

PUBLIC SERVICE AUTHORITY BOARD OF DIRECTORS

February 11, 2014

At a regular meeting of the Public Service Authority Board of Directors held on Tuesday, February 11, 2014 at 9:00 a.m. in the Board 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; Dave Dean; Nancy Burchett; Fritz Streff; and Dennis Setliff, Alternate. Pete Crawford was absent from the meeting.

Staff members present included: Peter Huber, County Administrator; Robert Hiss, Assistant County Administrator; Jared Linkous, County Engineer; Diane Newby, Finance Director; and Debra Boyd, PSA Collections.

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

1. BoardDocs Demonstration

Mr. Huber provided an update on plans by the Board of Supervisors to use the BoardDocs software which will allow for preparing board agendas, etc. in electronic format. Mr. Huber advised the use of the BoardDocs software was also being made available to the PSA Board and Planning Commission.

Heather Freeman, School Board Clerk, provided a demonstration of the BoardDocs program.

PSA Board members and staff discussed the advantages of using the program, the costs with the purchase of tablets, upcoming training sessions, potential for archiving past board packets/information, etc.

On a motion by Mr. Dean, seconded by Ms. Burchett and carried, the PSA Board approved use of the BoardDocs program and authorized purchase of tablets needed to operate program.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Dr. Streff, Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

County staff was requested to contact the appropriate state agency to inquire if notes placed on the BoardDocs program by Board members are subject to Freedom of Information Act (FOIA) requests.

2. Citizen Comments

There were no citizen comments at this time; however, Board members were provided via the Board packet an email from Pulaski County resident Donna Travis describing a situation where money had been accidentally thrown in the Travis' residential trash by the Travis' and the retrieval and return of the money to the Travis' by the PSA Refuse Collection crew.

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3. Follow-up Items

a. Update on Water Intake/Wells

Mr. Linkous reported the agreements have been signed by owners and that staff is in the process of scheduling the digging of the two test wells.

b. Status of Town of Pulaski Drop Site Locations

Mr. Huber reported Honeywell had been contacted by the Town of Pulaski; however, no additional information had been provided to the County by the Town staff.

c. Update on Refinancing

Mr. Huber reported the PSA and County's financial advisors, Davenport and Company, along with Bond Council with Spillman, Thomas & Battle attorneys, are working through various options for refinancing viable portions of the existing utility debt, some of which are currently in the name of the Board of Supervisors, due to loan/grant purposes.

Mr. Huber reported it was recommended to transfer the land under the County Garage and the Dublin drop site area from the Board of Supervisors to the PSA, with said land valued at about \$250,000, and with said transfer allowing for the assets to be in the PSA's name.

Board members discussed the terms of the loan, the savings over the term of the loan and other debt currently in the name of the Board of Supervisors.

Dr. Warren requested a detailed description of the nine documents being presented to the PSA Board for approval. In response to Dr. Warren's request, Mr. Huber arranged for a phone conference between PSA Board members, Carter Brothers and Doug Gephart, who assisted with the description of the documents presented to the PSA Board.

Board members posed questions to Mr. Brothers and Mr. Gephart related to the one proposal received. Mr. Brothers described in detail the resolution being presented to the PSA Board for approval, the purpose of which allowed for refunding and authorization to close on the bonds.

On the motion of Ms. Burchett, seconded by Mr. Setliff and carried, the Board approved the following resolution in its stated form which authorized the acquisition of real estate from Pulaski County, the refunding of a prior bond, and the issuance, sale and award of the revenue bonds in an

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aggregate principal amount not to exceed \$4.4 million and providing for the form, details and payment of the bond:

RESOLUTION OF THE PULASKI COUNTY PUBLIC SERVICE AUTHORITY AUTHORIZING THE ACQUISITION OF REAL PROPERTY FROM PULASKI COUNTY, THE REFUNDING OF A PRIOR BOND, AND THE ISSUANCE, SALE AND AWARD OF REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,400,000, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF THE BONDS

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 (the "Board of Supervisors").

The Authority has been authorized to acquire, construct, operate and maintain water, sewer, and solid waste disposal systems in Pulaski County, Virginia (the "County"), and to borrow money and to issue its revenue bonds to pay all or part of the cost of such systems, including the cost of such additions and betterments as the Authority deems necessary to place or maintain the systems in proper condition for the safe, efficient and economical operation thereof, and to refund bonds previously issued by the Authority.

Pursuant to a Management and Operation Agreement dated January 22, 2008, between the County and the Authority, the Authority operates and maintains water and sewer facilities owned by the County, some of which were financed by the County's \$901,000 Water and Sewer Revenue Bonds, Series of 1995 and \$2,439,700 Water and Sewer Revenue Bond, Series of 1996 (Cloyd's Mountain Project) (the "County Bonds").

Pursuant to Section 15.2-5148 of the Act, the County is authorized to transfer jurisdiction over or lease, lend, grant or convey to the Authority, upon the request of the Authority and upon such terms and conditions to which the Board of Supervisors and the Authority may agree, such real or personal property as may be necessary or desirable in connection with the acquisition, construction, improvement, operation or maintenance of the systems by the Authority.

The Authority has determined that its acquisition of certain real property from the County at a cost sufficient to enable the County to prepay the County Bonds (a) is necessary and desirable in order to maintain the systems in proper condition for their safe, efficient and economical operation and (b) will facilitate the subsequent transfer from the County to the Authority of the facilities that were financed with proceeds of the County Bonds, which transfer is proposed by the County and the Authority subject to obtaining any required approval of the United States Department of Agriculture, Rural Utilities Service, as the holder of bonds issued by the County.

On June 30, 2004, the Authority issued its \$4,300,000 Public Service System Revenue Bond, Series 2004 (the "Series 2004 Bond"), to provide funds to acquire sewer facilities and to currently refund the following bonds of the Authority, the proceeds of which financed capital improvements to the systems of the Authority:

<u>Bond</u>	<u>Date Issued</u>
\$708,000 Water and Sewer Revenue Bond, Series of 1976;	April 26, 1976
\$181,500 Water and Sewer Revenue Bond, Series of 1978;	February 22, 1978

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\$3,405,000 Water and Sewer Revenue Bond, Series of 1978B;	April 19, 1978
\$1,925,800 Water and Sewer Revenue Bond, Series of 1980;	October 9, 1980
\$306,400 Solid Waste Collection Revenue Bond, Series of 1981; and	April 9, 1981
\$220,000 Water and Sewer Revenue Bond, Series of 1992.	May 18, 1992

The Authority now proposes to issue its revenue bonds to provide funds to pay the cost of acquiring the real property from the County, to redeem or pay in full the principal installments of the Series 2004 Bond coming due on and after October 1, 2015, and to pay the costs of issuing such revenue bonds.

STI Institutional & Government, Inc. (the "Lender") has offered to purchase such revenue bonds 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 bonds to the Lender.

THEREFORE, BE IT RESOLVED BY THE PULASKI COUNTY PUBLIC SERVICE AUTHORITY:

ARTICLE I

Recitals; Definitions

Section 1.1. Incorporation of Recitals. The recitals above are found and determined to be true and accurate and are made a part of this resolution.

Section 1.2. 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).

"Authority" shall mean the Pulaski County Public Service Authority, a public body politic and corporate of the Commonwealth of Virginia.

"Bonds" shall mean the Authority's revenue bonds issued pursuant to this resolution.

"Bonds To Be Refunded" shall mean the principal installments of the Series 2004 Bond coming due on and after October 1, 2015, which installments total \$1,425,000 in the aggregate.

"County" shall mean Pulaski County, Virginia.

"County Bonds" shall mean the County's \$901,000 Water and Sewer Revenue Bonds, Series of 1995 and \$2,439,700 Water and Sewer Revenue Bond, Series of 1996 (Cloyd's Mountain Project).

"Existing Bonds" shall mean the following bonds of the Authority:

\$130,000 Water and Sewer Revenue Bond, Series of 1993 (Zero Interest);

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\$4,300,000 Public Service System Revenue Bond, Series 2004; and

\$4,741,000 Water and Sewer Revenue Bonds, Series 2011.

“Lender” shall mean STI Institutional & Government, Inc., its successors and assigns.

“Maximum Amount” shall mean \$4,400,000.

“Real Property” shall mean the portion of Tax Map Parcel Number 056-8-6 lying to the west of the access road off Bagging Plant Road, which portion contains approximately 7.25 acres and is currently known as the Authority’s Dublin drop site, together with such access and other easements as may be required for the intended use of such property.

“System” means all plants, systems, facilities, equipment or property owned, operated or maintained by the Authority, and used in connection with the supply, treatment, storage or distribution of water, the collection and treatment of wastewater, and the collection and disposal of solid waste, as the same may from time to time exist, provided however, that “System” shall not mean or include any plants, systems, facilities, equipment or property that are owned by the County of Pulaski, Virginia but operated by the Authority in connection with any of the water, sewer or solid waste activities described above.

ARTICLE II

Authorization of Acquisition of Real Property and Refunding

Section 2.1. Authorization of Acquisition. In order to maintain the System in proper condition for its safe, efficient and economical operation, the Authority authorizes the acquisition by the Authority of the Real Property from the County at a purchase price sufficient to pay in full the principal of and interest on the County Bonds as of the date of acquisition. The Authority requests the County to sell it the Real Property on such terms.

Section 2.2 Part of System. The Real Property is found and ordered to be a part of the System as and when it is acquired by the Authority.

Section 2.3. Authorization of Refunding. In order to redeem the Bonds To Be Refunded, the Authority authorizes the Chairman and Vice Chairman of the Authority to take all actions necessary or desirable to refund the Bonds To Be Refunded as may be required under the resolutions and agreements governing the prepayment of the Series 2004 Bond or otherwise.

ARTICLE III

Authorization, Award, Details, Execution, Form, Registration and Delivery of Bonds

Section 3.1. Authorization and Award of Bonds. Pursuant to the Act, there are hereby authorized to be issued and sold revenue bonds of the Authority in the aggregate principal amount not to exceed the Maximum Amount (the “Bonds”), to provide funds, together with other available funds, to pay the costs of the Real Property, to redeem the Bonds To Be Refunded, and to pay the costs of issuing the Bonds. After mature consideration of the methods of sale of such bond and current conditions of the municipal bond market, it is determined that it is in the best interest of the Authority for the Authority to accept the offer of the Lender to purchase the Bonds on terms and conditions substantially as stated in the Lender’s proposal dated February 7, 2014, a copy of which is attached as Exhibit A to this resolution. The Authority

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acknowledges that the Authority may be required to purchase one of the Bonds in 2024, in accordance with a put option in favor of the Lender.

Section 3.2. Details of Bonds.

(a) The Bonds shall be designated "Public Service System Revenue Bonds, Series 2014," provided, however, that either of the Chairman or Vice-Chairman of the Authority is authorized to provide some other designation for the Bonds in order to more appropriately identify the Bonds. The Bonds shall be issued as fully registered bonds without coupons, shall be dated the date of their issuance and delivery, and shall be in an aggregate principal amount not to exceed the Maximum Amount.

(b) Either of the Chairman or Vice Chairman of the Authority is authorized to determine and approve all of the final details of the Bonds, including, but not limited to, their dated date, original principal amount, interest rate or rates (including determination of the interest rate or rates by reference to indices or formulas) and payment dates of interest, the payment dates of principal, and the amount of each principal payment, provided that (i) the original principal amount of the Bonds does not exceed the Maximum Amount, (ii) the initial interest rate on the Bonds does not exceed 3.36%, and (iii) the due date of the last installment of principal is not later than 25 years after the date of the Bonds. Such officer's determination and approval of the final details of the Bonds shall be evidenced conclusively by such officer's execution and delivery of the Bonds in accordance with Section 3.3 of this resolution.

(d) Interest on the Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months.

Section 3.3. Execution of Bonds. The Bonds 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 3.4. Form of Bonds. The Bonds shall be in substantially the following form, with such variations, insertions and omissions as shall be consistent with this resolution, the execution and delivery of the Bonds constituting conclusive evidence that any variations, insertions and omissions are consistent with this resolution:

No. R-_____ \$_____

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
PULASKI COUNTY PUBLIC SERVICE AUTHORITY
PUBLIC SERVICE SYSTEM REVENUE BOND, SERIES 2014

Dated: _____

Pulaski County Public Service Authority, a political subdivision of the Commonwealth of Virginia (the "Authority"), for value received, promises to pay, solely from the revenues described and pledged in the Financing Agreement, as hereafter defined, to the payment hereof, to STI Institutional & Government, Inc. or registered assigns (the "Holder"), the principal sum stated above in [annual] installments in the amounts set forth on Schedule I attached hereto, due and payable on _____, _____ and annually on _____ thereafter to and including _____, together with interest from the date of this Bond on the unpaid installments, payable [semi-annually] on _____ and _____ of each year, commencing on _____.

As used in this Bond:

"Code" shall mean the Internal Revenue Code of 1986, as amended.

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“Determination of Non-Bank Qualified Status” shall mean and shall be deemed to have occurred on the first date of any determination by the federal Internal Revenue Service, any federal administrative agency, any court or by the Holder based upon a written opinion of nationally recognized bond counsel that this Bond is not a “qualified tax-exempt obligation” (within the meaning of Section 265(b)(3) of the Code (or any successor provision)).

“Determination of Taxability” shall mean and shall be deemed to have occurred on the first date to occur of the following:

(a) on that date when the Authority files with the Holder any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(b) on the date when the Holder or any prior Holder notifies the Authority that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Authority of such notification from the Holder or any prior Holder, the Authority shall deliver to each Holder and prior Holder (i) a ruling or determination letter issued to or on behalf of the Authority by the Commissioner or any District Director of the federal Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that an Event of Taxability has not occurred or (ii) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for any prior opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(c) on the date when the Authority shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Authority, or upon any review or audit of the Authority or a Holder or upon any other ground whatsoever, an Event of Taxability shall have occurred; and

(d) on that date when the Authority shall receive notice from any Holder or prior Holder that the federal Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Holder or any prior Holder the interest on this Bond paid to such Holder or prior Holder due to the occurrence of an Event of Taxability;

provided, however, that no Determination of Taxability shall occur under clauses (c) or (d) above unless the Authority has been afforded the opportunity, at the expense of the Authority, to contest any such assessment; and provided further that no Determination of Taxability shall occur until such contest, if made, has been finally determined; and provided further that upon demand from the Holder or any prior Holder, the Authority shall immediately reimburse such Holder or prior Holder for any payments such Holder (or any prior Holder) shall be obligated to make as a result of the Determination of Taxability during any such contest.

“Event of Taxability” shall mean a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of this Bond) which has the effect of causing interest paid or payable on this Bond to become includable, in whole or in part, in the gross income of the Holder or any prior Holder for federal income tax purposes.

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“Financing Agreement” shall mean the Financing Agreement dated as of February 1, 2014, between STI Institutional & Government, Inc. and the Authority, and any amendments to it.

“Margin Rate Factor” means the product of (a) one minus the Maximum Federal Corporate Tax Rate (as defined below) multiplied by (b) 1.53846. The Margin Rate Factor shall be 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35% and thereafter shall increase from time to time effective as of the effective date of any decrease in the Maximum Federal Corporate Tax Rate. For the purposes of this definition, “Maximum Federal Corporate Tax Rate” means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations shall not be applicable to the Holder, the maximum statutory rate of federal income taxation which could apply to the Holder).

“Non-Bank-Qualified Period” shall mean any period during which this Bond does not constitute a “qualified tax-exempt obligation” as a result of a Determination of Non-Bank Qualified Status.

“Non-Bank-Qualified Rate” shall mean [the lesser of (a) ____% per annum or (b)] the rate of ____% per annum on this Bond, multiplied by the Margin Rate Factor.

“Taxable Period” shall mean any period during which the interest on this Bond is includable in the gross income of the holder thereof as a result of an Event of Taxability.

“Taxable Rate” shall mean the rate of ____% per annum.

This Bond shall bear interest from its dated date at the per annum rate of ____% multiplied by the Margin Rate Factor (the “Tax Exempt Rate”); provided, however, that during a Taxable Period or a Non-Bank-Qualified Period this Bond shall bear interest at the Taxable Rate or the Non-Bank-Qualified Rate, respectively. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Principal, premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

The principal of and interest on this Bond, without the presentation or surrender hereof, is payable by check or draft mailed to the registered owner of this Bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the Secretary of the Authority, as registrar (the “Registrar”). Upon final payment, this Bond shall be surrendered to the Registrar for cancellation.

If any date fixed for the payment of principal of or interest on this Bond shall not be a Business Day, as defined below, then payment of principal, premium, if any, and interest need not be made on such date but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such date fixed for the payment of principal or interest. “Business Day” means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

Neither the faith and credit of the Commonwealth of Virginia nor the faith and credit of any county, city, town or other political subdivision of the Commonwealth of Virginia, including Pulaski County (the “County”) are pledged to the payment of the principal of or interest on this Bond.

This Bond is one of an issue of bonds of like date and tenor as this bond, except as to number, principal amount, payment amounts and interest rate, in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds have been authorized by a resolution duly adopted by the Authority on _____,

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2014 (the "Bond Resolution") and are issued pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the "Act"), and pursuant to the terms of the Financing Agreement, to provide funds, together with other available funds, to pay the cost of acquisition of real property by the Authority, to redeem a portion of the principal of the Authority's \$4,300,000 Public Service System Revenue Bond, Series 2004, and to pay the cost of issuing the Bonds. Reference is made to the Bond Resolution and the Financing Agreement and any amendments to them for the provisions, among others, describing the pledge and covenants securing the Bonds, the nature and extent of the security, the terms and conditions upon which this Bonds are issued, the rights and obligations of the Authority and the rights of the bondholder.

[Pursuant to the terms of the Financing Agreement, on April 1, 2024 (the "Put Date"), the Holder, in its sole discretion, has the right to require the Authority to purchase this Bond in full at par value if the Holder has not otherwise given written notice to the Authority not later than 90 days prior to the Put Date that it will, in its sole discretion, elect not to exercise its put option. The lack of notice by the Holder shall mean that the put option has been exercised and is in effect, and the Authority shall be obligated to purchase this Bond in full on the Put Date at a purchase price equal to 100% of the principal amount of this Bond outstanding plus accrued interest thereon to the Put Date.]

Principal of and interest on the Bonds are payable solely from the revenues of the System pledged to the payment of such principal and interest in the Financing Agreement.

The pledge of revenues securing the payment of the Bonds is on parity with the similar pledge of any such revenues securing the following bonds of the Authority:

- \$130,000 Water and Sewer Revenue Bond, Series of 1993 (Zero Interest);
- \$4,300,000 Public Service System Revenue Bond, Series 2004; and
- \$4,741,000 Water and Sewer Revenue Bonds, Series 2011.

No notation is required to be made on this Bond of the payment of any principal on normal installment payment dates or of any prepayments of principal. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.

Transfer of this Bond may be registered upon the registration books of the Bond Registrar. Prior to due presentment for registration of transfer the Bond Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and the exercise of all other rights and powers of the owner.

This Bond is subject to prepayment, at the option of the Authority, in whole or in part at any time, at a price equal to 100% of the principal amount to be prepaid, plus accrued interest thereon to the prepayment date, without a penalty or prepayment premium, provided the Authority has given the Lender written notice of such prepayment at least 10 days before the date of prepayment.

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Section 3.5. Registration and Exchange of Bonds. The Secretary of the Authority is appointed to serve as Registrar for the Bonds. Transfer of the Bonds 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 the exercise of all other rights and powers of the owner.

Section 3.6. Disposition of Proceeds. All proceeds received by the Authority from the sale of the Bonds shall be paid to, or at the direction of, the Chairman or Vice Chairman of the Authority who shall promptly apply, or caused to be applied, a portion of such proceeds to pay the cost of the Real Property for the account of the County as payment in full of the County Bonds, a portion of such proceeds to be paid to the Escrow Agent under the Escrow Agreement described in Section 4.1 of this resolution and as otherwise required under the documents governing the Series 2004 Bond to redeem the Bonds To Be Refunded and the balance of such proceeds to pay the costs of issuing the Bonds.

ARTICLE IV

Financing Documents; Revenues; Bank Qualification

Section 4.1. Authorization of Financing Documents and Other Matters. The forms of the following documents (the "Financing Documents"):

- (a) Transfer Agreement between the County and the Authority;
- (b) Financing Agreement (the "Financing Agreement"), between the Authority and the Lender;
- (c) Support Agreement among the Board of Supervisors of the County, the Authority and the Lender;
- (d) Nonarbitrage Certificate and Tax Compliance Agreement between the Authority and the Lender, and
- (e) Escrow Deposit Agreement (the "Escrow Agreement") among the Authority, Virginia Resources Authority, and a financial institution as Escrow Agent;

have been presented to the Authority at this meeting and are approved. Each of the Chairman, Vice-Chairman, Secretary, Executive Director and any other officer of the Authority is authorized to execute and deliver on behalf of the Authority the Financing Documents in substantially the forms submitted to the Authority, with such changes, insertions or omissions as may be approved by the officer executing them, whose approval shall be evidenced conclusively by the execution and delivery of the Financing Documents. The Chairman, the Vice-Chairman, the Secretary, Executive Director and any other officer of the Authority are authorized to execute and deliver on behalf of the Authority such other instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this resolution or contemplated by the Bonds or the Financing Documents, and all of the foregoing, previously done or performed by such officers of the Authority, are in all respects approved, ratified and confirmed.

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Section 4.2. Pledge of Revenues. To the extent provided in the Financing Agreement, revenues derived from the System shall be pledged to the payment of the Bonds.

Section 4.3. Designation as Qualified Tax-Exempt Obligation. The Bonds are not private activity bonds and are designated by the Authority as “qualified tax-exempt obligations,” as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Authority represents and covenants as follows:

(i) The Authority will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in the current calendar year, including the Bonds, for the purpose of Section 265(b)(3) of the Code;

(ii) The Authority, all its “subordinate entities,” within the meaning of Section 265(b)(3) of the Code, and all entities which issue tax-exempt bonds on behalf of the Authority and such subordinate entities have together not authorized to be issued more than \$10,000,000 of tax-exempt obligations in the current calendar year (not including “private activity bonds,” as defined in Section 141 of the Code, other than “qualified 501(c)(3) bonds,” as defined in Section 145 of the Code), including the Bonds;

(iii) Barring circumstances unforeseen as of the date of delivery of the Bonds, the Authority will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the Authority and such other entities in the current calendar year, result in the Authority and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in such year (not including private activity bonds, other than qualified 501(c)(3) bonds), including the Bonds; and

(iv) The Authority has no reason to believe that the Authority and such other entities will issue in the current calendar year tax-exempt obligations in an aggregate amount that will exceed such \$10,000,000 limit;

provided however, that if the Authority receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (i) or (iii) above is not required for the Bonds to be qualified tax-exempt obligations, the Authority need not comply with such restriction.

ARTICLE V

Miscellaneous

Section 5.1. 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 Bonds, the Financing Documents, and the Act for the complete and punctual performance of all the terms, covenants and agreements contained therein.

Section 5.2. Limitation of Liability of Officials of Authority. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of a present or future member, officer, employee or agent of the Authority in his individual capacity, and neither the members of the Authority nor any officer thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of the authority shall incur any personal liability with respect to any other action taken by him pursuant to this resolution or the Act, provided he acts in good faith.

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Section 5.3. 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 or the Financing Agreement may provide.

Section 5.4. Conditions Precedent. Upon the issuance of the Bonds, 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 such Bonds shall have happened, exist and have been performed.

Section 5.5. 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 5.6. 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 5.7. 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 5.8. Effective Date. This resolution shall take effect immediately.

EXHIBIT A

Pulaski County Public Service Authority Proposed Terms and Conditions

General Structure:	Listed below is an outline of the significant terms and conditions of the financing, subject to the completion of final due diligence and formal approval by STI Institutional & Government, Inc.
Lender:	STI Institutional & Government, Inc. (“the Lender”)
Borrower:	Pulaski County Public Service Authority (the “Authority”)
Amount:	A.) Up to \$2,500,000 B.) Up to \$1,950,000
Facility:	Tax-Exempt, Bank Qualified Note (the “Note” or “Notes”).
Purpose:	A.) Acquire water and sewer facilities from Pulaski County. The proceeds will be used by the County to retire three USDA loans. B.) Refinance two Virginia Resources Authority loans originally issued for water/wastewater system improvements.
Security:	Senior pledge of the net revenues of the Authority, on

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parity with other obligations of the Authority to USDA Rural Development and/or the Virginia Resources Authority.

Final Maturity: A.) April 1, 2035
B.) April 1, 2024

Interest Rate:

Tax Exempt Bank Qualified Rates

	Current Rate
A.) Fixed rate - 21 year amortization/10 year put See Optional Put Section	*3.30%
B.) Fixed rate - 10 year amortization	*2.89%
<i>Upfront Costs</i>	
A.) Bank Fee	\$2,500
B.) Bank Fee	\$1,950
Accrual basis will be 30/360 days	

** These rates will be held through March 7, 2014.*

Yield Maintenance Language:

The interest rates quoted herein assume a marginal maximum federal corporate tax rate of 35%. In the event of a decrease in the marginal maximum corporate tax rate, the Lender shall have the option to adjust the interest rates upwards in order to maintain the same after tax yield for the Lender.

The interest rates on the Note(s) is determined to approximate a particular percentage yield to the Lender based in part (among other reasons) upon Federal and State tax laws and regulations currently in effect and assumes that interest on the Note(s) will be fully exempt from Federal and State income taxes. It is the Lender's policy to include language in the loan documents that will assure maintenance of such yield.

Acceptance of the Rate:

To maintain these rate quotes, the Borrower or Financial Advisor must notify the Lender of their acceptance of the general terms and conditions of this Term Sheet before close of business on February 12, 2014 (subject to the County's Board of Supervisors approval) and these transactions must close by March 7, 2014. In any event, nothing herein prevents the Lender from modifying or withdrawing this indicative proposal.

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- Interest Due:** Monthly, in arrears, beginning April 1, 2014.
- Amortization:** A.) The Note will be amortized over 21 years as shown in the RFP dated November 18, 2013 with principal due monthly, in arrears, beginning April 1, 2014.
B.) The Note will be amortized over 10 years as shown in the Proposed Amortization Schedule with principal due monthly, in arrears, beginning April 1, 2014.
- ACH Debit:** The Authority will have the periodic interest and principal payments collected via ACH Direct Debit.
- Optional Put:** A.) SunTrust may give written notice to the Borrower not later than 90 days prior to April 1, 2024 that it will, in its sole discretion, renegotiate an additional fixed rate and period; provided further, that the failure to give any notice shall mean that the term has not been extended and the Borrower shall be obligated to pay or purchase the Bond in full on April 1, 2024.
- Optional Redemption:** The Authority will have the ability to prepay the Notes at any time without penalty.
- Funding:** The Notes will be fully funded at closing.
- Closing Date:** To be determined upon acceptance.
- Documentation:**
- Note between the Lender and the Authority;
 - Resolution approving the transaction by the Authority's Board;
 - Support Agreement/Moral Obligation pledge from Pulaski County;
 - Statement of no material change in financial position, since June 30, 2012 Comprehensive Annual Financial Statements;
 - Others as required by Bond Counsel.
- Legal Fees and Transaction Costs:** The Authority will pay all fees and expenses of the transaction including but not limited to reasonable fees and expenses of its Counsel. The Lender reserves the right to be represented in this transaction by outside Counsel. The fees for such representation will be borne by the Authority.
- Legal Opinions:** Bond Counsel will give the customary opinion as to authorization, validity, permits and other matters requested by the Lender. A satisfactory opinion of recognized bond counsel as to bank qualification and the exclusion of interest from gross income for Federal and State income taxes would be necessary at or prior to closing.

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**General
Covenants:**

- Timely payment of principal and interest as required by the Note;
- Rate Revenue Covenant as described in the RFP of at least 1.0 times, measured annually;
- Annual receipt of financial statements from the Authority and the County within 180 days after the end of each fiscal year.
- The provisions, terms and conditions contained herein are not inclusive of all the anticipated terms that will be applicable to the credit and do not purport to summarize all of the conditions, covenants, definitions, representations, warranties, waiver of jury trial, submission to jurisdiction and venue, events of default, remedies, including but not limited to acceleration or other provisions that may be contained in documents required to consummate this financing. All of such terms will be set forth in the final, definitive loan documents, and all such terms must be acceptable to the Lender and its counsel. The Lender shall maintain the right to transfer and assign the Bond in whole or in part. Notwithstanding any terms or conditions herein Lender will have the right to assign all or a portion of the bond or loan to an affiliate of the Lender in its sole discretion.

**Acceptance of
Terms and
Conditions:**

Acceptance of STI Institutional & Government, Inc.'s terms and conditions for the proposed financing should be directed to the following.

Dennis Howard
(434) 847-2356

Submitted By:

Dennis R. Howard
Senior Vice President
STI Institutional & Government, Inc.

STI Institutional & Government Inc.

February 7, 2014

Disclaimer

This Term sheet is presented to the above-referenced borrower in connection with a credit facility proposed by STI Institutional and Government Inc. This Term Sheet describes some of the basic terms proposed to be included in loan documents between STI Institutional & Government, Inc. and the borrower. This Term Sheet is for discussion purposes only and is not a commitment, nor does it purport to summarize all of the conditions, covenants, representations, warranties, events of default or other provisions that may be contained in documents required to consummate this financing. The terms are subject to standard credit underwriting and approval and to negotiation and execution of loan documents in form and substance satisfactory to STI Institutional & Government, Inc. and its counsel. This Term Sheet is confidential and may not be disclosed to third parties without prior consent of STI Institutional & Government, Inc.

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Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

Mr. Huber reported the closing of the bond is scheduled for March 6, 2014, following the scheduled public hearing being held at the Board of Supervisors February 24, 2014 meeting on the transfer of property by the Board of Supervisors to the PSA.

d. Long-term Rate Plan

Board members reviewed a staff recommendation to proceed with advertising of a public hearing to implement a 5% per year across-the-board rate increase for the next 5-years and an additional 5% increase on sewer rates during the sixth year, which would allow for an average of \$500,000 per year in CIP for water and sewer purposes, further allowing for repair and replacement of system needs as they emerge and maintaining troubled areas of the system.

Board members discussed affects on the PSA system without an increase, which included PSA's inability to adequately maintain pump stations, valves, etc., respond to repairs, replace galvanized lines in the Fairlawn area, etc. Board members also discussed the need to balance the PSA's providing adequate services with the proposed plan for rate increases.

Mr. Linkous advised the recommended rate schedule is a road map to get the PSA to a place allowing for system maintenance and funding in 5-6 years instead of a 25% rate increase in one year, further noting future increases would only be for inflation adjustments.

Mr. Huber advised a public hearing would need to be advertised 60 days in advance of the actual hearing, suggesting the public hearing could be advertised for a May 2014 public hearing, with the rate set at the June PSA meeting and effective July 1, 2014. Mr. Huber advised the proposed budget would be provided at the March PSA meeting and suggested more publicity in the future for completed PSA projects in neighborhoods allowing for the public to be made aware of progress being made by the PSA.

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On a motion by Dr. Streff, seconded by Mr. Dean and carried, the Board approved advertising for a 5% rate increase, with said public hearing to be held at the May 13, 2014 PSA meeting.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

4. Action Items

a. Pay Adjustments

Mr. Huber advised the new policy adopted by the PSA Board at its January 2013 meeting related to take-home vehicles excludes vehicles from being taken home except in emergency or on-call situations. Mr. Huber advised adoption of the new policy resulted in two supervisors in the Refuse Department who take vehicles home no longer being able to take vehicles home. Mr. Huber provided specifics regarding the two situations, including that one of the conditions of employment for both had been the use of a PSA vehicle to travel to and from work. Staff noted that the tax value is \$3.00 per day, equating to approximately \$750 per year.

On a motion Dr. Streff, seconded by Mr. Setliff and carried, the PSA Board approved a \$1,300 salary increase to for Mr. Woodyard based on the actual cost of operating a vehicle considering the financial impact on him of not being able to take a PSA vehicle home.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford

b. Personnel Policy Changes

Mr. Hiss presented Personnel Policy amendments related to the new VRS Disability Plan, short and long term disability, sick leave accrual changes, and changes to the sick leave bank. Mr. Hiss also described changes in the leave without pay policy and how historically some PSA employees miss work when they do not have sick leave or vacation time available.

Dr. Streff inquired if the amended policies are consistent with policies of other localities.

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Mr. Hiss responded the amendments were in line with other localities and the amended policies were drafted using School Board and Social Services policies.

On a motion by Dr. Streff, seconded by Mr. Dean and carried, the Board approved the following Personnel Policy amendments as presented:

F11. FAMILY AND MEDICAL LEAVE ACT

I. Objective

It is the objective of Pulaski County to provide eligible employees with up to 12 weeks of unpaid family or medical leave because of the birth of a child or the placement of a child with the employee for adoption or foster care, because the employee is needed to care for a family member (child, spouse, or parent) with a serious health condition, or because the employee's own serious health condition makes him or her unable to do his or her job.

II. Definitions

A. Eligible employees

Covered employees identified in Section I above who have been employed by the County for: (1) at least 12 months; and (2) at least 1,250 hours during the 12 months before the start of the leave.

Employees hired after January 1, 2014 and designated as participating in the VRS Hybrid Retirement Plan, may be eligible for disability benefits after the employee has satisfied a 1 year waiting period (except for workers comp), and may concurrently be eligible for leave in accordance with FMLA, when leave is related to the employee's personal medical condition.

NOTE: The required 1,250 hours do not have to be worked during consecutive months. However, the 1,250 hours of work requirement applies to the 12 months immediately preceding the start of the leave.

B. Employment benefits

All benefits provided by the County to salaried employees including group life insurance, health insurance, annual and sick leave, educational benefits, and retirement contributions.

C. Family and medical leave

A leave without pay (or use of an employee's accrued leave) for up to 12 workweeks during a 12 month period for the reasons specified in this policy in conformance with the federal Family and Medical Leave Act (FMLA) of 1993.

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D. Health care benefits

The health insurance program covering eligible employees.

E. Health care provider

Health care providers include the following:

1. Doctors of medicine or osteopathy that are authorized to practice medicine or surgery (as appropriate) by the state in which the doctors practice;
2. Any other person determined by the Secretary of the Department of Labor to be capable of providing health care services; and
3. others capable of providing health care services to include only podiatrists, dentists, clinical psychologists, optometrists, chiropractors, nurse practitioners and nurse-midwives authorized to practice in the state and performing within the scope of their practice as defined under state law. This also includes Christian Scientist practitioners listed with the First Church of Christ, Scientist in Boston, although an employee or family member may be required to submit to a medical examination for a second or third opinion (not treatment) from a non-Christian Science practitioner.

F. Parent

Biological parent or individual who stood in place of the parent of the employee and was charged with the duties and responsibilities of the parent.

G. Son or daughter

A biological, adopted or foster child, a stepchild, or legal ward, or a child of a person standing in place of the parent. The child must either be under age 18 or be age 18 or older and incapable of self-care because of a mental or physical disability.

H. Spouse

Husband or wife as recognized under the laws of the Commonwealth for the purpose of marriage.

I. Serious health condition/illness

An illness, injury, impairment or physical or mental condition that involves: (1) inpatient care in a hospital, hospice, or residential medical care facility; or (2) continuing treatment by a health care provider.

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III. When Family and Medical Leave Allowed

A. Time frames for use of FMLA

Eligible full-time employees may take up to 12 workweeks (60 workdays; 480 work hours) of family and medical leave (FMLA) in a 12 month period. The time missed from work due to FMLA cannot exceed 12 weeks in a 12 month period.

B. FMLA for full-time employees

Eligible full-time employees may take up to 12 workweeks (60 workdays; 480 work hours) of unpaid family and medical leave per 12 month period for the following reasons:

the birth of a child (to be taken within 12 months of the child's birth);

the placement of a child with the employee for adoption or foster care (to be taken within 12 months of date of placement);

in order to care for a child, a dependent son or daughter over 18 years of age who is incapable of self-care because of a mental or physical disability, a spouse, or a parent who has a serious health condition that involves:

in-patient care in a hospital, hospice, or residential medical care facility; or

b. continuing treatment by a health care provider.

Because of a serious personal health condition that renders the employee unable to perform the functions of his or her position. Departments may request certification that the employee is unable to work at all or is unable to perform any of the essential functions of the employee's position within the meaning of the Americans with Disabilities Act.

C. FMLA for eligible part-time employees

Eligible part-time employees may take up to 12 weeks of family and medical leave in a 12 month period for the reasons listed in III (B) above. Actual hours taken will be counted on a prorated basis corresponding to the percentage of hours they normally are scheduled to work during a 12 month period.

EXAMPLE:

A part-time employee works 25 hours per week year-round. During any 12-week period, she works a total of 300 hours. Therefore, if intermittent leave is taken, she may take up to 300 hours of family and medical leave in a 12 month period.

Restricted Use of Family and Medical Leave

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Family and medical leave may not be used for short-term conditions for which treatment and recovery are brief, such as minor illnesses and out-patient surgical procedures with expected brief recuperating periods. It does not provide for the intermittent care of a child for such commonplace illnesses as colds and flu.

When both parents of a child work for the County in the same facility, the full amount of leave may be limited to a combined total of 12 workweeks in a 12-month period when the leave is for the birth, adoption, or foster care placement of a child.

V. Paid Leave

Employees have the option of using paid leave, as appropriate under each particular leave policy, for absences covered under family and medical leave. A department may designate such leaves as family and medical leave, if it meets the conditions of sections III (A) and (B) above.

If employees use their accrued paid leave balances for purposes described in this policy, then the County is required to provide only the number of unpaid workdays which, when combined with the number of days of other leave taken, equal a total of 60 workdays or 480 work hours.

EXAMPLE:

An employee uses six days of sick leave and 15 days of annual leave to care for a parent who has a serious health condition. The County must allow him to take 39 days of unpaid leave.

VI. Intermittent Leave or Leave on Reduced Schedule

Employees may take intermittent leave or work a reduced schedule, not to exceed 480 hours for full-time employees, as follows:

When medically necessary because of an eligible employee's own serious health condition or the serious health condition of a child, spouse or parent, an employee may take family or medical leave on an intermittent leave basis or a reduced schedule as indicated below.

Intermittent leave schedule - a leave schedule permitting the employee to take leave periodically for a few hours a day (less, than eight hours), or for a few days, on an as-needed basis.

NOTE:

Employees may be required to provide medical certification that intermittent leave is necessary.

Reduced schedule - a leave schedule permitting the employee to reduce his or her usual number of hours worked per workweek or per workday.

Employees who must take intermittent leave or work a reduced schedule may either use their available paid leave balances as permitted by each specific leave policy or take unpaid family and medical leave. A department may designate such leave as family and medical leave, if it meets the conditions of Sections III (A) and (B) above.

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Employees do not accrue annual and sick leave when they are on leave without pay status during family and medical leave.

When an employee takes leave to care for a newborn child, or because of the placement of a son or daughter with him or her for adoption or foster care, the employee may take leave intermittently or on a reduced schedule, if departmental management agrees on such an arrangement beforehand.

When the conditions noted in Section VI (A) above are applicable, the department can temporarily transfer the employee to another position that better accommodates the intermittent leave or reduced schedule as long as the new position carries equivalent pay and benefits.

VII. Family and Medical Leave Notification/Scheduling

A. Employee responsibility

An employee should submit a written request for family and medical leave at least 30 days before the anticipated beginning of the family and medical leave, unless emergencies or unforeseen events preclude such advance notice.

The County (or its department) requires certification for leave that is requested for an employee's serious health condition or for his or her family member's serious health condition before granting family and medical leave.

B. County actions

The County requires that a request for family and medical leave be supported by a health care provider's certification of the medical condition of the person affected to include the date when the serious condition began, the probable duration of the condition, and other appropriate facts as detailed below.

A family illness request requires a statement that the employee is needed to care for a child, spouse or parent, and must include the estimated time needed.

A personal illness request requires a statement that the employee is unable to perform the essential functions of his or her job as defined by the Americans with Disabilities Act.

An intermittent leave or reduced schedule request necessitated by an employee's own health condition must include a statement of the medical necessity for the leave and the expected duration.

An intermittent leave or reduced schedule requested for the care of an employee's family member requires a statement that the employee's leave is "needed to care for" the family member, the expected duration, the expected treatment dates and the schedule of intermittent leave or reduced leave. The term "needed to care for" includes:

The medical certification provisions encompassing both physical and psychological care, and it includes situations where, for example, because of a serious health condition, the family member is unable to care for his or her own basic medical, hygienic, or nutritional needs or safety, or is unable to transport himself or herself to the doctor, etc. The term also includes providing psychological

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comfort and reassurance which would be beneficial to a seriously ill child or parent receiving inpatient care;

a. situations where the employee may be needed to fill in for others who are caring for the family member, or to make arrangements for changes in care, such as transfer to a nursing home; and

an employee's intermittent leave or a reduced schedule necessary to care for a family member includes not only a situation where the family member's condition itself is intermittent, but also where the employee is only needed intermittently, such as where other care is normally available, or care responsibilities are shared with another member of the family or a third party.

NOTE:

When possible, the employee should provide certification in advance of, or at the commencement of, the requested leave. When that is not possible, certification must be provided reasonably soon after the leave begins.

C. Second and third opinions

The County may require, at its own expense, a second opinion from its designated or approved health care providers. (This health care provider cannot be one who is employed by the County on a regular basis.)

2. When the second opinion differs from the first, the County may, at its own expense, require a third opinion from a health care provider designated or approved jointly by the employee and the County. The opinion of the third health care provider shall be considered final and binding upon the employer and the employee.

The County requires an employee to report periodically during the leave period on his or her leave status and intention to return to work, and to provide subsequent re-certifications on a reasonable basis (every 4 to 6 weeks).

VIII. Restoration to Position

At the end of family and medical leave, employees normally are to be reinstated as follows:

1. Original position - departments normally must restore employees to the positions they held (or to equivalent positions) when the leave began.
2. Equivalent position - if previous positions have been filled, employees are entitled to restoration to equivalent positions.

-standard of equivalence: requires comparability and correspondence to duties, terms, conditions, and privileges of employees' previous positions.

3. Conditions upon restoration of job position - departments can require their employees to report periodically on their status and intent to return to work, and can require certification from health care providers that employees are able to return to work.

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IX. Status of Benefits During Family and Medical Leave

A. The County will continue to contribute to the health insurance premiums of salaried employees who are on leave under the Family and Medical Leave Act as discussed below:

When employees are using paid annual or sick leave under the provisions of FMLA, the payroll deductions of their portions of the premiums continue.

When employees are on leave without pay under the provisions of FMLA, their premium contributions will be handled as if they were on leave without pay.

B. Employees who are on leave under FMLA will pay the same portion of their health insurance premiums as they would if they were not on leave.

Premiums are due to the County by the first day of each month of coverage.

If employees fail to make premium payments, the County will follow the same procedures to terminate coverage as they would if employees failed to pay premiums while on leave without pay.

If employees fail to return to work at the end of leave under FMLA, the County may recover from them the County's share of premiums paid during the period of leave. However, there will be no recovery of premiums if employees fail to return to work as a result of:

the onset, recurrence, or continuation of a serious health condition that entitles them to leave to care for themselves or for a family member; or

b. other circumstances beyond the employee's control.

EXAMPLES:

- If an employee fails to return to work secondary to a disabling condition, the department will not seek reimbursement for the County's contributions for health insurance coverage during the period of leave.

- If an employee fails to return to work at the end of FMLA leave because of his or her acceptance of other employment, the County will seek to recover the County's contributions for health insurance coverage during the period of leave.

C. Life insurance

The County will continue to pay VRS life insurance premiums while employees are on family and medical leave.

D. Leave accrual

Employees will not accrue annual or sick leave hours during any period of leave without pay.

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E. Retirement

Retirement contributions (including the component to fund the health credit) will be made for any period in which qualifying compensation has been received by the employee.

Retirement contributions will not be made for any pay period in which no qualifying compensation has been received by the employee (i.e., the employee was on leave without pay for the entire pay period).

X. Management of FMLA Records

The County must make, keep and preserve records pertaining to their obligations under FMLA.

Records must be kept for at least three years.

Required records must include the information listed below:

Basic payroll and identifying employee data, including: name, address, and occupation; rate or basis of pay and terms of compensation; daily and weekly hours worked per pay period; additions to or deductions from wages; and total compensation paid.

Leave designated as FMLA leave, both paid and unpaid, and the dates employees took it. (If FMLA leave is taken in increments of less than a day, the hours must be noted.)

Copies of employees' notices of leave furnished to the County.

Any documents (including written and electronic records) describing employee benefits or policies and practices regarding the taking of paid and unpaid leaves.

Records of premium payments.

Records and documents relating to medical certifications, recertifications or medical histories of employees or employees' family members are to be maintained in separate files/records and treated as confidential medical records except:

supervisors and managers may be informed regarding necessary restrictions on work duties and necessary accommodations;

first aid and safety personnel may be informed (when appropriate) if the employee's physical or medical condition might require emergency treatment; and

government officials investigating compliance with FMLA (or other pertinent law) shall be provided relevant information upon request.

XI. Use of County Forms

Employees shall request family/medical leave through use of the leave request form with certification attached. It is the employee's responsibility to secure all appropriate information and submit this information to the County as required. A request cannot be considered until complete

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information (in a clear format) is received. Incomplete information or information that is unclear will be returned to the employee.

XII. Approval of Family Medical Leave:

_____ Family Medical Leave shall be approved by the County Administrator.

F2. RETIREMENT BENEFITS

Retirement benefits are provided through the Virginia Retirement System. This benefit is for permanent full-time employees. An employee is vested in the system after 5 years of service. As a vested member of the VRS, an employee is eligible to receive retirement benefits as early as age 55 or 65 with at least 5 years of service. Full retirement benefits are granted at age 50 with 30 years service in Plan 1. Plan 2 employees must have the sum of their age and years of service equal to 90 to received full retirement benefits. Law enforcement officers are provided with a special retirement supplement and may retire as early as age 50 with 25 years service. Reduced retirement benefits are available at age 50 with at least 10 years of service.

For Plan 1 and Plan 2 employees, permanent disability benefits are available through the VRS. The costs for this retirement benefit may be shared by the employee at the direction of the Board of Supervisors.

For full time employees hired after January 1, 2014 are designated as participating in the VRS Hybrid retirement plan, Employees participating in this plan have the same vesting and retirement age as those participating in Plan 2. Hybrid plan participants are able to contribute up to 4% of their salary towards their retirement account as part of a defined contribution plan component.

E2. SICK LEAVE POLICY

Sick leave shall be defined as leave with pay granted for an illness; bodily injury resulting in temporary disability; medically required confinement; and medical and dental appointments; and illness in the home requiring the presence of the employee. A physician's certificate may be required by a department head or supervisor at any time as evidence of illness before compensation for such absence is allowed, but in any case a certificate certifying the reason for sick leave request shall be signed by the employee.

When it becomes evident an employee shall be unable to be at work for an extended period of time (three (3) consecutive working days), the employee must furnish the department head or supervisor with a written statement from his/her physician. This statement shall include:

- a. the nature of the employee's condition;
- b. the expected date on which the employee will be able to return and perform normal work duties (in cases where applicable); and
- c. the approximate anticipated date of medical release by the physician.

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The above medical statement shall also apply when an employee is unable to be at work for an illness of an immediate family member. An immediate family member shall be defined as spouse, parent, son, daughter, grandchild, step-children and step-parents.

Sick leave with pay shall be earned at the rate of 1 ¼ day per full month worked for all full-time permanent employees. Sick leave, if not exhausted in the year in which it accrues, may be carried over from year to year without limit. Employees shall retain all benefits and seniority while on approved sick leave.

For full time employees hired after January 1, 2014 or designated as participating in the VRS Hybrid retirement plan, shall accrue sick leave on the following basis:

Years of Service	Sick leave credit earned per month
0 through 4	.67 days
5 through 9	.75 days
10 and beyond	.83 days

Sick leave, if not exhausted in the year in which it accrues, may be carried over from year to year with a limit of 60 days. . Part time employees hired after January 1, 2014 shall accrue sick on a pro-rata basis according to number of hours worked per the above table.

Sick leave shall be extended on a pro-rate basis to all permanent, part-time employees who work at least 20 hours per week

In cases of illness an employee shall notify his department head by telephone or messenger promptly.

Once a department head determines sick leave can no longer be granted and additional leave days are required, refer to other appropriate leave policies (eg., annual leave, leave without pay, family medical leave, etc). Absence for a job related injury shall be recorded as injury leave.

An employee's abuse of this policy may result in the employee's immediate dismissal from the County, or such other disciplinary action which may be appropriate.

Employees on approved sick leave shall be paid their prevailing wage based on their usual prevailing scheduled work week not to exceed 40 hours per week.

Sick leave balances are not paid to an employee resigning or terminated; however, 25% of any unused sick leave is paid to an employee upon service or disability retirement from the County.

In addition, an employee leaving the employment of the County may donate up to 50% of unused sick days to the sick leave bank. Employees hired after January 1, 2014 or designated as participating in the VRS Hybrid retirement plan will not be eligible to receive transferred sick leave days.

F10. SICK LEAVE BANK POLICY

The intent of the Sick Leave Bank is to provide some protection for beginning employees who have not had time to build up sick leave days and for those employees who may experience a catastrophic or long-term illness.

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Membership:

1. Membership shall be on voluntary basis only.
2. Membership must be renewed in writing prior to July 1 of each year.
3. Membership is available to permanent employees who earn sick leave benefits monthly, and have satisfactorily completed the six month probationary period.
4. Employees hired after January 1, 2014 are not eligible for membership in the sick leave bank.

E6. ABSENCE WITHOUT LEAVE POLICY

Absence without leave shall be defined as an absence from the job during a scheduled work period without approval of the employee's supervisor or department head and the failure to report to work at the expiration of an authorized leave or to request an extension of time, shall be considered an absence without leave. Also, this applies to an employee who does not earn his/her scheduled pay due to taking leave while not having any vacation and/or sick leave days. This shall be treated separately from an approved FMLA or disability situation. An unauthorized absence from duty during required hours of attendance shall be treated as an absence without pay. Where there are not adequate reasons for the failure to secure authorization prior to the absence the employee shall be subject to disciplinary action as may be determined by the department head subject to the provisions governing discipline set forth herein.

An employee who is on absence without leave does not accrue annual or sick leave for that pay period. An employee on absence without leave may have performance raises affected by the absence from work.

The following disciplinary procedure shall serve as a guide:

- a. The first occurrence (2 work days or less) of absence without leave shall result in at least a reprimand with a copy to the official personnel file.
- b. The second occurrence (2 work days or less) of absence without leave within a 12 month period shall result in at least suspension without pay.
- c. The third occurrence (2 work days or less) of absence without leave within a 12 month period shall result in the immediate dismissal of the employee.
- d. Any employee absent without leave for three consecutive work days shall be subject to immediate dismissal.

SHORT-TERM AND LONG-TERM DISABILITY BENEFITS FOR EMPLOYEES HIRED AFTER JANUARY 1, 2014

Employees hired after January 1, 2014, and assigned to the Hybrid Retirement Plan by the Virginia Retirement System (VRS), qualify to participate in a disability program. This disability program is

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for an employee who is disabled, on maternity leave, or takes periodic absences due to a major chronic condition and qualifies for disability benefits.

1. A new employee has a 1-year waiting period before eligible for disability benefits, except for Workers' Compensation disabilities.
2. Eligibility of benefits is determined by the disability insurance carrier. After eligibility is determined, the short-term disability benefit begins after the employee satisfies a 7-calendar day short-term disability elimination period. During this period an employee will be able to use accumulated sick leave provided by the Pulaski County Board of Supervisors to continue their income for the 7-calendar day disability elimination period.
3. If eligible, an employee can qualify for up to 125 workdays of short-term disability benefits. After 125 workdays of short-term disability, an employee may qualify for long-term disability benefits.
4. The short-term disability benefit for work-related disabilities, if eligible, provides income replacement for 60% of a Member's Pre-disability Earnings (MPE) for the first 60 months of continuous participation in the Hybrid Retirement Plan by the Virginia Retirement System (VRS). At 60 – 119 months of continuous participation, the first 85 days of disability are covered at 100% of pre-disability earnings, the next 25 days at 80% of pre-disability earnings, the last 15 days at 60% of pre-disability earnings. At 120 months or more of continuous participation, the first 85 days at 100% of pre-disability earnings, the last 40 days at 80% of pre-disability earnings.
5. The short-term disability benefit for non-work-related disabilities, if eligible, provides income replacement for 60% of a Member's Pre-disability Earnings (MPE) for the first 13 - 59 months of continuous participation in the Hybrid Retirement Plan by the Virginia Retirement System (VRS). At 60 – 119 months of continuous participation, the first 25 days of disability are covered at 100% of pre-disability earnings, the next 25 days at 80% of pre-disability earnings, the last 75 days at 60% of pre-disability earnings. At 120 – 179 months of continuous participation, the first 25 days at 100% of pre-disability earnings, the next 50 days at 80% of pre-disability earnings, the last 50 days at 60% of pre-disability earnings. At 180 months or more of continuous participation, the first 85 days at 100% of pre-disability earnings, the last 40 days at 80% of pre-disability earnings.
6. The long-term disability benefits provide for disability over 125 days, if eligible, covers 60% of the first \$41, 667 of your monthly pre-disability earnings, reduced by deductible income.
7. Full day increments of accumulated sick leave cannot be used to supplement reduced earnings while on short-term disability.
8. Employees hired after January 1, 2014, and designated as participating in the Hybrid Retirement Plan through the VRS, may be eligible for disability benefits after the employee has satisfied a 1-year waiting period (except for Workers' Compensation), and may concurrently be eligible for leave in accordance with the Family and Medical Leave Act (FMLA), when the leave is related to their personal medical condition. All Family and Medical Leave may not run concurrently with disability benefits, if the leave is not related the employee's personal medical condition.
9. When on short or long-term disability, the employee will not be eligible for a cost of living adjustment or other pay increase until he/she returns to full-time work.

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Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Dr. Streff,
Ms. Burchett.

Voting no: none.

Not present: Mr. Crawford

5. Consent Items

On a motion by Mr. Setliff, seconded by Ms. Burchett and carried, the Board approved the following items of consent:

a. Minutes of Previous Meeting

The Board approved the minutes of the January 14, 2014 Board meeting.

b. Balance Due & Lien Reports

The Board reviewed and accepted the following balance due and lien reports:

Balance Due	11/1/2013	12/2/2013	1/2/2014	2/3/2014
Current Balance	562,545.95	547,105.13	792,179.54	534,151.55
Over 30 Days	70,586.90	233,285.09	9,089.98	189,079.95
Over 60 Days	16,796.84	49,277.13	43,718.61	6,380.62
Over 90 Days	1,094,264.99	1,103,112.35	1,097,302.17	1,123,242.41
Total	1,744,366.31	1,932,779.70	1,942,290.20	1,852,854.53
Liens Filed				\$ 676,832.74

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	44,483.98	68,217.34	760,939.30	\$ 873,640.62
Commercial	1,639.66		41,290.93	\$ 42,930.59
Nonuser	206,671.20	see breakdown below		\$ 206,671.20
Total	\$ 252,794.84	68,217.34	\$ 802,230.23	\$ 1,123,242.41

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e. Accounts Payable

The Board approved accounts payable for checks numbered 8009856 through 8010005, subject to audit.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Mr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

6. Staff Reports

a. Financial Reports

On a motion by Ms. Burchett, seconded by Dr. Streff and carried, the Board reviewed and accepted the financial reports as presented by Ms. Newby, a copy of which is filed with the records of this meeting.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Mr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

b. Operational Report

On a motion by Mr. Dean, seconded by Dr. Streff and carried, the Board reviewed and accepted the following operational reports:

1. Inmate Availability

Staff reported use of three inmates per day for the month of January 2014.

2. Drop Site and County Landfill Tonnage Reports

Drop Site Total for the Month of January 2014

Site	Trips	Tons	Tons per haul
Dora Highway	2	4.19	2.09
Dublin	22	71.48	3.24
Fairlawn	8	28.62	3.57
Totals	32	104.29	3.25

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County Landfill Tonnage
(County Customers & Refuse Department Haulers
for the Month of January 2014).

Commercial	Residential	Tires	Brush
2,630.75	1,126.26	79	1.31

3. Cut Off List

Staff reported no cutoffs for the month of January.

4. Personnel Changes

The following were reported as new hires: Benny C. Mullins, Jr., PSA Billing; and Mark A. Robinson, PSA Refuse Collections.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Dr. Streff, Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

c. Waterworks Construction Permit

Staff shared correspondence from the Department of Health regarding the PSA's Waterworks Construction Permit for the pre-chlorination project.

d. DEQ Warning Response

Mr. Linkous provided a copy of an email describing the events surrounding the discharge that occurred on November 27, 2013 near Pine Grove Drive in Dublin.

e. Water Settlement Statements

Staff presented the 2012-2013 fiscal year water purchase settlement statements with the Towns of Dublin and Pulaski, as well as noted this is the time of year for negotiation of a fixed rate as may be desired by the Town of Dublin for the upcoming 2014-15 fiscal year.

On a motion by Dr. Streff, seconded by Mr. Dean and carried, the PSA Board authorized Chairman Warren and Ms. Burchett to work with the Town of Dublin staff in developing and negotiating a proposed rate for confirmation by the PSA Board at a future meeting.

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Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Mr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

f. Pepper's Ferry Budget Documents

Staff presented budget documents provided by Clarke Wallcraft, Pepper's Ferry Executive Director, noting the rate is being reduced; however, costs are increasing due to adding sewer customers, with said rate figured on a five-year rolling average.

g. Letter from Linda Nisbet

Staff shared a letter from Ms. Nisbet expressing concern over a billing matter, further advising the matter had since been resolved.

h. Capital Improvements Plan

Staff presented copies of the proposed Capital Improvements Plan (CIP), noting the Planning Commission would review the requests at its February 11, 2014 meeting to determine if the CIP is consistent with the County's Comprehensive Plan.

i. Collections Update

Ms. Boyd reported that \$16,918 had been reported by the state as being put forth for collection towards delinquent accounts, which represents 36 accounts. Ms. Boyd reported feedback from letters sent using the GIS system indicating some mailing errors and others who were unaware of the need to sign up.

j. Replacement of Desktop Computer

Ms. Newby reported the computers in the PSA Billing office are out of date and need replaced and recommended purchase of new computers at a cost of \$3,346.

On a motion by Dr. Streff, seconded by Mr. Dean and carried, the PSA Board approved purchase of new computers at a cost of \$3,346.

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Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Mr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

7. Staff To-Do Listing

Board members reviewed the following items which staff is currently working on but for which there is no additional information to report to the Board at this time.

- a. Skyview/NRV Fairgrounds Sewer Funding
- b. South Side of Lake and Fairlawn Drop Centers
- c. Dublin PSA Office Relocation
- d. Covered Water Meter Ordinance
- e. Meter Replacement with Radio Read Units
- f. Draper Area Wythe County Sewer/PSA Connection
- g. Water Meter Replacement
- h. Water Master Plan
- i. Change Exit at Fairlawn Drop Site

8. Other Matters

There were no other matters discussed at this time.

9. Closed Session – 2.2-3711 (A)3

A closed session is requested pursuant to Section 2.2-3711.A.3 of the 1950 Code of Virginia, as amended, to discuss property disposition or acquisition matters.

It was moved by Ms. Burchett, seconded by Dr. Streff and carried, that the Public Service Authority Board of Directors enter Closed Session for discussion of the following:

Property Disposition or Acquisition – Pursuant to Virginia Code Section 2.2-3711(A)3 consultation with legal counsels and briefing by staff for discussion of specific property disposition or acquisition matters:

➤ PSA Well Sites

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Mr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

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Return to Regular Session

On a motion by Dr. Streff, seconded by Ms. Burchett and carried, the Board returned to regular session.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Mr. Streff, Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

Certification of Conformance with Virginia Freedom of Information Act

On a motion by Mr. Dean, seconded by Dr. Streff and carried, that the PSA Board of Directors adopt the following resolution certifying conformance with the Virginia Freedom of Information Act.

WHEREAS, the Public Service Authority Board of Directors has convened a closed meeting of this date pursuant to an affirmative recorded vote and in accordance with the provision of the Virginia Freedom of Information Act:

WHEREAS, Section 2.2-3712(D) of the Code of Virginia requires a certification by this Board of Directors that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED, that the PSA Board of Directors hereby certifies to the best of each members' knowledge (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies; and (ii) only such public business matters as were identified in this motion convening the closed meeting were heard, discussed or considered by the Public Service Authority.

Voting yes: Mr. Setliff, Mr. Dean, Dr. Warren, Mr. Streff,
Ms. Burchett.

Voting no: None.

Not present: Mr. Crawford.

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10. Adjournment

On a motion by Mr. Dean, seconded by Dr. Streff and carried, the Board adjourned its regular February 11, 2014 meeting. The next regular meeting of the PSA Board is scheduled for Tuesday, March 11, 2014 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. Setliff, Mr. Dean, Dr. Warren, Dr. Streff, Ms. Burchett.
Voting no: None.
Not present: Mr. Crawford.

Doug Warren, Chairman

Nancy Burchett, Secretary/Treasurer