redemption, in annual installments beginning no later than June 1, 2016 and ending no later than June 1, 2037, (b) shall have a "true" or "Canadian" interest cost not to exceed 5.0%, taking into account any original issue discount or premium, (c) shall, to the extent issued for the purpose of current or advance refunding the Refunded Bonds, as the case may be, result in the County realizing net present value debt service savings of at least 3.0% as compared to the debt service payable by the County on the Refunded Bonds, and (d) shall be sold at a price not less than 98.0% of the original aggregated principal amount thereof, without taking into account any original issue discount.

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, 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.

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 determines, in collaboration with the Financial Advisor, to be in the best interests of the County. The County Administrator, 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 determines to be in the best interests of the County.

(b) If the County Administrator determines to sell the Bonds by competitive bid, the County Administrator 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 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 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 presented to this meeting, with such changes as may be approved by the County Administrator to reflect the final terms of the Bonds or otherwise, and as approved as to form and correctness by the County Attorney and the County's Bond Counsel. The execution of the Bond Purchase Agreement by the County Administrator shall constitute conclusive evidence of his 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 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 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 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.** If the Bonds are sold by competitive bid, the County Administrator, in collaboration with the Financial Advisor, is authorized and directed to take all proper steps to have prepared and distributed, in accordance with standard practices of municipal securities, a notice of sale to advertise the Bonds for sale in substantially the form presented to this meeting. Such notice of sale shall be in a form that is not inconsistent with the provisions of this Resolution and as the County Administrator 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 of any such changes. If the Bonds are sold by direct private placement with one or more financial institutions, the County Administrator, 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, 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, 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 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 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 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 D 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. **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 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.

14. **Escrow Agreement.** The County Administrator, the County Treasurer and the Director of Finance, 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 presented to this meeting, with such changes as are

acceptable to the County Administrator, the Financial Advisor, the County Attorney and the County's Bond Counsel, and shall provide for the deposit and investment of a portion of the Bond proceeds for the defeasance of the Refunded Bonds. The Escrow Agreement shall provide for the irrevocable deposit of a portion of the Bond proceeds in one or more escrow funds 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.

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.

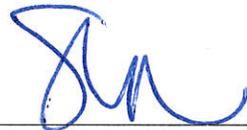
17. **Filing of Resolution.** The Clerk of the Board, in collaboration with the County Attorney, is authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of Spotsylvania County.

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

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

(SEAL)

A COPY TESTE:



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Aimee R. Mann  
Deputy Clerk to the Board of Supervisors