

At a regular meeting of the Public Service Authority Board of Directors held on Tuesday, September 14, 2010 at 9:00 a.m. in the Middle Conference Room of the County Administration Building, 143 Third Street, NW, in the Town of Pulaski, Virginia, the following Board members were present: Doug Warren, Chairman; Pete Crawford, Vice-Chairman; Jerry White; and Frank Conner, as alternate. Hollis Loyd, Secretary/Treasurer, and David Dean were unable to attend the meeting. Staff members present included: Peter Huber, County Administrator; Robert Hiss, Assistant County Administrator; Ronnie Coake, County Engineer; Ron Nichols, Director of Fleet Maintenance; Diane Newby, Finance Director; and Gena Hanks, Executive Secretary.

Dr. Warren called the meeting to order and welcomed those in attendance.

1. Citizen Comments

Dr. Warren opened the meeting for citizen comments. There were no citizen comments.

2. Finance

a. Follow-up from August Board Meeting

- Report on Balance of Sewer Revenues and Expenditures

Mr. Huber advised a report on this matter would be provided at the October Board meeting.

b. Review of Financial Report

Ms. Newby provided updated financial reports, copies of which were included in the Board packet. Ms. Newby also reported plans to move a matured CD to Carter Bank due to best rate (24 months at 1.75%.) By consensus, the Board authorized the moving of the CD in order to obtain the highest possible interest rate.

c. Balance Due & Lien Report

On a motion by Mr. Crawford, seconded by Mr. White and carried, the Board accepted the following balance due and lien report:

Balance Due	6/2/2010	7/2/2010	8/1/2010	9/7/2010
Current Balance	369,719.09	554,145.40	381,252.13	358,194.12
Over 30 Days	57,004.22	39,021.82	68,924.82	29,816.68
Over 60 Days	10,810.01	32,657.89	11,745.72	35,564.98
Over 90 Days	631,599.59	634,850.30	660,065.20	654,134.61
Total	\$ 1,069,132.91	\$ 1,260,675.41	\$ 1,121,987.87	\$ 1,077,710.39
Liens	\$ 421,181.48	\$ 419,531.14	\$ 421,566.85	\$ 351,816.76
Details of Accounts Delinquent for 90 days or more				
Detail by type of customer and level of service billed for				
	Garbage & Water	Sewer Only	Garbage Only	Total
Residential	16,077.07	6,704.12	465,036.04	\$ 487,817.23
Commercial	1,787.96	-	13,194.88	\$ 14,982.84
Nonuser	151,334.54	-	-	\$ 151,334.54
Total	\$ 169,199.57	\$ 6,704.12	\$ 478,230.92	\$ 654,134.61
Detail by type of customer and active, inactive and non-user accounts				
	Inactive	Nonuser	Active	Total
Residential Water	14,927.06	151,334.54	1,150.01	167,411.61
Commercial Water	1,787.96	-	-	1,787.96
Residential Garbage	22,203.33	-	442,832.71	465,036.04
Commercial Garbage	8,037.17	-	5,157.71	13,194.88
Sewer	1,787.90	-	4,916.22	6,704.12
Total	\$ 48,743.42	\$ 151,334.54	\$ 454,056.65	654,134.61

Voting yes: Mr. Crawford, Dr. Warren, Mr. White, Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

d. Budget Adjustments

Mr. Huber explained the purpose of the proposed budget adjustment was to allow for funds to be taken from contingency for the Sheetz and Claytor Lake exit water line repairs.

On a motion by Mr. White, seconded by Mr. Crawford and carried, the Board approved the following budget adjustments:

PSA Fund #1

Account Number	Account Title	Amount Increase/Decrease
<u>Revenues</u>		
	Total	\$ -
<u>Expenditures</u>		
4-500-094100-8266	Sheetz Water Line Repair	\$16,160.00
4-500-094100-8162	Claytor Lake Exit 101 Water Line Repair	8,500.00
4-500-091400-9301	Contingency Funds	(24,660.00)
	Total	\$ -

e. Billing Adjustments

On a motion by Mr. White, seconded by Mr. Crawford and carried, the Board approved a billing adjustments credit totaling \$5,306.87.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White, Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

f. Accounts Payable

On a motion by Mr. Conner, seconded by Mr. White and carried, the Board approved accounts payable for checks numbered 8004190 through 8004297, subject to audit.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White, Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

3. Operations

a. Minutes of Previous Meeting

On a motion by Mr. White, seconded by Dr. Warren and carried, the Board approved the August 10 and 20, 2010 minutes.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White, Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

Staff was requested to research the Roberts Rules of Order relating to voting stipulations and requirements, specifically relative to the Chairman's ability to provide a "second" on a motion.

b. Inmate Availability Report

Staff reported the PSA generally had use of two inmates per day for the month of August.

c. Drop Site Total & County Landfill Tonnage Report

Staff reported the following drop site total and county landfill tonnage:

**DROP SITE TOTAL
FOR THE MONTH OF AUGUST 2010**

Site	Trips	Tons	Tons per haul
Dora Highway	36	77.72	2.16
Dublin	26	98.57	3.80
Fairlawn	5	25.76	5.16
Totals	67	202.05	3.02

**COUNTY LANDFILL TONNAGE
(COUNTY CUSTOMERS & REFUSE DEPARTMENT HAULERS)
(FOR THE MONTH OF AUGUST 2010)**

Commercial	Residential	Tires	Brush
1671.56	1119.32	960	52.30

d. Personnel Changes

The Board reviewed an updated report on recent personnel changes, as prepared by Norma Spence.

e. Rescheduling of November 2010 meeting

As reported in the Board packet, the Virginia Association of Counties Annual meeting is being held from Sunday, November 7th through Tuesday, November 9th. Staff noted in order to allow Frank Conner and the county administrator to attend the full conference, the Board was requested to consider rescheduling the November 9, 2010 PSA meeting to Wednesday, November 10th or Tuesday, November 16th.

On a motion by Mr. Crawford, seconded by Mr. Conner and carried, the Board approved rescheduling the November 9, 2010 meeting to Wednesday, November 10th due to attendance by Mr. Conner and Mr. Huber at the VACo annual meeting on the regularly scheduled meeting date of the PSA Board in November.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White,
Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

f. James Hardie Request for Waiver of Penalty/Interest

As reported in the Board packet, James Hardie is requesting a waiver of \$7,299.66 in penalty and interest charges from July and August. Staff advised there had been one previous waiver of \$446.40 for November 5, 2009. The company's request is based on their recognition of the payment problem which resulted in termination of the employee who was not paying the bills in a timely manner. Previously, the company had been assessed and paid penalty and interest charges in October, 2009, and January and February 2010. Staff recommended that the company's request be granted based on having addressed the issue and PSA billings in the amount of \$30,000 to \$70,000 per month over the past year).

Mr. White and Mr. Crawford expressed concern of the setting of a precedent for future similar requests. Mr. Huber suggested a second option would be for the PSA to split the costs with James Hardie. Mr. Nichols provided an update on the volume of use by James Hardie indicating approximately 150 or more tons per day is hauled for James Hardie.

Mr. Conner made a motion to accept the staff recommendation for waiving the penalty and interest fees for July and August. The motion died for lack of a second.

On a motion by Mr. Crawford, seconded by Mr. White and carried, the Board denied a request by James Hardie for a request in waiving of penalty and interest fees for charges from July and August, 2010, due to this being the second waiver, fairness to citizens who face proportionally similar late charges, and the setting of a precedent for future requests by citizens and businesses.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White,
Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

g. Dora Highway Drop Site Relocation

As reported in the Board packet and as a follow-up to the Honeywell property site visit by the PSA Board, agreement with the Town of Pulaski's proposal to replace the Dora Highway with the Honeywell property was recommended following:

1. Receipt and favorable review of documents describing the environmental condition of the site;
2. A clean Phase 1 Environmental Report done by an independent firm;
3. A plan for addressing run-off from the drop site property;
4. Agreement by the Town to pave and install loading ramps on the property; and
5. Donation of the property by Honeywell to the Town.

Mr. White expressed concern regarding liability relative to any future problems encountered as a result of the potential for a broken cap on the property. He indicated his desire to see the PSA held harmless and the language be added that the PSA would not disturb any existing conditions on the property without approval by the Town of Pulaski. Dr. Warren indicated it was his understanding there was no cap on the property. Mr. Crawford suggested consideration to wording in the agreement indicating the town would be responsible for any environmental conditions existing on the property.

On a motion by Mr. Crawford, seconded by Mr. White and carried, the Board approved the above five conditions with the addition of a sixth condition indicating the Town of Pulaski would retain ownership of property and hold the PSA harmless for any problems resulting from the existing environmental conditions as follows:

1. Receipt and favorable review of documents describing the environmental condition of the site;
2. A clean Phase 1 Environmental Report done by an independent firm;
3. A plan for addressing run-off from the drop site property;
4. Agreement by the Town to pave and install loading ramps on the property; and
5. Donation of the property by Honeywell to the Town.

6. Town of Pulaski would retain ownership of property and hold the PSA harmless for any problems resulting from existing environmental conditions.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White, Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

Dr. Warren requested Ron Coake, County Engineer, and Ron Nichols, Director of Fleet Maintenance, along with other appropriate staff as designated by the County Administrator, participate in the review of environmental documents for the Honeywell property.

h. Meter Tampering Fee

As reported in the Board packet, the application of a \$100 meter tampering fee related to Mr. A.V. Fiore turning his water back on has been applied to Mr. Fiore's account.

Mr. White questioned the definition of "meter tampering". Mr. Huber explained tampering is described as any activity where someone goes inside the meter box and adjusts anything inside of the box. Mr. Conner suggested language to the policy specifying the only exception to the "meter tampering" policy be for emergency situations. Mr. Huber explained that technically "tampering" includes the opening of a meter box; however, staff attempts to be judicious in cases where water must be turned off in emergency situations where leaks occur.

i. Commerce Park Utilities

1. Bid Results

As reported in the Board packet, bid results for the first of five bids for the Commerce Park Utility Project resulted in an initial overrun of \$540,888.30. Board members were provided with a meeting summary which provides for a plan for reducing this overage pending the receipt of bids for the remaining project components. Staff reported while the total overrun is covered by the existing contingency, all other bids have to come in at or below the engineers estimate for the project to be completed within budget. Also provided to Board members was correspondence to Christy Straight of the Planning District Commission describing how an overrun would be addressed should the remaining bids result in higher than expected total project cost as required by the funding agencies.

Mr. White inquired as to the name of the engineering firm providing services for the project. Mr. Coake advised Draper Aden Associates served as the engineering firm for the project. Mr. Coake advised the project was a difficult project to estimate as the water lines are not the normal eight-inch lines and there had not been a similar project in the past for which costs comparisons could be made.

Mr. White and Mr. Crawford expressed concerns about the quality and validity of information provided by Draper Aden.

By consensus, the Board requested staff communicate to Draper Aden Associates the PSA Board's dissatisfaction with the process for the estimation of bids, resulting in the overrun.

On a motion by Mr. Conner, seconded by Mr. Crawford and carried, the Board approved the overall budget for the Commerce Park Project, a copy of which is filed with the records of this meeting.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White,
Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean.

2. Resolutions/Documents

On a motion by Mr. White, seconded by Mr. Crawford and carried, the Board approved the audit agreement and code of conduct related to the administration of the Rural Development loan for the Commerce Park Utility Project, as well as the following loan resolution:

A RESOLUTION AUTHORIZING THE CONSTRUCTION AND FINANCING OF IMPROVEMENTS TO THE WATER AND SEWER SYSTEM OF THE PULASKI COUNTY PUBLIC SERVICE AUTHORITY AND THE ISSUANCE, SALE AND AWARD OF A WATER AND SEWER REVENUE BOND NOT TO EXCEED \$3,812,000, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, the Pulaski County Public Service Authority (the "Authority") is a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Waste Authorities Act (the "Act") by the Board of Supervisors of Pulaski

County, Virginia, and by a certificate of incorporation issued February 4, 1970, by the State Corporation Commission of Virginia; and

WHEREAS, the Authority has determined to construct water and sewer improvements to its water and sewer systems in order to serve the Commerce Park area of Pulaski County and to issue its revenue bond, the proceeds of which, together with other available funds, are estimated to be sufficient to pay the cost of the Project hereinafter authorized; and

WHEREAS, the United States of America, acting through Rural Utilities Service, United States Department of Agriculture (the "Government"), has offered to purchase such revenue bond upon certain terms and conditions, and the Authority, after mature consideration of the condition of the municipal bond market and other methods of selling its bonds, has determined to satisfy such terms and conditions and award the bond to the Government.

BE IT RESOLVED BY THE PULASKI COUNTY PUBLIC SERVICE AUTHORITY:

ARTICLE I

Definitions

Section 1.1. Definitions. Whenever used in this resolution, unless a different meaning clearly appears from the context:

"Act" shall mean the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended).

"Additional Bonds" shall mean any bonds issued pursuant to Article V and secured on parity with the Bonds by a pledge of the Revenues.

"Authority" shall mean the Pulaski County Public Service Authority, a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Act by the Board of Supervisors of Pulaski County, Virginia, and by a certificate of incorporation issued by the State Corporation Commission of Virginia on February 4, 1970.

"Bonds" shall mean the Project Bond and any Additional Bonds issued hereunder.

"Closing Date" shall mean the date on which the Project Bond is delivered to the Government in accordance with this resolution.

"County" shall mean Pulaski County, Virginia.

"Government" shall mean the United States of America, acting through Rural Utilities Service, United States Department of Agriculture, its successors and assigns.

"Maximum Amount" shall mean \$3,812,000.

"Operating Expenses" shall mean the reasonable and necessary expenses of operation, administration, maintenance and repair of the System, excluding any allowance for

depreciation, the deposits or transfers to the Debt Service Fund or the Reserve Fund required hereunder, and expenditures for capital improvements or extensions to the System.

“Project” shall mean such equipment and facilities as may be appropriate to construct water and sewer improvements to serve the Commerce Park area of the County substantially as described in plans and specifications prepared by the Consulting Engineer as now or hereafter approved by the Government.

“Project Bond” shall mean the Authority’s revenue bond issued pursuant to this resolution.

“Revenues” shall mean all revenues, income, and receipts now or hereafter derived or received by, or otherwise credited to, the Authority for the use of or the services furnished by, or for the benefit from, the System, including the interest income from the investment or deposit of money in any fund created by this resolution or a supplemental resolution in connection with the System, but “Revenues” shall not mean or include any customer deposits held by the Authority until such deposits become the property of the Authority.

“System” means all plants, systems, facilities, equipment or property, including but not limited to the Project, owned, operated or maintained by the Authority and used in connection with the collection, storage, treatment or distribution of water or the collection or treatment of wastewater; provided however; that "System" shall not mean or include any plants, systems, facilities, equipment or property that are owned by the County but operated by the Authority in connection with any of the water or sewer activities described above.

ARTICLE II

Authorization of Project

Section 2.1. The Project. In order to provide water and sewer service to the Commerce Park area of the County, the construction and equipping of the Project is hereby authorized. The Project may be modified by the Authority; provided, however, that any modification that affects any portion of the Project financed with proceeds of the Project Bond shall have been approved and recommended in writing by the Consulting Engineer and the Government and nothing herein shall limit the provisions of any agreements executed in connection with the financing of any other portion of the Project.

Section 2.2. Project Made Part of System. All improvements, extensions, additions and replacements constituting the Project financed in part or in whole by the issuance of the Project Bond shall be a part of the System.

ARTICLE III

Authorization, Form, Execution, Delivery, Registration and Prepayment of Project Bond

Section 3.1. Authorization of Project Bond. Pursuant to the Act, there is hereby authorized to be issued and sold a water revenue bond of the Authority in a principal amount not to exceed the Maximum Amount (the "Project Bond"), to provide funds, together with other available funds, to finance the cost of the Project.

Section 3.2. Award of Project Bond. After mature consideration of the methods of sale of such bond and current conditions of the municipal bond market, it is hereby determined that it is in the best interest of the Authority and the County for the Authority to accept the offer of the Government to purchase the Project Bond upon certain terms and conditions set forth in the Government's letter dated August 3, 2010, a copy of which has been presented to the Authority at the meeting at which this resolution is adopted. Such offer is hereby accepted, and the Authority hereby agrees to meet such terms and conditions.

Section 3.3. Details of the Project Bond.

(a) The Project Bond shall be issuable as one bond in the principal amount, and shall bear interest at the rate, determined in accordance with subsection (b) below. The Project Bond shall be in fully registered form, and shall be dated the date of the Closing Date. The principal of and interest on the Project Bond shall be due and payable in the amounts and on the dates established in accordance with subsection (b) below.

(b) Each of the Chairman and Vice Chairman of the Authority is hereby authorized to determine and approve all of the other final details of the Project Bond, including, but not limited to, its description and series designation, dated date, original principal amount, interest rate or rates and payment dates of interest, the payment dates of principal, and the amount of each principal payment; provided, however that:

- (i) the original principal amount of the Project Bond shall not exceed the Maximum Amount;
- (ii) no interest rate on the Project Bond shall exceed 2.375% per annum; and
- (iii) the due date of the last installment of principal is not later than 40 years after the date of the Project Bond.

Such officer's determination and approval of the final details of the Project Bond shall be evidenced conclusively by such officer's execution and delivery of the Project Bond in accordance with Sections 3.6 and 3.9 hereof.

(c) Any payment on the Project Bond shall be applied first to interest accrued to the payment date and then to principal. Installments shall be payable in lawful money of the United States of America by check or draft mailed to the registered owner of the Project Bond at its address as it appears on the registration books, except that the final installment on the Project Bond shall be payable upon presentation and surrender of the Project Bond at the office of the Secretary of the Authority who is hereby appointed Registrar.

Section 3.4. Alternate Provisions. At the request of the Government, the Project Bond may be delivered as a fully registered bond in the alternative form contained herein providing for

principal advances to be made from time to time by the Government in aggregate amounts not to exceed the face amount of the Project Bond. An authorized officer of the Government shall enter the amount and the date of each such principal advance on the Certificate of Principal Advances attached to the Project Bond when the proceeds of such advance are delivered to the Authority. Each such principal advance shall bear interest from the date of such advance so entered on the certificate.

Section 3.5. Prepayment. Installments of principal due on the Project Bond may be prepaid at the option of the Authority at any time as a whole or in part from time to time (but if in part, in inverse order of their maturities), without premium, from any proceeds of the Project Bond remaining after completion of the Project, any proceeds derived by the Authority from the sale or other disposition of a portion of the System, including the proceeds of insurance or condemnation awards, or any other source. Notwithstanding the above, the Authority may at any time deliver moneys to the Government with instructions that such moneys be credited against future installments due on the Project Bond in inverse chronological order. Prepayments shall not affect the obligation of the Authority to pay the remaining installments payable as provided in the Project Bond.

Section 3.6. Execution of Project Bond. The Project Bond shall be signed by the Chairman or Vice Chairman of the Authority and the Authority's seal shall be affixed thereto and attested by the Authority's Secretary.

Section 3.7. Form of Project Bond. The Project Bond shall be in substantially the following form:

No. R-____ \$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

PULASKI COUNTY PUBLIC SERVICE AUTHORITY

Water and Sewer Revenue Bond, Series of _____
(Commerce Park Project)

Dated: _____

The Pulaski County Public Service Authority, a political subdivision of the Commonwealth of Virginia (the "Authority"), for value received, hereby promises to pay, solely from the revenues described and pledged in the Bond Resolution, as hereafter defined, to the payment hereof, to the United States of America, or registered assigns, the principal sum [equal to the aggregate amount of principal advances shown on the attached Certificate of Principal Advances, but not to exceed the sum¹] of

¹Alternative language to be used if the Government requests provision for principal advances.

DOLLARS

(\$ _____)

and to pay, solely from such source, to the registered owner hereof interest on the unpaid principal from the date [hereof] [of each principal advance shown on the attached Certificate of Principal Advances] until payment of the entire principal sum at the rate of _____ percent (____%) per year. Interest only is payable on _____, and on _____. Installments of combined principal and interest of \$_____ are payable beginning _____, and continuing on the same day of each month thereafter until the principal of this bond is paid in full. Any payment on this bond shall be applied first to interest accrued to such payment date and then to principal. If not sooner paid, the final installment shall be due and payable 40 years from the date hereof. Such installments shall be payable in lawful money of the United States of America by check or draft mailed to the registered owner at its address as it appears on the registration books kept for that purpose at the office of the Authority's Secretary who has been appointed Registrar, except that the final installment shall be payable upon presentation and surrender hereof at the office of the Registrar.

This bond has been authorized pursuant to a resolution duly adopted by the Authority on _____ (the "Bond Resolution"), and is issued pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the "Act"), to provide funds, together with other available funds, to finance the cost of improvements to the "System," as defined in the Bond Resolution. Reference is hereby made to the Bond Resolution and any amendments thereto for the provisions, among others, describing the pledge and covenants securing this bond, the nature and extent of the security, the terms and conditions upon which this bond is issued, the rights and obligations of the Authority and the rights of the bondholder. Capitalized terms used in this bond and not otherwise defined have the meanings given them in the Bond Resolution.

Both principal of and interest on this bond are payable solely from the Revenues of the System pledged thereto in the Bond Resolution, and nothing herein or in the Bond Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or any county, city, town or other political subdivision of the Commonwealth.

The lien of the pledge of Revenues securing the payment of this bond is on parity with the lien of a pledge of System Revenues securing the following bonds issued or assumed by the Authority:

This bond is fully registered as to both principal and interest in the name of United States of America. Transfer of this bond may be registered upon the registration books 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 interest and the exercise of all other rights and powers of the owner.

Additional bonds secured equally and ratably with this bond may be issued from time to time under the conditions, limitations and restrictions set forth in the Bond Resolution.

Installments of principal due on this bond may be prepaid at the option of the Authority at any time as a whole or in part from time to time (but if in part, in inverse order of their maturities), without premium. Prepayments of installments of principal shall not affect the obligation of the Authority to pay the remaining installments payable as provided above.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed.

IN WITNESS WHEREOF, the Authority has caused this bond to be signed by the Chairman of the Authority, its seal to be affixed hereto and attested by the Secretary of the Authority, and this bond to be dated the date first shown above.

(SEAL)

ATTEST:

[NOT FOR SIGNATURE]

Secretary, Pulaski County Public Ser
Authority

[NOT FOR SIGNATURE]

Chairman, Pulaski County Public Ser
Authority

CERTIFICATE OF PRINCIPAL ADVANCES²

The amount and date of principal advances not to exceed the face amount hereof shall be entered hereon by an authorized officer of the United States of America, when the proceeds of each such principal advance are delivered to the Authority.

²Certificate of Principal Advances to be used if the Government requests provision for principal advances.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 3.8. Registration and Exchange of Project Bond. Transfer of the Project 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 interest and the exercise of all other rights and powers of the owner.

Section 3.9. Delivery of Project Bond. The Chairman, Vice Chairman and the Secretary of the Authority are hereby authorized and directed to take all proper steps to have the Project Bond prepared and executed in accordance with its terms and to deliver the Project Bond to the Government upon payment of the purchase price therefor or upon the Government's agreement to disburse the principal thereof to the Authority.

ARTICLE IV

Revenues and Funds

Section 4.1. Revenue Covenants. It is hereby covenanted and agreed with the holders of the Bonds that so long as any of the Bonds are outstanding the Authority will:

- (a) fix, charge and collect such rates, fees and other charges to users of or for the services furnished by the System and from time to time revise such rates, fees and charges so as to produce sufficient revenues in each fiscal year to equal an amount required to pay (i) the Operating Expenses which shall accrue or become payable during the then current fiscal year and (ii) the amounts required by Section 4.3 to be paid during the then current fiscal year into the Debt Service Fund and Reserve Fund;
- (b) apply the Revenues as provided in Section 4.3; and
- (c) segregate and keep segregated from all other funds of the Authority all Revenues, and keep proper records and accounts therefor, separate and apart from all other records and accounts of the Authority.

Section 4.2. Free Service; Enforcement of Charges.

- (a) So long as any of the Bonds are outstanding the Authority shall not permit connections to or use of the System or provide any services of the System without making a charge therefor.

(b) If any rates, fees or charges for the use of and for the services furnished by the System shall not be paid within 60 days after the same shall become due and payable, or within such shorter time as may be determined by the Authority, at the expiration of such period the Authority shall disconnect the premises from the System or otherwise suspend service to such premises until such delinquent rates, fees or charges and any interest, penalties or charges for reconnection shall have been paid in full; provided, however, that such services shall not be suspended if the State Health Commissioner shall have found and shall certify to the Authority that suspending such services will endanger the health of the persons occupying such premises or the health of others.

(c) The Authority shall take all such action as may be necessary to perfect liens upon real estate for the amount of any unpaid rates, fees, or charges described in Section 4.2(b) above or any unpaid connection charges or other charges so that such liens will be binding upon subsequent bona fide purchasers for valuable consideration without actual notice thereof.

Section 4.3. Accounts and Funds. The following special funds are hereby established and shall be held by the Authority for the following purposes:

Construction Fund: Simultaneously with the delivery of a Project Bond the proceeds from the sale thereof shall be deposited in the Construction Fund and shall be applied to the cost of the Project, unless the Project Bond is issued in the alternative form providing for periodic advances, in which case the amount of any such advance may be immediately applied to the cost of the Project. Payments for the Project shall be made from the Construction Fund on checks signed by an authorized representative of the Authority and countersigned by an authorized representative of the Government. The Authority shall preserve at its office accurate records available at all times which show that payments from the Construction Fund or, if applicable, advances under the Project Bonds were made solely to pay costs of the Project. Any balance remaining in the Construction Fund shall, at the option of the Authority, be used to prepay installments of principal and interest on the Project Bonds or shall be transferred to the Reserve Fund.

Revenue Fund: All Revenues shall be collected and, so far as may be practicable, deposited not less frequently than weekly in the Revenue Fund. Moneys on deposit in the Revenue Fund shall be used only in the manner and priority set out below.

Debt Service Fund: Each month the Authority shall transfer from the Revenue Fund to the Debt Service Fund an amount equal to the installments of interest or principal and interest, as the case may be, coming due on the Project Bonds that month. If there should be insufficient moneys in the Revenue Fund and the Reserve Fund for this purpose, the deficit shall be added to the required payment for the month or months next ensuing until such deficit is eliminated. When the balances in the Debt Service Fund and the Reserve Fund shall equal the principal of and interest on the Project Bonds then outstanding to their respective maturities, no further transfers to the Debt Service Fund shall be required. The Authority shall pay installments of principal and interest on the Project Bonds from the Debt Service Fund as the same become due.

Operation and Maintenance Fund: Each month, after making the transfer to the Debt Service Fund required above, the Authority shall transfer from the Revenue Fund to the

Operation and Maintenance Fund such amount, if any, needed to increase the balance in the Operation and Maintenance Fund to the sum of (a) the amount of the Operating Expenses for the current month and (b) the aggregate amount of all checks outstanding and unpaid drawn upon the Operation and Maintenance Fund. Each month the Authority shall pay from the Operation and Maintenance Fund all Operating Expenses for the then current month.

Reserve Fund: Each month, after making the transfers to the Debt Service Fund and the Operation and Maintenance Fund required above, the Authority shall transfer an amount equal to 10% of monthly installments of principal and interest on the Project Bonds from the Revenue Fund to the Reserve Fund, until there has been accumulated and maintained therein an amount equal to twelve (12) such installments, after which no further deposits shall be required except to eliminate any deficiency in the Reserve Fund. The Reserve Fund shall be used, with the prior written approval of the Government, to make transfers to the Debt Service Fund to the extent necessary (a) to pay the principal of and interest on the Bonds as the same become due in the event the balance on the Debt Service Fund is insufficient therefor, (b) to pay the cost of repairing or replacing any damage to the System, or (c) to pay the cost of extensions or improvements to the System.

Section 4.4. Pledge of System Revenues. As security for the payment of the principal of, premium, if any, and interest on all Bonds, the Authority, pursuant to and in accordance with the provisions of the Act and Section 2.2-4902.1 of the Code of Virginia of 1950, as amended, does hereby pledge all of the Authority's right, title and interest to, in and under the Revenues, for the equal and ratable benefit of all present and future owners of the Bonds, without preference, priority or distinction of any Bond over any other Bond; subject only to the right to make application thereof to other purposes as provided in this Resolution. The lien of the pledge of Revenues securing the Bonds is intended to be on parity with the lien of the pledge of any Revenues securing the following bonds issued by the Authority, provided either that the holders of such bonds consent in writing to such parity or that such parity is otherwise obtained in accordance with the terms and provisions of any resolutions or agreements governing the issuance of the following bonds:

Section 4.5 Limited Obligation. Both principal and interest on the Project Bond are payable solely from the Revenues pledged hereby, and nothing in this resolution or in the Project Bond shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or any county, city, town or other political subdivision of the Commonwealth.

ARTICLE V

Additional Bonds

Section 5.1. Issuance of Additional Bonds. The Authority may issue additional bonds secured on a parity with the Bonds then outstanding by a pledge of the Revenues of the System (the "Additional Bonds") to finance the cost of completing the Project or the acquisition or construction of improvements, extensions, additions or replacements to equipment or betterments of and any property, rights or easements deemed by the Authority to be necessary, useful or convenient for the System or to refund any Bonds. Additional Bonds shall be in such form, shall be dated such

date, shall mature in such installments of principal and interest, shall bear interest at such rate or rates, shall be in such denomination or denominations and may contain such provisions for prepayment prior to their respective maturities, all as provided by the Authority by resolution adopted prior to their issuance. Additional Bonds shall contain an appropriate series designation.

Section 5.2. Conditions of Issuance. The Authority shall not issue any Additional Bonds unless there shall have been filed with the Authority and, if the Government is the owner of the Initial Bond or of any Additional Bonds, with the Government, the following:

(a) a certified copy of a resolution of the Authority in form complying with the foregoing provisions specifying or providing for all the terms of the Additional Bonds and, if applicable, stating the cost of the acquisition or construction of any improvements, extensions, additions or replacements to equipment or betterments of and any property, rights or easements to be acquired or constructed and finding and ordering that such improvements, extensions, additions and replacements shall be a part of, or are necessary, useful or convenient for, the System;

(b) a certified copy of a resolution of the Authority awarding the Additional Bonds, specifying or providing for the interest rate or rates and directing the delivery of such Additional Bonds to the purchaser named therein upon payment of the purchase price set forth therein;

(c) if the Additional Bonds are to be issued to complete the Project, a certificate of the Consulting Engineer to that effect;

(d) if the Additional Bonds are to be issued for any purpose other than the refunding of Bonds or the completion of the Project, either (i) a certificate of an independent certified public accountant stating that the amount of the Revenues less Operating Expenses for the fiscal year preceding the year in which the proposed Additional Bonds are to be issued was not less than one hundred twenty percent (120%) of the average annual principal and interest requirements for the Bonds then outstanding and the Additional Bonds to be issued, or (ii) the written consent of the holders of three-fourths in aggregate principal amount of the Bonds outstanding;

(e) a certificate of the Authority, signed by the Chairman or Vice-Chairman of the Authority, that the Authority is in compliance with all covenants and undertakings in connection with this resolution and any supplemental resolution authorizing Additional Bonds which remain outstanding;

(f) if the Initial Bond or any Additional Bonds are held by the Government, the written consent of the Government to the issuance of the Additional Bonds; and

(g) the written opinion or opinions of counsel for the Authority stating that the issuance of the Additional Bonds has been duly authorized and that all conditions precedent to their delivery have been fulfilled.

ARTICLE VI

Covenants

Section 6.1. Refinancing. The Authority shall refinance the unpaid principal balance of the Initial Bond upon the request of the Government if at any time it shall appear to the Government that the Authority is able to do so with funds obtained from responsible private sources at reasonable rates and terms for loans for similar purposes and periods of time.

Section 6.2. Payment of Bonds. The Authority shall pay promptly, as provided herein, the principal of and interest on each of the Bonds, but such principal and interest shall be payable solely from the revenues pledged herein, and nothing in the Bonds or in this resolution shall be deemed to create or constitute a general obligation of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth.

Section 6.3. Construction of Project. The Authority shall obtain all approvals, permits and consents required by law as a condition precedent to the acquisition, construction, development and operation of all parts of the Project and shall complete the construction of the Project in a sound and economical manner and in conformity with all applicable requirements of the Government and all other governmental authorities and do all acts and things necessary and reasonable so that the Authority may begin to collect revenues from the Project at the earliest practicable time.

Section 6.4. Operation and Maintenance. The Authority shall operate the System in an efficient and economical manner, maintain the same in good condition and make all necessary repairs, replacements and renewals. All compensation, salaries, fees and wages paid by it in connection with the operation, maintenance and repair of the System shall be reasonable. The Authority shall observe and perform all of the terms and conditions contained in the Act and comply with all applicable state and federal laws.

Section 6.5. Competition. The Authority shall not operate or assent to the operation of any utility service in competition with the System.

Section 6.6. Consulting Engineer. At the request of the Government, the Authority shall employ as Consulting Engineer an engineering firm or individual engineer of recognized standing and experience in the field of civil engineering registered in the Commonwealth of Virginia, whose duties shall include supervision of the construction of the Project and advice as to proper operation, maintenance and repair of the System.

Section 6.7. Sale or Encumbrance. The Authority shall not sell, transfer, lease or otherwise encumber the System or any portion thereof, nor permit others to do so, without the prior written consent of the Government.

Section 6.8. Title to Lands. All parts of the System shall be located on lands to which title in fee simple or over which valid perpetual easements, in either case sufficient for the purposes of the System, are owned by the Authority.

Section 6.9. Records and Reports. The Authority shall establish and maintain such books and records relating to the operation of the System and its financial condition and provide for an annual audit, all in such manner as may be required by the Government. Copies of all such audits

shall be submitted to the Government as soon as they are obtained by the Authority. The Authority shall prepare and submit to the Government such additional information and reports as the Government may from time to time reasonably require.

Section 6.10. Access to Books and System. The Authority shall provide to the Government at all reasonable times access to all books and records relating to the System and access to the property of the System so that the Government may ascertain that the Authority is in compliance with all the provisions of this resolution and all other instruments incident to the purchase of the Initial Bond by the Government.

Section 6.11. Insurance. The Authority shall acquire and maintain such insurance coverage as may be required by the Government, including without limitation:

- (a) public liability insurance with limits acceptable to the Government;
- (b) workers' compensation insurance on all employees of the Authority in accordance with the laws of the Commonwealth of Virginia.
- (c) fidelity bonds on all officers and employees of the Authority entrusted with the receipt or disbursement of funds of the System in an amount not less than the maximum amount of annual debt service on the Bonds and any other debt of the Authority to the Government, with the Authority naming the Government as a co-obligee;
- (d) flood insurance covering all structures forming a part of the System located in any designated special flood or mudslide-prone areas; and
- (e) real property insurance (including fire and extended coverage) to the extent of their insurable value, on all above-ground structures, including machinery and equipment housed therein, but not including water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

ARTICLE VII

Defaults and Remedies

Section 7.1. Default and Remedies. Upon default by the Authority (a) in the payment of principal of or interest on the Bonds, (b) in the performance of any covenant or agreement contained in the Bonds or in this resolution or (c) upon the occurrence of certain events of bankruptcy of the Authority, the holder of the Project Bond at its option may:

- (a) declare the entire unpaid principal amount of the Project Bond then outstanding and accrued interest thereon to be immediately due and payable;

(b) incur and pay such reasonable expenses for the account of the Authority as may be necessary to cure the cause of any default;

(c) proceed to protect and enforce its rights under the Project Bond and this resolution by a suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement or execution of any power or for the enforcement of any proper legal or equitable remedy as may be deemed most effectual to protect and enforce such rights, including, without limitation, the fixing of rates and the collection and proper application of the revenues of the System and the appointment of a receiver having full power to administer and operate the System.

Section 7.2. Remedies Cumulative. No remedy conferred hereby is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing in equity, at law or by statute.

ARTICLE VIII

Miscellaneous

Section 8.1. Authority of Officers and Agents. The officers and agents of the Authority shall do all acts and things required of them by this resolution, the Project Bond and the Act for the complete and punctual performance of all the terms, covenants and agreements contained therein.

Section 8.2. Conditions Precedent. Upon the issuance of the Project Bond all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this resolution to happen, exist and to be performed precedent to or in the issuance of the Project Bond shall have happened, exist and have been performed.

Section 8.3. Severability. If any court of competent jurisdiction shall hold any provision of this resolution to be invalid or unenforceable, such holding shall not invalidate any other provision of this resolution.

Section 8.4. Successors and Assigns. All the covenants, stipulations, promises and agreements of the Authority contained in this resolution shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 8.5. Headings. Any headings in this resolution are solely for convenience of reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

Section 8.6. Incorporation of Recitals. The recitals in the “whereas” clauses above are hereby found and determined to be a part of this resolution.

Section 8.7. Trust Funds. In accordance with Section 15.2-5140 of the Act, any officer to whom, or any bank, trust company or other fiscal agent to which, moneys received pursuant to the Act are paid shall act as trustee of such moneys and shall hold and apply the same for the purposes provided in the Act, subject to such regulations as this resolution may provide.

Section 8.8. Build America Bond Election. The Authority hereby authorizes the Chairman or Vice Chairman, either of whom may act, to make on the Authority’s behalf an irrevocable election to apply Section 54AA(d) and Section 54AA(g) of the Internal Revenue Code of 1986, as amended (the “Code”) to all or any portion of the Project Bond. Such elections, if any, shall be made before the Project Bond is issued. If the elections are made, the Chairman or Vice Chairman, either of whom may act, are authorized and directed to execute a Non-Arbitrage and Tax Compliance Certificate setting forth the expected use and investment of the proceeds of the Project Bond or a portion thereof that is issued as a Direct Payment Build America Bond and containing such covenants as may be necessary or desirable in order to comply with the provisions of the Code, including without limitation the provisions of Section 54AA(g) of the Code and applicable regulations and guidance relating to Build America Bonds and Section 148 of the Code and applicable regulations relating to “arbitrage bonds.” The Authority covenants that all of such proceeds will be invested and expended as set forth in the Non-Arbitrage and Tax Compliance Certificate and that the Authority will comply with the other covenants and representations contained therein.

Section 8.8. Filing of Resolution. The Secretary of the Authority is directed to file a certified copy of this resolution with the Circuit Court of Pulaski County, Virginia, pursuant to section 15.2-5126 of the Act.

Section 8.9. Effective Date. This resolution shall take effect immediately.

* * *

The undersigned Secretary of the Pulaski County Public Service Authority (the “Authority), hereby certifies that the foregoing constitutes a true and correct copy of a resolution adopted at a meeting of the Authority held on September 14, 2010. I hereby further certify that such meeting was a duly called and held meeting and that, during the consideration of the foregoing resolution, a quorum was present. I further certify that the minutes of such meeting reflect the attendance of the members and the voting on the foregoing resolution as follows:

Members	Attendance	Vote

WITNESS MY HAND and the seal of Pulaski County Public Service Authority, this 14th day of September, 2010.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White,
Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean

j. Dublin Area Sewer System

• Sun Valley Apartments Connection Fees

As reported in the Board packet, Mark Roop, manager of Sun Valley Apartments is requesting a reduction of the normal \$500 connection fee based on the connection of 18 duplex units to the sewer system (total due of \$4,500 rather than \$9,000). Staff advised the PSA policy had been to provide a 50% reduction where 20 or more connections were being purchased in bulk. County staff and Dublin Town Manager Bill Parker recommend approval of the request based on the fact the company was already a paying Town of Dublin customer and had expended approximately \$6,000 for redirecting sewage from being pumped into the Dublin sewer collection system to gravity flow into the newly built PSA system.

Mr. White suggested consideration to amending the current policy to allow for phasing reductions for future requests for connection fee reductions.

On a motion by Mr. Crawford, seconded by Mr. White and carried, the Board approved a request by the manager of Sun Valley Apartments for a reduction of the normal \$500 connection fee based on the connection of 18 duplex units to the sewer system (total due of \$4,500 rather than \$9,000).

Voting yes: Mr. Crawford, Dr. Warren, Mr. White,
Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean

In approving this request, the PSA Board asked staff to come up with a graduated system of offering volume discounts on connection fees.

4. Informational Items

a. Dublin Area Sewer System

1. Town of Dublin Billing Agreement & Summary Listing

As reported in the Board packet and as requested by the PSA board at the August meeting, Bill Parker provided a summary of items to be done by the Town in exchange for the 4% fee and the agreement was subsequently signed. A copy of both the agreement and the supplemental listing is filed with the records of this meeting. Further, staff was directed to develop a policy for the phasing of reductions for future requests for connection fee reductions.

2. Notice of Connection to Sewer System

As reported in the Board packet, Board members were provided a copy of a letter to new PSA sewer customers informing them of the availability of service. Staff explained the notice is being placed in the residents' doors by Lane Penn, as individual sewer collection lines become operational and that residents are being given six months to connect to the system prior to the initiation of non-user fees.

3. Start-up of Billing Services

As reported in the Board packet, in order to match up to the Town of Dublin utility billing cycle, billing for newly connected PSA sewer customers in the Dublin area will be sent out on October 1, 2010 for September usage.

4. SERCAP Grant Allocation De-obligation

As reported in the Board packet, Board members were provided with a copy of a letter from SERCAP de-obligating the \$40,000 allocation as a community project for the subdivision sewer system. Staff noted that the PSA should have been paying the contractor directly and seeking reimbursement through the PSA as a community project. However, staff was submitting pay requests on behalf of the contractor and SERCAP was reimbursing them directly. It was discovered that the IPR program (for individual's seeking assistance) has more funds at the present time than the community assistance program. Therefore, SERCAP has

advised the PSA to continue submitting the applications as such and they will continue processing them as they are approved, or until the funds run out.

b. Garbage Truck Accident

As reported in the Board packet, an accident occurred on Monday, September 6, 2010 involving a PSA truck and car. Staff -indicated PSA staff and the driver of the car were spared injury when the car was driven into the back of a rear-load garbage truck. Details regarding the accident were provided including the driver of the car being charged. Staff noted all appropriate procedures having been followed by the County staff including notification of the County's insurance, performance of a drug test, photo documentation of the factors involved in the accident, relieving the three person crew for the remainder of the day and offering counseling services if desired.

c. Mack-Clauser Water Damage 6323 Church Street in New River

As reported in the Board packet, the Mack-Clauser's have submitted a damage estimate in the amount of \$1,944.06, of which \$1,444.06 was paid by their insurance company, and who is now seeking settlement from the PSA's insurance and has been forwarded to VACo Insurance.

5. Current Authorized Projects (Staff "to do" list)

The Board noted the following current authorized projects:

- a. Construction of water and sewer service to mobile home parks
- b. Construction of Rolling Hills, Orchard Hills, Vista, and Highland Park sewer
- c. Skyview/NRV Fairgrounds sewer engineering and environmental reports
- d. Commerce Park Utility engineering, easement acquisition and construction
- e. Evaluation of "radio read" water meter option
- f. Lakewood Estates emergency management plan
- g. Drop Center location serving South side of Claytor Lake
- h. Evaluation of joint negotiation of rail crossing fees

5. Other Matters

Staff reported information related to Building America Bonds whereby PSA could receive reimbursement of 35% of interest cost during the life of loan. Mr. Huber advised staff plans to compare the interest rate with VML/VACo, as well as plans to determine deadlines. Mr. Huber indicated county staff would call a special meeting of PSA Board, if needed. Otherwise, a report will be provided at the October Board meeting.

Dr. Warren inquired as to the status of the construction in the Skyview Subdivision. Mr. Huber and Mr. Coake reported the preliminary engineering report had been completed and the New River Valley Planning District Commission is conducting an environmental review required by Rural Development. Mr. Coake advised construction is expected to begin in summer of 2011.

Mr. Huber distributed several documents providing an update on the Commerce Park project, including a summary of items the contractor is being requested to remove in order to reduce the overall costs.

Dr. Warren inquired as to the construction date of the Commerce Park project. Mr. Coake advised of the Economic Development Administration required construction start up on September 17, 2010.

6. Adjournment

On a motion by Mr. Crawford, seconded by Mr. White and carried, the Board adjourned its regular September meeting. The next regular meeting of the PSA Board is scheduled for Tuesday, October 12, 2010 at 9:00 a.m. in the Board Room of the County Administration Building, 143 Third Street, NW, in the Town of Pulaski.

Voting yes: Mr. Crawford, Dr. Warren, Mr. White, Mr. Conner.

Voting no: none.

Not present: Mr. Loyd, Mr. Dean

Douglas Warren, Chairman

Hollis Loyd, Secretary/Treasurer