

COMMONWEALTH OF VIRGINIA
TOWN OF HAMILTON
\$2,542,000 SEWER REVENUE BOND,
SERIES 1999

PURCHASED BY VIRGINIA WATER FACILITIES REVOLVING FUND

VIRGINIA WATER FACILITIES REVOLVING FUND

\$2,542,000
Town of Hamilton, Virginia
Sewer Revenue Bond,
Series 1999

Bond Transcript Documents

1. State Water Control Board Minute dated February 19, 1997 Authorizing Loan
2. Virginia Resources Authority Resolution Authorizing Loan Pursuant to Virginia Water Facilities Revolving Fund, adopted December 8, 1987
3. Commitment Letter from Virginia Resources Authority, dated January 21, 1999
4. Charter of the Town of Hamilton, Virginia (the "Town")
5. Certificate as to Public Hearing
 - A. Certificate of Publication of Notice of Public Hearing
6. Attested copy of a Resolution of the Town Council of the Town Authorizing the Issuance of its Sewer Revenue Bond, Series 1999, in the Maximum Amount of \$3,000,000, and Setting Forth the Form and Details Thereof, adopted January 11, 1999
7. Court Order filing Resolution, entered January 19, 1999
8. Service Agreement
9. Financing Agreement dated as of January 1, 1999, with Exhibits:
 - A. Form of Local Bond
 - B. Project Description
 - C. Project Budget
 - D. Opinion of Borrower's Bond Counsel
 - E. Requisition
 - F. Prior Bonds and Existing Parity Bonds
 - G. Performance Standards
10. Specimen Bond

11. General Certificate of the Town
12. Certificate of Town Attorney
13. Certificate of Consulting Engineer
14. Certificate of Consulting Engineer Regarding Issuance of Parity Bonds
15. Certificate as to Insurance
16. Resolution Authorizing Issuance of 1967 FmHA Bond
17. Consent Letter of GMAC
18. Requisition
19. Approval of Requisition by Department of Environmental Quality
20. Transmittal Letter from Virginia Resources Authority, dated February 3, 1999, concerning Requisition
21. Certificate of State Water Control Board
22. Receipt for First Advance
23. Receipt for Bond
24. Bond Register
25. Opinion of McGuire, Woods, Battle & Boothe LLP, Bond Counsel

VIRGINIA WATER FACILITIES REVOLVING FUND

**TOWN OF HAMILTON, VIRGINIA
\$2,542,000 Sewer Revenue Bond,
Series 1999**

Distribution List

TOWN MAYOR

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Hamilton, Virginia 20159

Fax: (540) 338-9263

The Honorable Keith Reasoner

Phone: (540) 338-2811

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February 16, 1999
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COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

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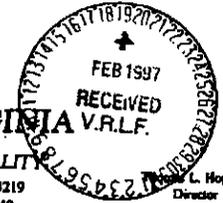
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George Allen
Governor

Booby Norton Dunlop
Secretary of Natural Resources



James L. Hopkins
Director

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EXCERPT FROM THE PROCEEDINGS OF THE STATE WATER CONTROL BOARD
AT ITS MEETING ON DECEMBER 12, 1996

MINUTE 23 - Virginia's Wastewater Revolving
Loan Authorization for FY '97

Mr. Donald Wampler, Program Manager of the Board's Construction Assistance Program, made a presentation to the Board based on a staff memorandum dated November 20, 1996. The November 20, 1996 memorandum identified staff recommended adjustments to Virginia's proposed FY '97 funding list as a result of public comment and the staff's subsequent meetings with all potential loan recipients. The memo also identified the suggested loan terms and interest rates for the FY '97 loan projects, and established the program's ceiling interest rate for the FY '97 funding cycle.

Mr. Wampler began his presentation by summarizing the action taken by the Board, at its September 12, 1996 meeting, to tentatively adopt Virginia's FY '97 funding list. He relayed that all public comments received were in support of projects on the proposed funding list. He noted that a 3rd FY '97 applicant, the Town of Stephens City, had withdrawn their request for funding consideration. He discussed the possibility of blending the State's wastewater revolving loan money with VRA bond funds to fully finance Lynchburg's sludge improvement project and that this option was still under consideration by the City. He explained that the staff had completed its residential user charge impact analysis for the remaining FY '97 loan requests and had established the loan terms for Board consideration. He noted that VRA was preparing their financial capability reports for loan authorization concurrence and that no problems had surfaced as of the Board meeting.

Also, as part of his November 20, 1996 staff memorandum, Mr. Wampler also asked the Board to revisit the funding option for Russell County's Dante sewer project. He explained that when the staff asked the Board to authorize the \$250,000 no-interest

loan to Russell County last December, loan support was the only financial option available. He indicated that this project was one where "hardship" grant money was desperately needed; however, none was available at that time. He further explained that in May of this year, DEQ and VRA learned that federal grant money was going to be made available to Virginia through the Omnibus Consolidated Rescission and Appropriations Acts of 1996. This new grant money is being made available to help impoverished rural communities construct new wastewater treatment systems. He stated that DEQ and VRA were in agreement that the Dante project in Russell County does meet all of the qualifying criteria to be a recipient of these grant funds. He concluded the staff presentation by stating that DEQ does support grant funding for this project.

Board Decision

Following discussion, the Board voted unanimously to:

1. Authorize the execution of the following loan agreements contingent upon available funds. Loan terms are subject to receipt of a favorable financial capability analysis report and supporting recommendation from VRA.

<u>Locality</u>	<u>Loan Amount</u>	<u>Loan Terms</u>
City of Richmond (CSO)	\$ 8,600,000	3.0% / 20 years
City of Lynchburg (CSO)	\$12,900,000	0% / 20 years
Prince George County	\$ 675,750	4.75% / 20 years
City of Franklin	\$ 1,500,000	3.0% / 20 years
City of Staunton	\$ 1,225,000	4.75% / 20 years
City of Lynchburg (Sludge)	\$ 6,800,000	3.0% / 20 years*
Loudoun County (Hamilton)	\$ 2,812,000	3.0% / 20 years
Town of Jonesville	\$ 165,275	3.0% / 20 years
Town of Louisa	\$ 1,560,200	3.0% / 20 years
Town of Lawrenceville	\$ 450,500	3.0% / 20 years
Lee County PSA	\$ 5,900,000	3.0% / 20 years
Tazewell County PSA	\$ 1,938,350	3.0% / 20 years
Town of Middleburg	\$ 150,000	4.75% / 20 years
City of Newport News	\$ 3,007,000	4.75% / 20 years
Surry County	\$ 3,582,820	3.0% / 20 years

*Interest rate is to be adjusted to 0% for 20 years for the Board's VRLF loan if the City of Lynchburg elects to blend the VRLF loan with funding from VRA's bond loan program to finance the total project.

2. Authorize grant funding up to \$250,000 for the Russell County/Dante project from money available to Virginia for impoverished community sewer system development projects as authorized by the Omnibus Consolidated Rescission and Appropriation Act of 1996.


Larry G. Lawson
Director, Water Division

/dww

VIRGINIA RESOURCES AUTHORITY
RESOLUTION AUTHORIZING LOANS
PURSUANT TO
THE VIRGINIA WATER FACILITIES REVOLVING FUND ACT

December 8, 1987

WHEREAS, the Virginia Resources Authority (the "Authority") is authorized under the provisions of the Virginia Water Facilities Revolving Fund Act (the "Act") to administer and manage the Virginia Water Facilities Revolving Fund (the "Fund") to make loans ("Loans") to local governments (the "Local Governments") to finance and/or refinance wastewater treatment facilities located or to be located in the Commonwealth of Virginia; and

WHEREAS, the State Water Control Board (the "Board") is authorized under the Act to direct the local governments to which Loans are to be made, the purposes of each such Loan, the amount thereof, the interest rate thereon and the repayment terms, such information and terms for each Loan to be designated by the Board in writing to the Authority, following consultation with the Authority; and

WHEREAS, the Act provides that the Authority, except as set forth above, shall determine the terms and conditions of each Loan from the Fund; and

WHEREAS, the Directors of the Authority desire to authorize the Executive Director and other officers of the Authority, within the parameters herein set forth, to act in such matters and to execute and deliver financing agreements and other appropriate documents in connection with the Loans.

NOW, THEREFORE, BE IT RESOLVED by the Directors of the Authority acting under the Act as follows:

1. At such time as the Board may from time to time designate in writing to the Authority a Local Government to which a Loan is to be made, the purpose of the Loan, the amount thereof, the interest rate thereon and the repayment terms thereof, the Executive Director is authorized to implement such Loan on behalf of the Fund. The Loan shall be made pursuant to the terms of a Financing Agreement between the local Government and the Fund, substantially in the form attached as Exhibit A hereto, with such additions, changes, insertions and omissions as the Executive Director, with the advice of counsel, may deem appropriate in the circumstances of the Loan being made, and shall otherwise be made subject to and in accordance with the terms and conditions of the Act.

2. Each officer of the Authority is authorized to execute and deliver on behalf of the Authority such instruments, documents or certificates, and to do and perform such acts and things as such officer shall deem necessary or appropriate to carry out the loan transactions contemplated by this Resolution or the Act, including, but not limited to, the administration and enforcement of the Financing Agreement, and all of the foregoing, previously done or performed by any such officer, are in all respects approved, ratified and confirmed.

3. This Resolution shall take effect immediately.

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**VIRGINIA
RESOURCES
AUTHORITY**

Revolving Loan Funds

January 21, 1999

The Honorable Keith Reasoner
Mayor, Town of Hamilton
P.O. Box 130
Hamilton, Virginia 20159

Re: **Virginia Revolving Loan Fund
Town of Hamilton
C-515185-02**

Dear Mayor Reasoner:

On behalf of the Virginia Water Facilities Revolving Fund, also known as the Virginia Revolving Loan Fund (the "Fund"), the Virginia Resources Authority (the "Authority") is pleased to advise you that the State Water Control Board (the "Board") has authorized a loan (the "Loan") from the Fund to the Town of Hamilton (the "Town") in the amount of \$2,542,000 at three percent (3.0%) interest *per annum*, for a term of twenty (20) years. The Loan will be used to finance the construction of a sewage collection system to serve an area outside of, but, adjacent to the Town limits, to make improvements to the treatment plant, and to make improvements at the water treatment plant, and related engineering and legal expenses (together, the "Project"). Accordingly, the Authority hereby offers to extend to the Town the Loan as stated, subject, however, to the satisfaction of the conditions to purchase of the Town's Local Bond set forth in the form of the enclosed Financing Agreement (Sections 2.1, 3.1, and 3.2).

It is understood that the Loan will be secured by a pledge of revenues of the Town's wastewater system, and further, be supplemented by a pledge of the revenues received from the County of Loudoun from the real property tax revenues collected from the Service District under the terms and conditions of the of the Service Agreement by and between the County Board of Supervisors and the Town of Hamilton; the Town of Hamilton shall institute a \$6.50 per month sewer surcharge on all Town customers; and; the County Board of Supervisors shall commit, subject to annual appropriation, to pay \$88,000 per year until the Loan is repaid in full. Further, the agreements for each of the foregoing must be satisfactory in all respects to the Fund.

It is understood that the rates and charges for use of the Town's system, taking into account the County payments described above, shall be established in such amounts as may be required to meet and maintain the rate coverage factor of 115% (net revenues available for payment of debt service, after payment of operations and maintenance expenses, equal to 115% of debt service on the Local Bond plus other indebtedness) as set forth in Section 5.1 of the Financing Agreement executed in connection with the Loan.

The Town's Local Bond evidencing the Loan will be on a parity basis with any pre-existing bonded indebtedness, secured by a pledge of the wastewater system revenues.

Loan closing and the disbursement of funds in connection therewith shall remain subject to satisfaction of any condition prerequisite thereto established by the Board. The Town shall comply in all respects with all applicable laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding thereof by the Fund, Where noncompliance of such

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Telephone: (804) 644-3100 Facsimile: (804) 644-3109

Mayor Reasoner
January 21, 1999
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requirements is determined by the Authority or the Board, the issue shall be referred to the proper authority and/or agency for consultation and/or enforcement action.

The Authority reserves the right to withdraw or alter the terms of this commitment if, between the date of the Town's loan application and the date of closing, the Town incurs any debt or its financial condition changes in any way deemed material by the Authority in its sole discretion.

If you have any questions concerning the foregoing, please call Ms. Sheryl S. Stephens of my staff. If you concur with the terms and conditions herein stated, please acknowledge your acceptance thereof by signing below and returning the original to me January 29, 1999. Retain a copy for your records.

If Loan closing shall not have occurred by February 12, 1999, it is understood that the Authority reserves the right to modify any of the conditions of this commitment or to withdraw the loan offer.

This supercedes, in its entirety, the Commitment Letter dated August 31, 1998 to the Town.

Sincerely,
The Virginia Revolving Loan Fund
By: Virginia Resources Authority
Charles L. Massie
Charles L. Massie
Revolving Loan Fund Director

The foregoing terms and conditions are hereby acknowledged and accepted the 22 day of JANUARY, 1999.

By: *Keith Reasoner*
Mayor

Enclosure - Draft Financing Agreement

cc: Daniel E. Rogers, II, Esquire - Christian & Barton, L.L.P.
Mr. Donald W. Wampler - Department of Environmental Quality
Maureen K. Gilmore, Esquire
Bonnie France, Esquire
Stanley Franklin, Esquire

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CHARTER

TOWN OF HAMILTON

Loudoun County, Virginia

SEPTEMBER 1978 REVISED



To the taxpayers of Hamilton, Va.

1993 SESSION

VIRGINIA ACTS OF ASSEMBLY - CHAPTER

An Act to amend and reenact §§ 1.2, 3.1 and 3.2 of Chapter 406 of the Acts of Assembly of 1977, which provided a charter for the Town of Hamilton in the County of Loudoun; to amend such Chapter by adding a section numbered 4.1:1; and to repeal § 3.12 of Chapter 406 of the Acts of Assembly of 1977, relating to boundaries and office of town recorder.

[H 1336]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 1.2, 3.1 and 3.2 of Chapter 406 of the Acts of Assembly of 1977 are amended and reenacted and that such chapter is amended by adding a section numbered 4.1:1 as follows:

§ 1.2. Boundaries.—The town of Hamilton shall be that territory in the County of Loudoun having the same area and the same boundaries as set forth in Chapter 107 of the Acts of Assembly of 1874-1875, approved February 1875; and the same boundaries as recorded in the Circuit Court for Loudoun County, Virginia, in Plat Book 12, Page 87, and Deed Book 498, Page 60 and Deed Book 1085, Page 333.

§ 3.1. Election, qualifications, and term of office of mayor and councilmen.—A. The town of Hamilton shall be governed by a mayor, and a town council of six (6) councilmen, and shall have an elected officer as a recorder, all of whom shall be qualified voters of the town.

B. An election for mayor, and councilmen, and recorder shall be held on the first Tuesday in May, nineteen hundred seventy-eight, and every two years thereafter as provided herein. The term for mayor shall be four (4) years. The term for recorder shall be two (2) years. The term for councilmen shall be four (4) years, except that following the election in May, nineteen hundred seventy-eight, the councilmen duly elected by the people shall serve staggered terms. Three of said councilmen shall serve for two years and until their successors shall have been elected and qualified. Three of said councilmen shall serve a term of four years and until their successors shall have been elected and qualified. The councilmen so serving two-year and four-year terms shall be determined by lot. Every two years on such Tuesday thereafter an election shall be held for the purpose of electing those councilmen whose terms in office will expire. The term of office for councilmen, thereafter, shall be for four (4) years.

C. A term of office shall commence on the first day of July following the election and before entering upon their duties of their respective offices those elected shall take the prescribed oath, in the manner prescribed by law.

§ 3.2. Vacancies on the council.—Vacancies on the town council and in the office of the recorder shall be filled by a majority vote of the town council from the qualified voters of the town, and such person shall serve until the next regular town election, at which time that vacancy shall be filled, by election, for the remainder of that term if a four-year term, and for a new term if a two-year term.

§ 4.1:1. The town recorder.—The town council shall appoint a town recorder as an officer of the town, who shall, before undertaking the duties of the office, take the prescribed oath in the manner prescribed by law. The town recorder shall be the recorder of the council, shall keep the journal of its proceedings fully and accurately, and shall record all ordinances and resolutions in a book or books kept for that purpose. The person appointed as recorder shall be the custodian of the corporate seal of the town and the officer authorized to use and authenticate it, and shall perform such other duties and keep such other records as the town council or general laws of the Commonwealth of Virginia may prescribe.

2. That § 3.12 of Chapter 406 of the Acts of Assembly of 1977 is repealed.
3. That an emergency exists and this act is in force from its passage.

ENGROSSED

HOUSE BILL NO. 1339

House Amendments in [] -February 7, 1977

A BILL to provide a charter for the town of Hamilton in the county of Loudoun and to repeal Chapter 107 of the Acts of Assembly of 1938 which provided a charter for said town.

Patrons—Bell, Bagley, F. C., and Brickley

Referred to the Committee on Counties, Cities and Towns

Be it enacted by the General Assembly of Virginia:

CHAPTER 1.

INCORPORATION AND BOUNDARIES.

§ 1.1. Incorporation.—The inhabitants of the territory within the present limits of the town of Hamilton as the same are now or may be hereafter altered and established by law shall constitute and continue to be a body politic and corporate and as such shall have perpetual succession, may sue and be sued, implead and be impleaded, contract and be contracted with and may have a corporate seal which it may alter and renew or amend at its pleasure by proper ordinance.

§ 1.2. Boundaries.—The town of Hamilton shall be that territory in the County of Loudoun having the same area and the same boundaries as set forth in Chapter 107 of the Acts of Assembly of 1874-1875, approved February 1875; and the same boundaries as recorded in the Circuit Court for Loudoun County, Virginia, in Plat Book 12, Page 57, and Dood Book 486, Page 60.

CHAPTER 2.

POWERS.

§ 2.1. General grant of powers.—The town of Hamilton shall have and may exercise all powers which are now or hereafter may be conferred upon or delegated to towns under the Constitution and laws of the Commonwealth of Virginia, as full and completely as though such powers were specifically enumerated herein, and no enumeration of any particular powers by this chapter shall be held to be exclusive, and shall have, exercise and enjoy all the rights, immunities, powers and privileges, and be subject to all the duties and obligations now appertaining to and incumbent upon the town as a municipal corporation.

§ 2.2. Adoption of certain sections of the Code of Virginia.—The powers set forth in § 15.1-837 through 15.1-807, both inclusive, of Chapter 18 of Title 15.1 of the Code of Virginia, as in force on July two, nineteen hundred seventy-two, and as hereafter amended, are hereby conferred on and vested in the town of Hamilton.

House Bill No. 1339

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CHAPTER 3.

MAYOR AND COUNCIL.

§ 3.1. Election, qualifications, and term of office of mayor, councilman, recorder.—A. The town of Hamilton shall be governed by a mayor, a town council of (6) councilmen, and shall have an elected officer as a recorder, all of whom shall be qualified voters of the town.

B. An election for mayor, councilman, and recorder shall be held on the first Tuesday in May, nineteen hundred seventy-eight, and every two years thereafter as provided here. The term for mayor shall be four (4) years. The term for recorder shall be two (2) years. The term for councilman shall be four (4) years, except that following the election in November nineteen hundred seventy-eight, the councilman duly elected by the people shall serve staggered terms. Three of said councilmen shall serve for two years and until their successors shall have been elected and qualified. Two of said councilmen shall serve terms of four years and until their successors shall have been elected and qualified. The councilman so serving two-year and four-year terms shall be determined by lot. Every two years on such Tuesday thereafter an election shall be held for the purpose of electing those councilmen whose terms in office will expire. The term of office for councilman, thereafter, shall be for four (4) years.

C. A term of office shall commence on the first day of July following the election and before entering upon their duties of their respective offices those elected shall take the prescribed oath, in the manner prescribed by law.

§ 3.2. Vacancies on the council.—Vacancies on the town council (and in the office of the recorder) shall be filled by a majority vote of the town council from the qualified voters of the town, and such person shall serve until the next regular town election, at which time that vacancy shall be filled, by election, for the remainder of that term if a four-year term, and for a new term if a two-year term.

§ 3.3. Vacancy in the office of mayor.—A vacancy in the office of the mayor shall be filled by a majority vote of the town council from the qualified voters of the town, and such person shall serve until the next regular town election, at which time that vacancy shall be filled, by election, for the remainder of that term or for a new term.

§ 3.4. The council; a continuing body.—The town council shall be a continuing body and no measures pending before such body or any contract or obligation incurred shall abate or be discontinued by reason of the expiration of the term of office or removal by any of its members.

§ 3.5. A quorum.—The mayor and three councilmen or in his absence four councilmen shall constitute a quorum for the transaction of business.

§ 3.6. Powers and duties of the mayor.—The mayor shall be the chief executive

1 officer of the town. He shall have and exercise all power and authority conferred by
 2 general law and not inconsistent with this charter. He shall preside over the meetings of
 3 the town council and shall have the right to speak and vote therein, as any member of the
 4 town council. He shall be recognized as the head of the town government for all
 5 ceremonial purposes and shall perform such other duties consistent with his office as may
 6 be imposed by the council. He shall see that the duties of the various town officers are
 7 faithfully performed. In times of public dangers or emergencies, he may take command of
 8 the police and maintain order and enforce laws, and for this purpose he may deputize such
 9 assistant police as may be necessary. He or the person acting as mayor shall authenticate
 10 by his signature all such documents or instruments as the council, this charter, or the laws
 11 of the Commonwealth may require.

12 § 2.7. General grant of powers to the council.—The town council shall have all
 13 powers and authority that are now or may hereafter be granted to councils of towns by
 14 general laws of the Commonwealth, and by this charter, and the recital of special powers
 15 and authorities herein shall not be taken to exclude the exercise of any power and
 16 authority granted by the general laws of the Commonwealth to town councils, but not
 17 herein specified.

18 § 2.8. Vice-mayor.—The town council shall elect from its members by a majority vote
 19 of the members present, a vice-mayor. During the absence of the mayor or inability of the
 20 mayor to act, the vice-mayor shall possess the powers and discharge the duties of the
 21 mayor.

22 § 2.9. Meetings of the town council.—The town council shall fix the time of the
 23 stated meetings and they shall meet at least once a month. Special meetings may be called
 24 at any time by the mayor or by three members of the council provided that the mayor and
 25 all councilmen be notified in writing within a reasonable period of time prior to such
 26 meeting, and no business shall be transacted at a special meeting thereof, except that for
 27 which it shall be called. If all members are present at such meetings, this provision may be
 28 waived by majority vote of the council.

29 § 2.10. Rules of order and procedure.—The town council shall establish its own rules
 30 of order and procedure and may take appropriate action against its own members and
 31 other persons for violation thereof.

32 § 2.11. Council to fix salaries.—The town council is hereby authorized to fix the
 33 salaries of the mayor, members of the council, and employees of the town. Such salaries
 34 are not to exceed any limitations placed by the law and Constitution of the Commonwealth
 35 of Virginia.

36 § 2.12. The town recorder.—The town recorder shall be the recorder of the council
 37 and shall keep the journal of its proceedings fully and accurately, and shall record all

1 ordinances and resolutions in a book or books kept for that purpose. The person elected as
 2 recorder shall be the custodian of the corporate seal of the town and shall be the officer
 3 authorized to use and authenticate it, and shall perform such other duties and keep such
 4 other records as the town council or general laws of the Commonwealth of Virginia may
 5 prescribe.

CHAPTER 4.

APPOINTED OFFICERS.

8 § 4.1. Appointments.—The town council may appoint such officers, deputies and
 9 assistants of the town as they deem necessary. Each officer appointed under this section
 10 shall be directly responsible to the town council and mayor. Such officers shall perform
 11 such duties as are required by general law as well as such additional duties as are
 12 prescribed by this charter or the town council.

13 § 4.2. Terms of office.—Officers, deputies and assistants appointed by the town
 14 council shall serve at the pleasure of the town council.

15 § 4.3. Bonds.—Officers, deputies and assistants appointed by the town council shall
 16 execute such bonds as may be required by resolution of the town council.

17 § 4.4. Appointment of one person to more than one office.—The town council may
 18 appoint the same person to more than one appointive office subject to the limitations of
 19 Article VII, Section 6 of the Constitution of Virginia.

CHAPTER 5.

MISCELLANEOUS.

22 § 5.1. Elections governed by the State laws.—All town elections shall be held and
 23 conducted in accordance with existing State laws of the Commonwealth.

24 § 5.2. Actions against the town for damages, etc.—A. No action shall be maintained
 25 against the town for any injury to any person or property or for wrongful death alleged to
 26 have been sustained by reason of the negligence of the town, or any officer, agent, or
 27 employee thereof, unless notice shall be given by the claimant in accordance with § 8-653,
 28 as amended, of the Code of Virginia.

29 B. The town council is authorized and empowered to compromise any claim for
 30 damages or any suit or action brought against the town.

31 § 5.3. Acceptance of federal aid, contributions, etc.—The town of Hamilton shall have
 32 the power to receive and accept from any federal agency, grants of any kind for and in aid
 33 of public works, the construction of any project, the procuring or preserving of park land,
 34 open spaces or any recreational facility, and to do all such things or make any covenants
 35 or agreements which may be necessary or required to obtain and use such funds. The town
 36 may receive and accept aid or contributions from any source, or money, property, labor or
 37 other things of value, to be held, used and applied only for the purposes for which such

1 grants and contributions may be made.

2 [§ 6-6 5.4] Disclosure of interest.—The town council is hereby empowered to enact
3 a conflict of interest and disclosure ordinance to govern elected or appointed town officials
4 not inconsistent with the general law.

5 [§ 6-6 5.5] Fiscal year.—The fiscal year of the town shall begin on July one of each
6 year and end on June thirty of the year following.

7 [§ 6-6 5.6] Present officers to continue.—The present elected officers of the town
8 shall be and remain in office until June thirty, nineteen hundred seventy-eight, or until
9 their successors have been duly elected and qualified.

10 [§ 6-6 5.7] Ordinance in force.—All ordinances now in force in the town of
11 Hamilton not inconsistent with this charter shall be and remain in force until altered,
12 amended or repealed by the town council.

13 [§ 6-6 5.8] Severability of provisions.—If any clause, sentence, paragraph or part
14 of this charter shall for any reason be adjudged by any court of competent jurisdiction to
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1 be invalid, such judgment shall not affect, impair or invalidate the remainder of this
2 charter, but shall be confined in its operation to the clause, sentence, paragraph or part
3 thereof directly involved in the controversy in which such judgment shall have been
4 rendered.

5 [§ 6-6 5.8] Supersedes old charter.—This charter supersedes and renders null and
6 void all charters and amendments thereto and enabling acts or orders granted by circuit
7 courts pursuant to general law, except insofar as orders of such courts established
8 boundaries of the town of Hamilton.

9 2. That Chapter 107 of the Acts of Assembly of 1958 is repealed.

10 3. That an emergency exists and this act is in force from its passage.

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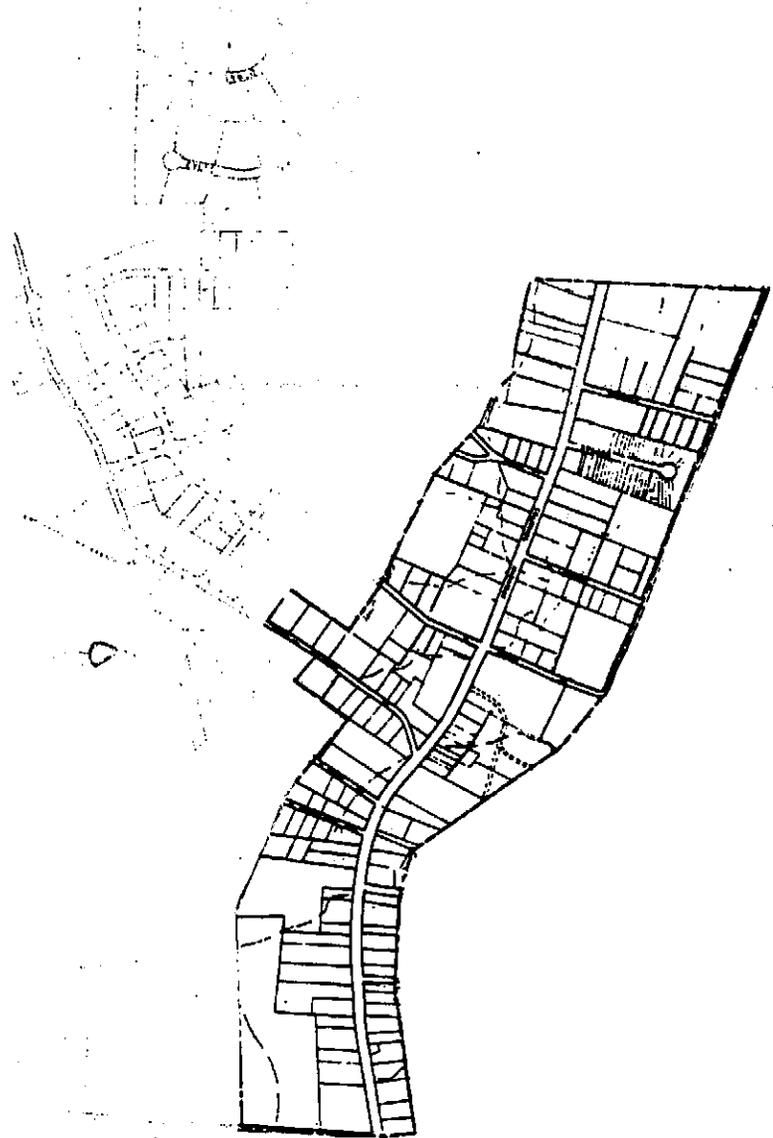
Official Use by Clerks

Passed By	Passed by The Senate
The House of Delegates	
with amendment	with amendment
without amendment	without amendment

Date: Date:

.....
Clerk of the House of Delegates Clerk of the Senate

Boundary Plat
Town of Hamilton
Loudoun County, Virginia



CERTIFICATE AS TO PUBLIC HEARING

The undersigned Recorder of the Town of Hamilton, Virginia (the "Town"), hereby certifies as follows:

1. A meeting of the Town Council of the Town was duly called and held on September 14, 1998, at 7:00 p.m., at the Hamilton Town Office at 53 East Colonial Highway, in Hamilton, Virginia. The meeting was open to the public. The time of the meeting and the place at which the meeting was held provided a reasonable opportunity for persons of differing views to appear and be heard.
2. The Mayor announced the commencement of a public hearing on the issuance of not to exceed \$3,000,000 Sewer Revenue Bonds (the "Bonds") of the Town of Hamilton, Virginia (the "Town"), to finance certain improvements to and extension of the Town's wastewater system. Such public hearing was held in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended (the "Code").
3. A notice of the public hearing was published once a week for two successive weeks in a newspaper having general circulation in the Town. The hearing was not held less than six nor more than twenty-one days after the date of publication of the second notice in accordance with the provisions of Section 15.2-2606 of the Code. A certificate of publication with respect to the Notice of Public Hearing is attached hereto as Exhibit A.

Dated: February 2, 1999


Recorder, Town of Hamilton, Virginia

Exhibit:

A - Certificate of Publication of Notice of Public Hearing

EXHIBIT A

RE: Proposed Bond Financing
Town of Hamilton

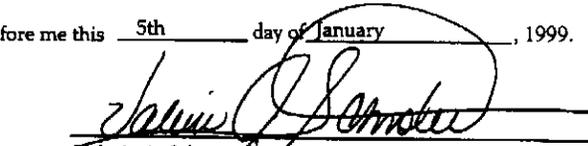
**AFFIDAVIT OF PUBLISHER
PURSUANT TO SECTION 8.01-324(B)
OF THE 1950 CODE OF VIRGINIA
AS AMENDED**

**STATE OF VIRGINIA
COUNTY OF LOUDOUN**

The attached order of publication was published in Leesburg Today, a newspaper published in the County of Loudoun, State of Virginia, on August 26 and September 2, 1998

as requested by: McGuire, Woods, Battle & Boothe, L.L.P.

This is sworn to before me this 5th day of January, 1999.


Valerie A. Schrotel

Notary Public in and for the County of Loudoun, State of Virginia

My Commission Expires: September 30, 2001

LEESBURG TODAY
1 East Market Street
P. O. Box 591
Leesburg, VA 20176

Telephone Numbers:
Legals (703) 771-8831 • FAX:(703) 771-2076

PUBLIC/LEGAL NOTICES

NOTICE OF PUBLIC HEARING OF PROPOSED BOND FINANCING BY THE TOWN OF HAMILTON, VIRGINIA

Notice is hereby given that the Town Council of the Town of Hamilton, Virginia (the "Town") will hold a public hearing on December 15, 1998 at 7:30 p.m. in the Council Chambers, 25 West Market Street, Leesburg, Virginia, to consider an amendment of Section 48-5 of the Zoning Ordinance to reduce the minimum lot width in the B-2 Zoning District from 130 feet to 100 feet.

The public hearing, which may be continued or adjourned, will be held at 7:00 p.m. on Monday, September 14, 1998, before the Town Council at the Hamilton Town Office, 53 E. Colonial Highway, Hamilton, Virginia.

928 & 9298

TOWN OF LEESBURG PUBLIC HEARING TO CONSIDER AMENDMENTS TO THE LEESBURG ZONING ORDINANCE TO REDUCE THE MINIMUM LOT WIDTH IN THE B-2 ZONING DISTRICT

NOTICE IS HEREBY GIVEN that a public hearing will be held by the LEESBURG TOWN COUNCIL on Tuesday, September 8, 1998, at 7:30 p.m. in the Council Chambers, 25 West Market Street, Leesburg, Virginia, to consider an amendment of Section 48-5 of the Zoning Ordinance to reduce the minimum lot width in the B-2 Zoning District from 130 feet to 100 feet.

All persons desiring to speak regarding this matter will be heard. By: James E. Cline, Mayor

928 & 9298

TOWN OF LEESBURG NOTICE OF PUBLIC HEARING TO CONSIDER SPECIAL EXCEPTION APPLICATION #SE-98-05 WORLD GYM FITNESS CENTER AT BATTLEFIELD SHOPPING CENTER

The LEESBURG TOWN COUNCIL will hold a public hearing in the Council Chambers, 25 West Market Street, Leesburg, Virginia, on TUESDAY, SEPTEMBER 8, 1998 at 7:30 p.m. to consider Special Exception application #SE-98-05 World Gym Fitness Center, Dickinson, Va. The applicant is requesting special exception approval to locate a fitness center in Building H at Battlefield Shopping Center.

Additional information regarding all applications is available at the Town Office during regular working hours.

All persons desiring to speak regarding this matter will be heard.

By: James E. Cline, Mayor

928 & 9298

NOTICE OF PUBLIC AUCTION

The Thursday, September 10, 1998, at 10:00 A.M., Paul Knaus Real Estate, located at 735 Gateway Drive, S.E., Leesburg, Virginia 20176 (Phone 703-771-3000), will sell the property of the following names:

Thomas Elliot #457, Leigh Griffin #27, Thomas A. Melan #72, James Murray #210.

Terms of Sale: CASH
Honor Bidder will Manage

9298

TOWN OF LEESBURG PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Town of Leesburg Board of Zoning Appeals on Monday, September 14, 1998 at 7:30 p.m., in the Town Council Chambers at the Leesburg Municipal Center, 25 West Market Street, Leesburg, Virginia, to hear the following:

BZA 98-03 - Hogan & Stone, Inc. - Variance request to reduce the 10-foot side yard requirement of Section 48-4(3) in the B-1 Designated Commercial District to three (3) feet for the construction of an addition to the existing two shop structures at 514 East Market Street.

BZA 98-04 - Union Business - Variance request to reduce the 35-foot rear yard requirement of Section 48-4(3) in the B-1 Designated Commercial District to seven (7) feet at 109 S. King Street in order to permit sub-division of the property into two parcels.

Anyone desiring further information may come to the Town Office during regular business hours at 25 West Market Street.

All persons desiring to address the Board on the above subjects may express their views at that time.

By: Susan Mattheis, Chairman
Board of Zoning Appeals

92 & 9298

TOWN OF LEESBURG PUBLIC NOTICE REZONING APPLICATION #ZM-157 AND #TP 98-05 LEESBURG COMMONS

Notice is hereby given that a public hearing will be held by the Leesburg Planning Commission on Tuesday, September 17, 1998 at 7:30 p.m. in the Council Chambers, 25 West Market Street, Leesburg, Virginia to consider rezoning application #ZM-157 and #TP 98-05 Leesburg Commons, a 150-acre approximately 200-acre site in the 150-acre parcel of land within the 11.5-acre of Leesburg Town 11, Industrial Research Park District, to B-3, Community Retail/Commercial District to accommodate a mix of permitted office and commercial uses, including approximately 100,000 square feet of commercial office and retail space. The property is located southwest of the intersection of Route 7 and Route 65 in Leesburg and is identified as Tax Map 40 24A. The applicant is Theorem Associates, L.C. A Town Plan amendment is required for the final site proposed. The applicant proposes to rezone the Business I and use classification of the Town Plan, which currently calls for at least 60% of the area to be developed as office and light industrial (B-1) use to mixed-use, residential, open space to increase the amount and kind of land uses.

Special exceptions are required for the retail center in excess of 600,000 square feet in area, service uses of 100,000 square feet, and the use of the site for the proposed office and retail space. The applicant must submit all the items of the rezoning application but require special exceptions for the proposed office uses.

Additional information regarding all rezoning applications and town plan amendments is available at the Town Office during regular business hours at 25 West Market Street, 2001 (Phone 703-771-3000) or by e-mail to: paul.knaus@leesburgva.gov. Chief of Comprehensive Planning at 771-3000.

By: Martin J. Ladd
Leesburg Planning Commission

92 & 9298

PUBLIC/LEGAL NOTICES

9-2-98

Leesburg Today

928 & 9298

NOTICE OF PUBLIC HEARING OF PROPOSED BOND FINANCING BY THE TOWN OF HAMILTON, VIRGINIA

Notice is hereby given that the Town Council of the Town of Hamilton, Virginia (the "Town") will hold a public hearing on December 15, 1998 at 7:30 p.m. in the Council Chambers, 25 West Market Street, Leesburg, Virginia, to consider an amendment of Section 48-5 of the Zoning Ordinance to reduce the minimum lot width in the B-2 Zoning District from 130 feet to 100 feet.

The public hearing, which may be continued or adjourned, will be held at 7:00 p.m. on Monday, September 14, 1998, before the Town Council at the Hamilton Town Office, 53 E. Colonial Highway, Hamilton, Virginia.

928 & 9298

TOWN OF LEESBURG PUBLIC HEARING

TO CONSIDER AMENDMENTS TO THE LEESBURG ZONING ORDINANCE TO REDUCE THE MINIMUM LOT WIDTH IN THE B-2 ZONING DISTRICT

NOTICE IS HEREBY GIVEN that a public hearing will be held by the LEESBURG TOWN COUNCIL on Tuesday, September 8, 1998, at 7:30 p.m. in the Council Chambers, 25 West Market Street, Leesburg, Virginia, to consider an amendment of Section 48-5 of the Zoning Ordinance to reduce the minimum lot width in the B-2 Zoning District from 130 feet to 100 feet.

NOTICE OF PUBLIC AUCTION

On Thursday, September 10, 1998, at 10:00 A.M., Paul Knaus Real Estate, located at 735 Gateway Drive, S.E., Leesburg, Virginia 20176 (Phone 703-771-3000), will sell the property of the following names:

Thomas Elliot #457, Leigh Griffin #27, Thomas A. Melan #72, James Murray #210.

9298

TOWN OF LEESBURG PUBLIC NOTICE

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Town of Leesburg Board of Zoning Appeals on Monday, September 14, 1998 at 7:30 p.m., in the Town Council Chambers at the Leesburg Municipal Center, 25 West Market Street, Leesburg, Virginia, to hear the following:

BZA 98-03 - Hogan & Stone, Inc. - Variance request to reduce the 10-foot side yard requirement of Section 48-4(3) in the B-1 Designated Commercial District to three (3) feet for the construction of an addition to the existing two shop structures at 514 East Market Street.

BZA 98-04 - Frank Brothers - Variance request to reduce the 35-foot rear yard requirement of Section 48-4(3) in the B-1 Designated Commercial District to seven (7) feet at 109 S. King Street in order to permit sub-division of the property into two parcels.

Anyone desiring further information may come to the Town Office during regular business hours at 25 West Market Street.

All persons desiring to address the Board on the above subjects may express their views at that time.

By: Susan Mattheis, Chairman
Board of Zoning Appeals

To: Darnille Dean, McGuire, Woods
From: Valerie, Leesburg Today

NOTE!
Pg 1 - copied @ 100%
Pg 2 - reduce to show
full page of newspaper

RESOLUTION OF THE TOWN COUNCIL OF THE
TOWN OF HAMILTON, VIRGINIA

January 11, 1999

At a regular meeting of the Town Council of the Town of Hamilton, Virginia, held on January 11, 1999, the following resolution was adopted by a majority of the members of the Town Council by the following roll call vote, as recorded in the minutes of the meeting:

<u>MEMBER</u>	<u>VOTE</u>
Keith Reasoner	Yes
John D Unger	Absent
Terry L Moon	Yes
Gregory Wilmoth	Yes
Ronald Ingoe	Yes
Ann Huggins	Yes
Michael Snyder	Yes

RESOLUTION OF THE TOWN COUNCIL OF THE
TOWN OF HAMILTON, VIRGINIA, AUTHORIZING THE ISSUANCE AND SALE OF
THE TOWN OF HAMILTON, VIRGINIA, SEWER REVENUE BOND,
SERIES 1999, IN THE MAXIMUM PRINCIPAL
AMOUNT OF UP TO \$3,000,000

RECITALS

- A. The Town Council of the Town of Hamilton, Virginia (the "Town Council"), has determined that it is necessary to finance certain improvements to and extensions of the Town of Hamilton, Virginia's (the "Town") wastewater system (the "Project"), and that it is necessary and expedient to borrow up to \$3,000,000 and to issue its Sewer Revenue Bond, Series 1999 (the "Bond") to provide funds to pay the costs of the Project.
- B. The Town Council has also determined to secure the Bond by a pledge of certain revenues and special taxes and charges, as specified below.
- C. The Bond will be sold by the Town to the Virginia Water Facilities Revolving Fund (the "Fund"), acting by and through the Virginia Resources Authority, pursuant to the terms of a Financing Agreement (the "Financing Agreement") between the Town and the Fund, to be dated as of a date specified by the Fund.
- D. The foregoing arrangements will be reflected in the Financing Agreement, a form of which is on file with the Office of the Town Attorney of the Town (the "Town Attorney").
- E. On September 14, 1998, the Town Council held a public hearing on the issuance of the Bond in accordance with the requirements of Section 15.2-2606 of the Code of Virginia of 1950, as amended (the "Virginia Code").

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE
TOWN OF HAMILTON, VIRGINIA, THAT:

- Election to Proceed Under Public Finance Act of 1991. The Town Council hereby elects to issue the Bond under the provisions of the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code (the "Public Finance Act") without regard to the requirements, restrictions or other provisions contained in the Charter of the Town.
- Authorization of Bond and Use of Proceeds. The Town Council hereby determines that it is advisable to contract a debt and to issue the Bond in the maximum principal amount of up to \$3,000,000, all pursuant to the terms of this Resolution, the Financing Agreement, the Public Finance Act and upon such other terms as may be determined in the manner set forth in this Resolution. The issuance and sale of the Bond upon such terms are hereby authorized and approved. The Bond shall be known as the "Town of Hamilton, Virginia,

Sewer Revenue Bond, Series 1999." The proceeds from the issuance and sale of the Bond shall be used, together with other available funds, if any, to pay the costs of the Project.

3. **Details of Bond.** The Bond shall be issued and sold substantially upon the terms and conditions set forth in this Resolution and the Financing Agreement. The Bond shall be issued as a single bond in fully registered form and shall be dated the date of its issuance and delivery. The Mayor of the Town (the "Mayor") is authorized and directed to determine and approve all of the other details of the Bond, including without limitation, the maximum principal amount authorized to be advanced thereunder, the interest rate, the maturity or payment dates and amounts and the final maturity date; provided, however, that (i) the maximum principal amount authorized to be advanced under the Bond shall not exceed \$3,000,000, (ii) the interest rate on the Bond shall not exceed three percent (3%) per annum, (iii) the Bond shall have a substantially level maturity or payment schedule from and after the date on which the first payment of principal is due thereunder, and (iv) the final maturity date of the Bond shall be no later than December 31, 2025. The Mayor's approval of such details shall be evidenced conclusively by the due execution and delivery of the Bond on the Town's behalf.

4. **Pledge of Revenues.** The Bond shall be a limited obligation of the Town and, except to the extent payable from the proceeds of the sale of the Bond or the income, if any, derived from the investment thereof, will be payable exclusively from (a) a monthly surcharge collected from current users of the Town's wastewater system, (b) a tax imposed on taxpayers within a special tax district in the County of Loudoun, Virginia (the "County"), (c) annual appropriations from the County to the Town, all as more particularly described in the Service Agreement between the County and the Town, and (d) the revenues of the Town's wastewater system, which the Town hereby pledges to the payment of the principal of and interest on the Bond pursuant to the terms of the Financing Agreement. The pledge of the Town's wastewater system revenues shall be on a parity with the pledge of such revenues securing the Town's \$200,000 Sewer System Revenue Bond, Series 1991. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Town, shall be obligated to pay the principal of or interest on the Bond or other costs incident to it except from the revenues and any other money or property pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the Town, is pledged to the payment of the principal of or interest on the Bond or other costs incident to it. The issuance of the Bond does not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions, including the Town, to levy any taxes for the payment of the Bond.

5. **Form of Bond.** The Bond shall be in substantially the form attached as Exhibit A to this Resolution, with such variations, insertions or deletions as may be approved by the Mayor, whose approval shall be evidenced by his execution of the Bond on the Town's behalf. There may be endorsed on the Bond such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

6. **Evidence of Approval.** The Mayor's approval or determination of all of the details and provisions of the Bond that he has been authorized and/or directed to approve under this Resolution shall be evidenced conclusively by his execution and delivery of the Bond on the Town's behalf.

7. **Redemption of Bond.** The Bond shall be subject to optional redemption at the direction of the Town Council, without penalty or premium, in whole or in part, at any time, upon the terms set forth in the Bond and the Financing Agreement.

8. **Execution and Delivery of Bond.** The Mayor is authorized and directed to execute the Bond. The Clerk of the Town Council (the "Clerk") or the Deputy Clerk of the Town Council (the "Deputy Clerk") are authorized and directed to affix the seal of the Town to the executed Bond and to attest it and then to deliver the Bond to the Fund upon payment of the first principal advance thereunder.

9. **Typewritten Bond.** The Town shall issue the Bond as a single bond in typewritten form.

10. **Registration, Transfer and Exchange.** The Town Council hereby appoints the Mayor as its registrar and transfer agent to keep books for the registration and transfer of the Bond and to make such registrations and transfers on such books under such reasonable regulations as the Town Council may prescribe.

Upon surrender for transfer or exchange of the Bond (or any printed Bond issued in substitution therefor) at the office of the Mayor, the Mayor shall cause the execution and delivery in the name of the transferees or registered owner, as applicable, a new Bond for a principal amount equal to the Bond surrendered and of the same date and tenor as the Bond surrendered, subject in each case to such reasonable regulations as the Town Council may prescribe. If surrendered for transfer, exchange, redemption or payment, the Bond shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Mayor, duly executed by the registered owner or by his or her duly authorized attorney-in-fact or legal representative.

A new Bond (or printed bond) delivered upon any transfer or exchange shall be a valid limited obligation of the Town, evidencing the same debt as the Bond surrendered and shall be entitled to all of the security and benefits of this Resolution to the same extent as the Bond surrendered.

11. **Charges for Exchange or Transfer.** No charge shall be made for any exchange or transfer of the Bond, but the Mayor may require payment by the holder of the Bond of a sum sufficient to cover any tax or any other governmental charge that may be imposed in relation thereto.

12. **Mutilated, Lost, Stolen or Destroyed Bond.** If the Bond (or any printed bond issued in substitution therefor) has been mutilated, lost, stolen or destroyed, the Town shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon delivery to the Mayor and cancellation of, such mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond; provided, however, that the Town shall execute, authenticate and deliver a new Bond only if the registered owner thereof has paid the reasonable expenses and charges of the Town in connection therewith and, in the case of a lost, stolen or destroyed Bond (i) has filed with the Mayor evidence satisfactory to him or her that such Bond was lost, stolen or destroyed and that the holder of the Bond was the registered owner thereof and (ii) has furnished to the Town indemnity satisfactory to the Mayor. If the Bond has matured, instead of issuing a new Bond, the Town may pay the same without surrender thereof upon receipt of the aforesaid evidence and indemnity.

13. **Approval of Financing Agreement.** The Financing Agreement is approved in substantially the form currently on file with the Office of the Town Attorney, with such changes, insertions or omissions as may be approved by the Mayor, whose approval shall be evidenced conclusively by the execution and delivery of the Financing Agreement on the Town's behalf, and the Mayor is authorized to complete the Financing Agreement with the final terms and details of the Bond as determined pursuant to paragraph 3. The Mayor is authorized to execute and deliver the Financing Agreement and such other documents and certificates as he may consider necessary in connection therewith.

14. **Further Actions; Authorized Representative.** The Mayor and Town Attorney and such officers and agents of the Town as may be designated by either of them are authorized and directed to take such further actions as they deem necessary regarding the issuance and sale of the Bond and the execution, delivery and performance of the Financing Agreement, including, without limitation, the execution and delivery of closing documents and certificates. All such actions previously taken by such officers and agents are ratified and confirmed. The Mayor and Town Attorney are designated the Town's Authorized Representatives for purposes of the Financing Agreement.

15. **Filing of Resolution.** The Town Attorney is authorized and directed to file a certified copy of this Resolution with the Circuit Court of Loudoun County, Virginia, pursuant to Sections 15.2-2607 and -2627 of the Virginia Code.

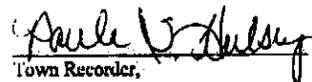
16. **Repeal of Conflicting Resolutions.** All resolutions or parts thereof in conflict with this Resolution are repealed to the extent they are inconsistent with this Resolution.

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

Adopted this 11th day of January, 1999.



Mayor,
Town of Hamilton, Virginia



Town Recorder,
Town of Hamilton, Virginia

W:\HAMILTON\HAMILIN.RES

VIRGINIA:

IN THE CIRCUIT COURT OF THE COUNTY OF LOUDOUN, VIRGINIA

IN THE MATTER OF
THE ISSUANCE AND SALE OF
SEWER REVENUE BOND, SERIES 1999
OF THE TOWN OF HAMILTON, VIRGINIA

Law 21706

ORDER

There having been presented to the Court a certified copy of a resolution adopted by the Town Council of the Town of Hamilton, Virginia (the "Town"), on January 11, 1999, authorizing the issuance and sale of the Town's sewer revenue bond, it is hereby

ORDERED that the certified copy of such resolution, which is attached to the sketch of this Order, be and the same is hereby filed as required by Section 15.2-2607 of the Code of Virginia of 1950, as amended.

ENTER: *17 January 1999*
[Signature]
Circuit Judge

Date: _____

We ask for this:

[Signature]
Maureen K. Gilmore, Esquire
Town Attorney
Town of Hamilton

P.O. Box 130
53 East Colonial Highway
Hamilton, Virginia 20159

[Signature]
Todd G. Ammermann, Esquire
Bond Counsel
McGuire, Woods, Battle & Boothe LLP
One James Center
Richmond, Virginia 23219

A COPY-TESTE
RICHARD KIRK, CLERK
BY: *[Signature]*
DEPUTY CLERK

VIRGINIA:

IN THE CIRCUIT COURT OF LOUDOUN COUNTY

LEESBURG, VIRGINIA

IN THE MATTER OF:

THE ISSUANCE AND SALE OF
SEWER REVENUE BOND, SERIES, 1999
OF THE TOWN OF HAMILTON, VIRGINIA

MOTION FOR ENTRY OF ORDER

COMES NOW, the Town of Hamilton, by counsel, and requests the Court to enter an Order to file a certified copy of the Resolution adopted by the Mayor and Town Council of Hamilton, Virginia, on January 11, 1999, whereby the Town of Hamilton elects to issue a Sewer Revenue Bond, Series 1999, up to the amount of \$3,000,000, under the provisions of the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code, as amended, to finance certain improvements and extensions to the Town's wastewater treatment system.

Respectfully submitted,

[Signature]
Maureen K. Gilmore
Town Attorney
Hamilton, Virginia

RESOLUTION OF THE TOWN COUNCIL OF THE
TOWN OF HAMILTON, VIRGINIA

January 11, 1999

At a regular meeting of the Town Council of the Town of Hamilton, Virginia, held on January 11, 1999, the following resolution was adopted by a majority of the members of the Town Council by the following roll call vote, as recorded in the minutes of the meeting:

<u>MEMBER</u>	<u>VOTE</u>
Keith Reasoner	Yes
John D Unger	Absent
Terry L Moon	Yes
Gregory Wilmoth	Yes
Ronald Ingoe	Yes
Ann Huggins	Yes
Michael Snyder	Yes

RESOLUTION OF THE TOWN COUNCIL OF THE
TOWN OF HAMILTON, VIRGINIA, AUTHORIZING THE ISSUANCE AND SALE OF
THE TOWN OF HAMILTON, VIRGINIA, SEWER REVENUE BOND,
SERIES 1999, IN THE MAXIMUM PRINCIPAL
AMOUNT OF UP TO \$3,000,000

RECITALS

- A. The Town Council of the Town of Hamilton, Virginia (the "Town Council"), has determined that it is necessary to finance certain improvements to and extensions of the Town of Hamilton, Virginia's (the "Town") wastewater system (the "Project"), and that it is necessary and expedient to borrow up to \$3,000,000 and to issue its Sewer Revenue Bond, Series 1999 (the "Bond") to provide funds to pay the costs of the Project.
- B. The Town Council has also determined to secure the Bond by a pledge of certain revenues and special taxes and charges, as specified below.
- C. The Bond will be sold by the Town to the Virginia Water Facilities Revolving Fund (the "Fund"), acting by and through the Virginia Resources Authority, pursuant to the terms of a Financing Agreement (the "Financing Agreement") between the Town and the Fund, to be dated as of a date specified by the Fund.
- D. The foregoing arrangements will be reflected in the Financing Agreement, a form of which is on file with the Office of the Town Attorney of the Town (the "Town Attorney").
- E. On September 14, 1998, the Town Council held a public hearing on the issuance of the Bond in accordance with the requirements of Section 15.2-2606 of the Code of Virginia of 1950, as amended (the "Virginia Code").

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE
TOWN OF HAMILTON, VIRGINIA, THAT:

- Election to Proceed Under Public Finance Act of 1991.** The Town Council hereby elects to issue the Bond under the provisions of the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code (the "Public Finance Act") without regard to the requirements, restrictions or other provisions contained in the Charter of the Town.
- Authorization of Bond and Use of Proceeds.** The Town Council hereby determines that it is advisable to contract a debt and to issue the Bond in the maximum principal amount of up to \$3,000,000, all pursuant to the terms of this Resolution, the Financing Agreement, the Public Finance Act and upon such other terms as may be determined in the manner set forth in this Resolution. The issuance and sale of the Bond upon such terms are hereby authorized and approved. The Bond shall be known as the "Town of Hamilton, Virginia,

Sewer Revenue Bond, Series 1999." The proceeds from the issuance and sale of the Bond shall be used, together with other available funds, if any, to pay the costs of the Project.

3. **Details of Bond.** The Bond shall be issued and sold substantially upon the terms and conditions set forth in this Resolution and the Financing Agreement. The Bond shall be issued as a single bond in fully registered form and shall be dated the date of its issuance and delivery. The Mayor of the Town (the "Mayor") is authorized and directed to determine and approve all of the other details of the Bond, including without limitation, the maximum principal amount authorized to be advanced thereunder, the interest rate, the maturity or payment dates and amounts and the final maturity date; provided, however, that (i) the maximum principal amount authorized to be advanced under the Bond shall not exceed \$3,000,000, (ii) the interest rate on the Bond shall not exceed three percent (3%) per annum, (iii) the Bond shall have a substantially level maturity or payment schedule from and after the date on which the first payment of principal is due thereunder; and (iv) the final maturity date of the Bond shall be no later than December 31, 2025. The Mayor's approval of such details shall be evidenced conclusively by the due execution and delivery of the Bond on the Town's behalf.

4. **Pledge of Revenues.** The Bond shall be a limited obligation of the Town and, except to the extent payable from the proceeds of the sale of the Bond or the income, if any, derived from the investment thereof, will be payable exclusively from (a) a monthly surcharge collected from current users of the Town's wastewater system, (b) a tax imposed on taxpayers within a special tax district in the County of Loudoun, Virginia (the "County"), (c) annual appropriations from the County to the Town, all as more particularly described in the Service Agreement between the County and the Town, and (d) the revenues of the Town's wastewater system, which the Town hereby pledges to the payment of the principal of and interest on the Bond pursuant to the terms of the Financing Agreement. The pledge of the Town's wastewater system revenues shall be on a parity with the pledge of such revenues securing the Town's \$200,000 Sewer System Revenue Bond, Series 1991. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Town, shall be obligated to pay the principal of or interest on the Bond or other costs incident to it except from the revenues and any other money or property pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the Town, is pledged to the payment of the principal of or interest on the Bond or other costs incident to it. The issuance of the Bond does not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions, including the Town, to levy any taxes for the payment of the Bond.

5. **Form of Bond.** The Bond shall be in substantially the form attached as Exhibit A to this Resolution, with such variations, insertions or deletions as may be approved by the Mayor, whose approval shall be evidenced by his execution of the Bond on the Town's behalf. There may be endorsed on the Bond such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

6. **Evidence of Approval.** The Mayor's approval or determination of all of the details and provisions of the Bond that he has been authorized and/or directed to approve under this Resolution shall be evidenced conclusively by his execution and delivery of the Bond on the Town's behalf.

7. **Redemption of Bond.** The Bond shall be subject to optional redemption at the direction of the Town Council, without penalty or premium, in whole or in part, at any time, upon the terms set forth in the Bond and the Financing Agreement.

8. **Execution and Delivery of Bond.** The Mayor is authorized and directed to execute the Bond. The Clerk of the Town Council (the "Clerk") or the Deputy Clerk of the Town Council (the "Deputy Clerk") are authorized and directed to affix the seal of the Town to the executed Bond and to attest it and then to deliver the Bond to the Fund upon payment of the first principal advance thereunder.

9. **Typewritten Bond.** The Town shall issue the Bond as a single bond in typewritten form.

10. **Registration, Transfer and Exchange.** The Town Council hereby appoints the Mayor as its registrar and transfer agent to keep books for the registration and transfer of the Bond and to make such registrations and transfers on such books under such reasonable regulations as the Town Council may prescribe.

Upon surrender for transfer or exchange of the Bond (or any printed Bond issued in substitution therefor) at the office of the Mayor, the Mayor shall cause the execution and delivery in the name of the transferees or registered owner, as applicable, a new Bond for a principal amount equal to the Bond surrendered and of the same date and tenor as the Bond surrendered, subject in each case to such reasonable regulations as the Town Council may prescribe. If surrendered for transfer, exchange, redemption or payment, the Bond shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Mayor, duly executed by the registered owner or by his or her duly authorized attorney-in-fact or legal representative.

A new Bond (or printed bond) delivered upon any transfer or exchange shall be a valid limited obligation of the Town, evidencing the same debt as the Bond surrendered and shall be entitled to all of the security and benefits of this Resolution to the same extent as the Bond surrendered.

11. **Charges for Exchange or Transfer.** No charge shall be made for any exchange or transfer of the Bond, but the Mayor may require payment by the holder of the Bond of a sum sufficient to cover any tax or any other governmental charge that may be imposed in relation thereto.

12. **Mutilated, Lost, Stolen or Destroyed Bond.** If the Bond (or any printed bond issued in substitution therefor) has been mutilated, lost, stolen or destroyed, the Town shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon delivery to the Mayor and cancellation of, such mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond; provided, however, that the Town shall execute, authenticate and deliver a new Bond only if the registered owner thereof has paid the reasonable expenses and charges of the Town in connection therewith and, in the case of a lost, stolen or destroyed Bond (i) has filed with the Mayor evidence satisfactory to him or her that such Bond was lost, stolen or destroyed and that the holder of the Bond was the registered owner thereof and (ii) has furnished to the Town indemnity satisfactory to the Mayor. If the Bond has matured, instead of issuing a new Bond, the Town may pay the same without surrender thereof upon receipt of the aforesaid evidence and indemnity.

13. **Approval of Financing Agreement.** The Financing Agreement is approved in substantially the form currently on file with the Office of the Town Attorney, with such changes, insertions or omissions as may be approved by the Mayor, whose approval shall be evidenced conclusively by the execution and delivery of the Financing Agreement on the Town's behalf, and the Mayor is authorized to complete the Financing Agreement with the final terms and details of the Bond as determined pursuant to paragraph 3. The Mayor is authorized to execute and deliver the Financing Agreement and such other documents and certificates as he may consider necessary in connection therewith.

14. **Further Actions; Authorized Representative.** The Mayor and Town Attorney and such officers and agents of the Town as may be designated by either of them are authorized and directed to take such further actions as they deem necessary regarding the issuance and sale of the Bond and the execution, delivery and performance of the Financing Agreement, including, without limitation, the execution and delivery of closing documents and certificates. All such actions previously taken by such officers and agents are ratified and confirmed. The Mayor and Town Attorney are designated the Town's Authorized Representatives for purposes of the Financing Agreement.

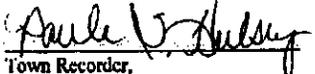
15. **Filing of Resolution.** The Town Attorney is authorized and directed to file a certified copy of this Resolution with the Circuit Court of Loudoun County, Virginia, pursuant to Sections 15.2-2607 and -2627 of the Virginia Code.

16. **Repeal of Conflicting Resolutions.** All resolutions or parts thereof in conflict with this Resolution are repealed to the extent they are inconsistent with this Resolution.

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

Adopted this 11th day of January, 1999.


Mayor,
Town of Hamilton, Virginia


Town Recorder,
Town of Hamilton, Virginia

W:\HAMILTON\HAMILAS.RES

SERVICE AGREEMENT

This Service Agreement is made and entered as of the 16th day of December, 1998, by and between the County of Loudoun, Virginia (the "County") and the Town of Hamilton, Virginia (the "Town").

RECITALS

R-1. The Town is an incorporated municipality of the Commonwealth of Virginia which owns and operates a municipal wastewater treatment system ("System") serving the Town and a portion of the unincorporated area of the County adjoining the Town.

R-2. The County is a political subdivision of the Commonwealth of Virginia, surrounds the Town, has designated an area around the Town as an Urban Growth Area and adopted planning policies to allow, but not require, the Town to be the primary provider of wastewater treatment in the Urban Growth Area.

R-3. The Urban Growth Area includes three distinct subareas which have old and failing on-site sewage disposal systems and have been declared potential health hazards by the Virginia Department of Health.

R-4. In an effort to eliminate the public health risks associated with the failing septic tank drainfield installations within the Urban Growth Area, the County has taken action, among other things to:

- A. Create the Hamilton Sewer Service District pursuant to Virginia Code Section 15.2-2400 (the "Service District") by ordinance adopted July 15, 1998.
- B. Create a segregated Hamilton Sewer Service District Fund, a special revenue fund of the County (the "Fund")
- C. Request that the Town apply for a loan in the amount of \$2.8 million dollars (the "Loan") funded through the Virginia Revolving Loan Fund Program (the "VRLF Program") to be used to construct improvements to and extensions of the Town's wastewater treatment system so as to serve the three subareas of the Urban Growth Area.
- D. Make available to the Town \$160,000 to fund the engineering and the design of the improvements and extensions of the Town's wastewater treatment system so as to serve the three subareas of the Urban Growth Area.

- E. Request that the Town enter into a contract for construction, design and survey work for a sewage treatment and collection system to serve the three subareas of the Urban Growth Area.

R-5. At the request of the County, the Town has agreed to become the applicant and borrower for the Loan and to contract for the design and construction of the improvements and extensions of the Town's wastewater treatment system to include the three subareas of the Urban Growth Area.

R-6. In exchange for the undertaking of the Town to provide sewage service to the three subareas of the Urban Growth Area, the County has agreed to levy and collect real property taxes within the Service District in amounts sufficient to substantially cover the County's share of the Loan payments. The County will make annual payments to the Town for that purpose.

R-7. Attached to this agreement for reference is the ordinance adopted July 15, 1998, to create the Service District.

NOW, THEREFORE, the Parties agree as follows:

OBLIGATIONS OF THE TOWN

1. Close Loan. The Town promptly shall take all steps necessary to become the applicant and borrower and thereafter to close the Loan.
2. Construct System. The Town will conclude the final design, and obtain all necessary rights-of-way, permits and approvals from cognizant governmental authorities. The Town shall enter into and administer a contract or contracts to construct the improvements and extensions of the System. The Town will pay the total cost of the improvements and extensions of the System using proceeds from the Loan and any other sums received from the County.
3. Provide Service. Upon completion and acceptance of the improvements and extensions of the System, the Town thereafter shall provide service to customers of the Service District permitting customers to connect to the System in accordance with the Town's then adopted Standards, Rates, Rules and Regulations as the same may be in effect from time to time.
4. Rates.
 - (a) The Town shall fix, charge and collect a continuing service charge from customers who connect to the System; and
 - (b) The Town shall impose a monthly surcharge on all Town customers in an amount of \$6.50 until the Loan is paid in full; and
 - (c) The Town shall charge a hook up fee for each new customer in accord with its then adopted Standards, Rates, Rules and Regulations as the same may be in effect from time to time.

5. **Accounting.** Upon completion of and acceptance of the improvements and extensions of the System, the Town shall provide a final accounting of its costs incurred and shall present the same to the County.

6. **Reimbursement.** Any funds forwarded by the County for eligible expenses for the improvement and extension of the System prior to receipt by the Town of the proceeds of the Loan shall be promptly reimbursed to the County, in accord with the terms agreed upon by the Town and County, upon receipt of the Loan proceeds by the Town.

7. **Use of Funds.** The Town agrees to use all funds forwarded by the County to the Town pursuant to the provisions of Sections ten, eleven and twelve of this agreement to retire the debt evidenced by the Loan. If funds collected by the County from the Service District in any one year exceeds the amount budgeted to be received from such district, then the Town agrees to use such excess amount to retire Loan principal.

8. **Mandatory Connections.** Since the economic feasibility and public health problems associated with the System may require all properties within the Service Area capable of being served to connect to and use the System, the Town acknowledges that it may become necessary to adopt a mandatory connection resolution to require connections to the System, following the procedure provided in the Act.

OBLIGATIONS OF THE COUNTY

9. **Maintain District and Fund.** So long as the Town shall remain obliged to repay any portion of the Loan and until all project expenses are paid, the County shall maintain the existence of and shall administer the Service District and the Fund.

10. **Pay Town.** The County shall establish, adjust and collect from all taxpayers within the Service District, and place in the Fund, amounts at all times equal to no less than three tenths of one percent (0.30/100) of the assessed value of the taxpayer's property to reimburse the Town for debt service payments made or to be made by the Town with respect to the Loan, and shall make such payments to, or as may be directed by, the Town. Subject to Section 12(b) hereof, the County agrees to collect and to provide such payments on an annual basis for twenty years, beginning June 5, 1999, or until the Loan is paid in full, whichever occurs sooner. If the proceeds from the Service District, when coupled with the additional appropriations provided in Section 11, are insufficient to cover that portion of the Loan payment attributable to the extension of the Town's wastewater treatment system to serve the three subareas of the Urban Growth Area, based upon costs and specifications contained in the construction documents as mutually agreed upon by the parties, the County shall raise the Service District tax rate to a level sufficient to cover such portion of the Loan.

11. **Additional Appropriations.** The County recognizes that it is not empowered to make any binding commitment beyond the fiscal year. Given this limitation, the County

hereby states its current intention to make additional appropriations during the twenty year term of this agreement in the amount of \$88,000 (Eighty-Eight Thousand Dollars) per year.

12. **Appropriation of Payments by County.**

(a) Notwithstanding anything in this Agreement to the contrary, the County's obligations under Section 11 of this Agreement shall be subject to annual appropriations being made from time to time by the County Board of Supervisors (the "Board") for such purpose. The Board hereby directs the County Administrator of the County, or other officer charged with the responsibility for preparing the County's budget, to include in the budget for each fiscal year during which this agreement is in effect, a request for an additional appropriation as provided in Section 11.

(b) The Board hereby directs the County Administrator of the County, or other officer charged with the responsibility for preparing the County's budget, to include in the budget, for each fiscal year during which this agreement is in effect, a provision for the payment to the Town of all amounts in the Fund and to advertise a tax rate for the Service District of no less than three tenths of one percent (0.30/100) of the assessed value of properties in the Service District.

13. **Further Documents.** The County agrees to execute such other and further documents as may be required of it to confirm or perfect its agreement to pay to the Town the revenue collected from the Service District, as may be required in connection with the Loan.

14. **Assist with approvals.** In recognition of the fact that construction of improvements and extensions to the System is intended to resolve a potential public health hazard in the Service Area, the County will assist the Town to obtain all necessary governmental consents, permits and approvals associated with construction, ownership and operation of the System.

15. **Approval of Mandatory Connection.** In the event the Town requests the County to adopt a mandatory connection resolution as provided in paragraph seven above, the County acknowledges that it will take such action as may be necessary to approve and to enforce mandatory connections as provided in the Act.

16. **Other.**

(a) The County acknowledges that the Town shall not be responsible for the acquisition of easements for the provision of sewer service to customers in the Service Area. The acquisition of any easements which are not provided free of charge and/or are not covered by the Loan proceeds and which are essential to the provision of sewer service in the Service Area shall be the responsibility of the County.

(b) The County acknowledges that the Town shall not be responsible for

financing the hook-up fee for any property in the Service Area. The provision of financing for such purpose, if any, shall be the responsibility of the County.

(c) The County acknowledges that the Town shall not be responsible for bearing the costs of any bond counsel needed to close the Loan and whose costs are not covered by the Loan proceeds. The costs of such bond counsel which are not covered by the Loan proceeds shall be the responsibility of the County.

(d) The County acknowledges and agrees:

i. to reimburse the Town for legal fees incurred by the Town in the drafting and review of this agreement and the Loan which are not otherwise covered by Loan proceeds; and

ii. that if the Town is included as a co-defendant in a lawsuit or claim brought against the County as a result of its action in adopting the Service District, the County will consult with the Town in order to identify the interests of the parties and the County will work cooperatively on a mutual defense, where the Town and County share an identity of interests, to the extent permitted under applicable Rules of Legal Ethics; and

iii. that if the County is unable to represent the Town's interests in such a proceeding as contemplated in ii., above, then the County shall provide the Town with funds to cover actual incurred legal costs in defending itself in such proceeding; and

iv. that in no event shall the County be required to provide the Town with funds under any of the provisions, or any combination of provisions, of this Section 16.(d). in excess of \$10,000 (ten thousand dollars).

MISCELLANEOUS PROVISIONS

17. Notices. Any notice required or permitted hereunder shall be valid when delivered or mailed, postage prepaid,

If to the County:

County Administrator
1 Harrison Street, S.E., 5th Floor
P.O. Box 7000
Leesburg, Virginia 20177-7000

With a copy to:

County Attorney
1 Harrison Street, S.E., 5th Floor
P.O. Box 7000
Leesburg, Virginia 20177-7000

And:

Director
Housing Services
102 Heritage Way, N.E., Suite 202
Leesburg, Virginia 20176

If to the Town:

Mayor
Town of Hamilton
P.O. Box 130
Hamilton, Virginia 20159

With a copy to:

Town Attorney
P.O. Box 130
Hamilton, Virginia 20159

18. Entire Agreement. This Agreement, together with the Attachments, states the entire agreement between the parties. No oral statements or representations or prior written matter not contained or referred to in this Agreement shall have any force or effect. No waiver of any provision of this Agreement shall be deemed to have been made, unless it be in writing and signed by both parties hereto.

19. Amendment of Agreement. This Agreement may be amended at any time by mutual agreement of the parties hereto.

20. Counterpart Documents. This Agreement may be executed in several counterparts, any of which shall be regarded for all purposes as an original and all of which shall constitute but one and the same instrument.

21. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, but it is not otherwise intended to be for the benefit of any party not a signatory hereto.

22. Miscellaneous. The captions inserted in this Agreement are for convenience only and in no way define, limit or otherwise describe the scope or intent of any provision hereof.

23. Survivability. If any clause or provision of this Agreement is illegal, invalid or unenforceable under the present or future laws in effect during the twenty year term of this

Agreement, it is the intention of the parties that the remainder of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed the day and year first above written.

BOARD OF SUPERVISORS OF LOUDOUN COUNTY, VIRGINIA

By: Dale Polen Myers
Chairman

TOWN COUNCIL OF TOWN OF HAMILTON, VIRGINIA

By: Robert Beachell
Mayor

STATE OF VIRGINIA
COUNTY OF LOUDOUN, to-wit:

I, Sally E. Kayser, a Notary Public in and for the said jurisdiction, do hereby certify that Dale Polen Myers, Chairman, Board of Supervisors of Loudoun County, whose name is signed to the above Agreement dated December 16, 1998, personally appeared before me and acknowledged the same on behalf of the said Board of Supervisors.

Given under my hand this 18th day of December, 1998.

Sally E. Kayser
Notary Public

My Commission Expires: October 31, 2002

STATE OF VIRGINIA
COUNTY OF LOUDOUN, to-wit:

I, Kay G. Powell, a Notary Public in and for the said jurisdiction, do hereby certify that Robert Beachell, Mayor of the Town of Hamilton, Virginia whose name is signed to the above Agreement dated _____, 1998, personally appeared before me and acknowledged the same on behalf of the said Town Council of the Town of Hamilton, Virginia.

Given under my hand this 18th day of December, 1998.

Kay G. Powell
Notary Public

My Commission Expires: July 31, 2002

AGREEMENT

THIS AGREEMENT is made and entered as of this 16 day of DECEMBER 1998, by and between the County of Loudoun, Virginia (the "County") and the Town of Hamilton, Virginia (the "Town").

- 1. The County is a political subdivision of the Commonwealth.
- 2. The Town is a political subdivision of the Commonwealth, located within the County. The Town owns and operates a system of sewer collection and treatment serving residents of the Town and certain unincorporated areas of the County in the vicinity of the Town (the "System").
- 3. In an effort to eliminate the public health risks associated with failing septic tank drainfield installations in a certain identified area outside the corporate limits of the Town, the Town and County wish to work cooperatively to design a system of sewage collection lines for this area to be connected as part of the Town's System (the "Lines"). The area for which the Lines are to be designed is identified in Exhibit 1 to this Agreement (the "Service Area").
- 4. The Town has agreed to design the Lines and to reserve sewage treatment capacity in its System sufficient to serve the Service Area.
- 5. The County has agreed to loan the Town an amount not to exceed \$160,000 for the purpose of funding the engineering and design of the Lines (the "Loan") and to forgive a prior loan made to expand the treatment capacity of the System.
- 6. The Town and County wish to memorialize their agreements on these matters to include all terms and conditions of the Loan.

AGREEMENT

THIS AGREEMENT is made and entered as of this 16 day of DECEMBER 1998, by and between the County of Loudoun, Virginia (the "County") and the Town of Hamilton, Virginia (the "Town").

RECITALS

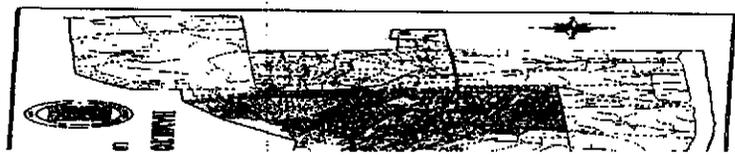
- R-1. The County is a political subdivision of the Commonwealth.
- R-2. The Town is a political subdivision of the Commonwealth, located within the County. The Town owns and operates a sewage collection and treatment system serving residents of the Town and certain unincorporated areas of the County in the vicinity of the Town (the "System").
- R-3. In an effort to eliminate the public health risks associated with failing septic tank drainfield installations in a certain identified area outside the corporate limits of the Town, the Town and County wish to work cooperatively to design a system of sewage collection lines for this area to be connected as part of the Town's System (the "Lines"). The area for which the Lines are to be designed is identified in Exhibit 1 to this Agreement (the "Service Area").
- R-4. The Town has agreed to design the Lines and to reserve sewage treatment capacity in its System sufficient to serve the Service Area.
- R-5. The County has agreed to loan the Town an amount not to exceed \$160,000 for the purpose of funding the engineering and design of the Lines (the "Loan") and to forgive a prior loan made to expand the treatment capacity of the System.
- R-6. The Town and County wish to memorialize their agreements on these matters to include all terms and conditions of the Loan.

- 7. The County agrees to provide the services of a public health officer to the Town pursuant to an agreement dated September 4, 1998, which loan was made for the purpose of providing the Town's sewage treatment plant.
- 8. In consideration for the County making the Loan under the terms specified in this Agreement, and receiving the September 4, 1998 loan as specified in paragraph 5, the Town agrees to reserve capacity in its sewage treatment plant at the Service Area for the Service Area for the duration of the duration of the Service Area (the "Service Area") provided that the amount of the Loan is approximately equal to the cost of the Loan.
- 9. This Agreement, together with the Recitals, forms the entire agreement between the parties. No oral statements or representations or prior written matter has been contained or referred to in this Agreement, and shall have any force and effect. No waiver of any provision of this Agreement shall be deemed to have been made, unless it is in writing and signed by both parties.
- 10. This Agreement may be amended at any time by mutual written agreement of the parties.
- 11. This Agreement may be assigned in several counterparts, any of which shall be deemed for all purposes as original and all of which shall constitute one and the same instrument.

- 12. This Agreement shall survive to the benefit of and be binding upon the successors and assigns of both of the parties, but it is not intended to be for the benefit of any single one of the parties.
- 13. If any clause or provision of this Agreement is illegal, invalid, or unenforceable under the laws of either party in either state, the term of this Agreement, to the extent of the clause or provision that is illegal, invalid, or unenforceable, shall not be affected thereby.

WITNESSED by and between the parties hereunto this Agreement to be executed, on the day and year first above written.

COUNTY OF LOUDOUN, VIRGINIA
 BY: [Signature]
 TOWN OF HAMILTON, VIRGINIA
 BY: [Signature]



NOW, THEREFORE, the parties agree as follows:

1. The Town agrees to engineer and design the Lines sized to serve development in the Service Area.
2. The County agrees to loan the Town an amount not to exceed \$160,000 for the purposes set forth in this Agreement and subject to the following terms.
 - A. Interest will accrue at an annual rate of 3%, compounded semi-annually. The Town may make draws on the Loan to make progress payments for the design of the Lines. Interest will begin to accrue when the Town, or its authorized agent, makes final payment for design of the Lines. Interest will continue to accrue for eighteen (18) months after the final payment for the engineering and design of the Lines. After those eighteen months, interest will not accrue for any period during which construction funding for the Lines, including an amount sufficient to repay the Loan and accrued interest, has not been obtained.
 - B. The Town agrees to repay the Loan and accrued interest subject to availability of funds only from the following sources.
 - (i) Any and all loans for construction of the Lines, provided the engineering and design costs are eligible for payment under the terms of those loans. The Town and the County anticipate that the Loudoun County Sanitation Authority (the "Authority") will apply for a loan for construction of the Lines, including but not limited to the engineering and design costs and tap and availability fees, from the

- Commonwealth of Virginia Resources Authority, or other such authorized entity.
- (ii) Tap fees and availability charges collected by the Town for sewer service to property owners, tenants or residents within the Service Area.
- C. Upon receipt of any funds pursuant to this Agreement, the Town shall execute and deliver promissory note(s) payable to the County.
3. The Town reserves the right to establish tap fees and availability charges for sewer service provided to the Service Area as part of its System in an amount sufficient to ensure repayment of the Loan and accrued interest.
 4. It is agreed and understood that the Town intends to work cooperatively with the Authority to accomplish the engineering and design of the Lines and that the Town may enter into such other agreements or letters of understanding with the Authority for this purpose. It is further understood that in any such endeavor with the Authority, the Town will have a technical representative participating in the engineering and design of the Lines, the cost of such technical representative to be paid from the proceeds of the Loan. The purpose of having the Town's technical representative involved is to ensure that the Town's concerns about design, operation and maintenance of the Lines as part of the Town's System are reflected, addressed and integrated into the final design of the lines.
 5. The Town and County agree to work cooperatively in an effort to identify and secure funding for the Lines. At a minimum, the Town and County, through their

appropriate representatives, will meet no later than one year after completion of the design of the Lines to address their efforts to obtain such financing.

- 6. The County agrees to forgive the balance of a previous loan made to the Town pursuant to an agreement dated December 4, 1990, which loan was made for the purpose of expanding the Town's sewage treatment plant.
- 7. In consideration for the County making the Loan under the terms specified in this Agreement, and forgiving the December 4, 1990 loan as specified in paragraph 6, the Town agrees to reserve capacity in its sewage treatment plant in an amount sufficient to serve development in the Service Area for the duration of the Hamilton Sewer Service District (adopted by the County on July 15, 1998); provided that the construction of the Lines is commenced within five (5) years of the date of this Agreement.
- 8. This Agreement, together with the Exhibit, states the entire agreement between the parties. No oral statements or representations or prior written matter not contained or referred to in this Agreement shall have any force and effect. No waiver of any provision of this Agreement shall be deemed to have been made, unless it be in writing and signed by both parties.
- 9. This agreement may be amended at any time by mutual written agreement of the parties.
- 10. This Agreement may be executed in several counterparts, any of which shall be regarded for all purposes as an original and all of which shall constitute but one and the same instrument.

- 11. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, but it is not otherwise intended to be for the benefit of any party not a signatory hereto.
- 12. If any clause or provision of this Agreement is illegal, invalid, or unenforceable under the present or future laws in effect during the term of this Agreement, it is the intention of the parties that the remainder of this Agreement shall not be affected thereby.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed, effective the day and year first above written.

COUNTY OF LOUDOUN, VIRGINIA

By: *Dale Peter Meyer*

TOWN OF HAMILTON, VIRGINIA

By: *Keith Danvers*
MAYOR

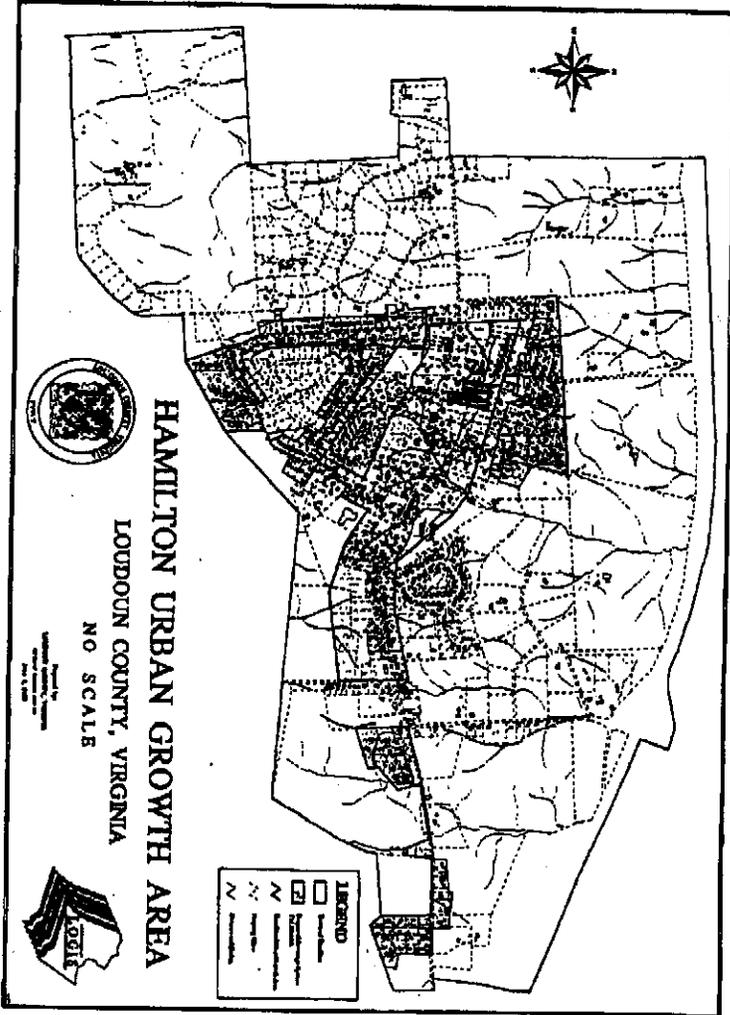


EXHIBIT 1

FINANCING AGREEMENT

BETWEEN

VIRGINIA WATER FACILITIES REVOLVING FUND

AND

TOWN OF HAMILTON, VIRGINIA

Virginia Resources Authority
Virginia Revolving Loan Fund

Loan No.C-515185-02

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Exhibit G -	Performance Standards

FINANCING AGREEMENT

THIS FINANCING AGREEMENT is made as of this 1st day of January, 1999, between the VIRGINIA WATER FACILITIES REVOLVING FUND, acting by and through the VIRGINIA RESOURCES AUTHORITY, a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Authority"), and TOWN OF HAMILTON, VIRGINIA, a body politic and corporate of the Commonwealth of Virginia (the "Borrower").

Pursuant to Chapter 22, Title 62.1 of the Code of Virginia (1950), as amended (the "Act"), the General Assembly created a permanent and perpetual fund known as the "Virginia Water Facilities Revolving Fund" (the "Fund"). In conjunction with the State Water Control Board, the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance or refinance the costs of wastewater treatment facilities within the meaning of Section 62.1-224 of the Act.

The Borrower has requested a loan from the Fund and will evidence its obligation to repay such loan by the Local Bond the Borrower will issue and sell to the Fund. The Borrower will use the proceeds of the sale of the Local Bond to the Fund to finance that portion of the Project Costs not being paid from other sources, all as further set forth in the Project Budget.

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The capitalized terms contained in this Agreement and not defined above shall have the meanings set forth below unless the context requires otherwise and any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Act:

"Additional Payments" means the payments required by Section 6.2.

"Agreement" means this Financing Agreement between the Fund and the Borrower, together with any amendments or supplements hereto.

"Authorized Representative" means any member, official or employee of the Borrower authorized by resolution, ordinance or

other official act of the governing body of the Borrower to perform the act or sign the document in question.

"Board" means the State Water Control Board.

"Closing Date" means the date of the delivery of the Local Bond to the Fund.

"Commitment Letter" means the commitment letter from the Fund to the Borrower, dated January 21, 1999, and all extensions and amendments thereto.

"Consulting Engineer" means the firm of independent consulting engineers of recognized standing and experienced in the field of sanitary engineering and registered to do business in Virginia which is designated by the Borrower from time to time as Borrower's consulting engineer in accordance with Section 4.5 in a written notice to the Authority. Such firm shall be subject to the reasonable approval of the Authority.

"Default" means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Department" means the Department of Environmental Quality, created and acting under Chapter 11.1, Title 10.1, of the Code of Virginia, as amended.

"Event of Default" shall have the meaning set forth in Section 11.1.

"Existing Parity Bonds" means any of the Borrower's bonds, notes or other evidences of indebtedness, as further described on Exhibit F, that on the date of the Local Bond's issuance and delivery were secured by a pledge of Revenues on a parity with the pledge of Revenues securing the Local Bond.

"Fiscal Year" means the period of twelve months established by the Borrower as its annual accounting period.

"Local Bond" means the bond in substantially the form attached to this Financing Agreement as Exhibit A issued by the Borrower to the Fund pursuant to this Agreement.

"Local Bond Proceeds" means the proceeds of the sale of the Local Bond to the Fund pursuant to this Agreement.

"Local Resolution" means all resolutions or ordinances adopted by the governing body of the Borrower approving the transactions contemplated by and authorizing the execution and delivery of this Agreement and the execution, issuance and delivery of the Local Bond.

"Net Proceeds" means the gross proceeds from any insurance recovery or condemnation award remaining after payment of attorneys' fees and expenses of the Authority and all other expenses incurred in the collection of such gross proceeds.

"Net Revenues Available for Debt Service" means the Revenues less amounts necessary to pay Operation and Maintenance Expense.

"Operation and Maintenance Expense" means the costs of operating and maintaining the System determined pursuant to generally accepted accounting principles, exclusive of (i) interest on any debt payable from Revenues, (ii) depreciation and any other items not requiring the expenditure of cash, (iii) any amounts expended for capital replacements, repairs and maintenance not recurring annually or reserves therefor, and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

"Opinion of Counsel" means a written opinion of recognized bond counsel, acceptable to the Authority.

"Parity Bonds" means bonds, notes or other evidences of indebtedness of the Borrower issued under Section 10.5.

"Performance Standards" means the performance standards for the Project as more particularly described in Exhibit G.

"Prior Bonds" means any of the Borrower's bonds, notes or other evidences of indebtedness, as further described in Exhibit F, that on the date of the Local Bond's issuance and delivery were secured by a pledge of Revenues all or any portion of which was superior to the pledge of Revenues securing the Local Bond.

"Project" means the particular project described in Exhibit B, the costs of the construction, acquisition or equipping of which are to be financed or refinanced in whole or in part with the Local Bond Proceeds.

"Project Budget" means the budget for the financing or the refinancing of the Project, a copy of which is attached to this Agreement as Exhibit C, with such changes therein as may be approved in writing by the Authority.

"Project Costs" means the costs of the construction, acquisition or equipping of the Project, as further described in the Project Budget, and such other costs as may be approved in writing by the Authority, provided such costs are permitted by the Act.

"Revenues" means (i) all rates, fees, rentals, charges, income and money properly allocable to the System in accordance with generally accepted accounting principles or resulting from

the Borrower's ownership or operation of the System, including all amounts paid to the Borrower by Loudoun County (the "County") pursuant to the terms and conditions of that certain Service Agreement between the Borrower and the County dated as of the 16th day of December, 1998, but excluding customer and other deposits subject to refund until such deposits have become the Borrower's property, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) interest on any money or securities related to the System held by or on behalf of the Borrower, and (iv) any other money from other sources pledged by the Borrower to the payment of its Local Bond.

"Subordinate Bonds" means bonds, notes or other evidences of indebtedness of the Borrower secured by a pledge of Revenues expressly made subordinate to the pledge of Revenues to secure the payment of the Local Bond.

"System" means all plants, systems, facilities, equipment or property, of which the Project constitutes the whole or is a part, owned, operated or maintained by the Borrower and used in connection with the collection or treatment of wastewater.

Section 1.2. Rules of Construction. The following rules shall apply to the construction of this Agreement unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) All references in this Agreement to particular Sections or Exhibits are references to Sections or Exhibits of this Agreement unless otherwise indicated.

(c) The headings and table of contents as used in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by Borrower. The Borrower makes the following representations as the basis for its undertakings under this Agreement:

(a) The Borrower is a duly created and validly existing "local government" (as defined in Section 62.1-224 of the Act) of the Commonwealth of Virginia and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Borrower has full right, power and authority to (i) adopt the Local Resolution and execute and deliver this Agreement and the other documents related thereto, (ii) issue, sell and deliver the Local Bond to the Fund, (iii) own and operate the System, (iv) construct, acquire or equip the Project (as described in Exhibit B) and finance or refinance the Project Costs by borrowing money for such purpose pursuant to this Agreement and the issuance of the Local Bond, and (v) carry out and consummate all of the transactions contemplated by the Local Resolution, this Agreement and the Local Bond.

(c) This Agreement and the Local Bond were duly authorized by the Local Resolution and are in substantially the same form as presented to the governing body of the Borrower at its meeting at which the Local Resolution was adopted.

(d) All permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of the delivery of this Agreement have been obtained for (i) the Borrower's adoption of the Local Resolution, (ii) the execution and delivery by the Borrower of this Agreement and the Local Bond, (iii) the performance and enforcement of the obligations of the Borrower thereunder, (iv) the acquisition, construction, equipping, occupation, operation and use of the Project, and (v) the operation and use of the System. The Borrower knows of no reason why any such required permits or approvals not obtained as of the date hereof cannot be obtained as needed.

(e) This Agreement and the Local Bond have been executed and delivered by duly authorized officials of the Borrower and constitute the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms.

(f) There are not pending nor, to the best of the Borrower's knowledge, threatened against the Borrower, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, in which a judgment, order or resolution may have a materially adverse effect on the Borrower in its business, assets, condition (financial or otherwise), operations or prospects or in its ability to perform its obligations under this Agreement or the Local Bond.

(g) There have been no defaults by any contractor or subcontractor under any contract made by the Borrower in connection with the construction or equipping of the Project.

(h) No material adverse change has occurred in the financial condition of the Borrower as indicated in the financial statements, applications and other information furnished to the Authority.

(i) Except as listed on Exhibit F, there is no indebtedness of the Borrower secured by a pledge of Revenues prior to or on a parity with the pledge of Revenues securing the Local Bond.

(j) No Event of Default or Default has occurred and is continuing.

(k) The Service Agreement has been duly authorized, executed and delivered by the parties thereto and constitutes the legal, valid and binding obligation of the parties thereto enforceable in accordance with its terms.

ARTICLE III

ISSUANCE AND DELIVERY OF THE LOCAL BOND

Section 3.1. Loan to Borrower and Purchase of the Local Bond. The Borrower agrees to borrow from the Fund and the Fund agrees to lend to the Borrower the principal amount equal to the sum of the principal disbursements made pursuant to Section 4.1, but not to exceed \$2,542,000, for the purposes herein set forth. The Borrower's obligation shall be evidenced by the Local Bond, which shall be in substantially the form of Exhibit A attached hereto and made a part hereof and delivered to the Fund on the Closing Date. The Local Bond shall be in the original principal amount of the loan and shall mature and be payable as hereinafter provided.

Section 3.2. Conditions Precedent to Purchase of the Local Bond. The Fund shall not be required to make the loan to Borrower and purchase the Local Bond unless the Fund shall have received the following, all in form and substance satisfactory to the Authority:

(a) the Local Bond.

(b) A certified copy of the Local Resolution.

(c) A certificate of appropriate officials of the Borrower as to the matters set forth in Section 2.1 and such other matters as the Authority may reasonably require.

(d) (i) If required by the Department, a contract or contracts for the construction, acquisition and equipping of the Project which are acceptable to the Department as to form and content, or (ii) the Consulting Engineer's estimate of the total Project Costs to be financed with the Local Bond Proceeds.

Such contracts or estimates must be in an amount and otherwise compatible with the financing plan described in the Project Budget.

(e) A certificate of the Consulting Engineer to the effect that in the opinion of the Consulting Engineer (i) the Project will be a part of the System, (ii) the Local Bond Proceeds and funds available from the other sources specified in the Project Budget will be sufficient to pay the estimated Project Costs, and (iii) during the first two Fiscal Years of the Borrower following completion of the Project, the projected Net Revenues Available for Debt Service will satisfy the rate covenant made by the Borrower in Section 5.1. In providing this certificate, the Consulting Engineer may take into consideration future System rate increases, provided that such rate increases have been duly approved by the governing body of the Borrower and any other person or entity required to give approval for the rate increase to become effective. In addition, the Consulting Engineer may take into consideration additional future revenues to be derived under existing contractual arrangements entered into by the Borrower and from reasonable estimates of growth in the consumer base of the Borrower.

(f) Evidence satisfactory to the Authority that all governmental permits or approvals for the Project required to have been obtained as of the date of the delivery of this Agreement have been obtained and a statement of the Consulting Engineer that he knows of no reason why any future required governmental permits or approvals cannot be obtained as needed.

(g) Evidence satisfactory to the Authority that the Borrower has obtained or has made arrangements satisfactory to the Authority to obtain any funds or other financing for the Project as contemplated in the Project Budget.

(h) Evidence satisfactory to the Authority that the Borrower has performed and satisfied all of the terms and conditions contained in this Agreement to be performed and satisfied by it as of such date.

(i) A certificate of the Consulting Engineer as to the date the Borrower is expected to complete the acquisition, construction and equipping of the Project.

(j) An Opinion of Counsel, substantially in the form of Exhibit D, addressed to the Fund and the Authority.

(k) Evidence satisfactory to the Authority that the Borrower has complied with the insurance provisions set forth in Sections 9.1 and 9.2 hereof.

(l) Evidence satisfactory to the Authority that the Local Bond will be issued on a parity basis with the Existing Parity Indebtedness.

(m) Such other documentation, certificates and opinions as the Authority may reasonably require.

ARTICLE IV

USE OF LOCAL BOND PROCEEDS AND CONSTRUCTION OF PROJECT

Section 4.1. Application of Proceeds.

(a) The Borrower agrees to apply the Local Bond Proceeds solely and exclusively to the payment, or the reimbursement of the Borrower for the payment, of Project Costs and further agrees to exhibit to the Department or the Authority receipts, vouchers, statements, bills of sale or other evidence of the actual payment of such Project Costs. The Authority shall disburse money from the Fund to or for the account of the Borrower not more frequently than once each calendar month (unless otherwise agreed by the Authority and the Borrower) upon receipt by the Authority (with a copy to be furnished to the Department) of the following:

(1) A requisition (upon which the Authority shall be entitled to rely) signed by an Authorized Representative and containing all information called for by, and otherwise being in the form of, Exhibit E to this Agreement;

(2) If any requisition includes an item for payment for labor or to contractors, builders or materialmen,

(i) a certificate, signed by the Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and

(ii) a certificate, signed by an Authorized Representative, stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Upon receipt of each such requisition and accompanying certificate or certificates and approval thereof by the Department, the Authority shall disburse Local Bond Proceeds hereunder to or for the account of the Borrower in accordance with such requisition in an amount and to the extent approved by the Department and shall note the date and amount of each such disbursement on a schedule of principal disbursements to be

included on the Local Bond. The Authority shall have no obligation to disburse any such Local Bond Proceeds if the Borrower is in default hereunder nor shall the Department have any obligation to approve any requisition if the Borrower is not in compliance with the terms of this Agreement.

(b) The Borrower shall comply with all applicable State laws, including but not limited to, the Virginia Public Procurement Act, as amended, regarding the awarding and performance of public construction contracts. Except as may otherwise be approved by the Department, disbursements shall be held at ninety-five percent (95%) of the maximum authorized amount of the Local Bond to ensure satisfactory completion of the Project. Upon receipt from the Borrower of the certificate specified in Section 4.2 and a final requisition detailing all retainages to which the Borrower is then entitled, the Authority, to the extent approved by the Department and subject to the provisions of this Section and Section 4.2, will disburse to or for the account of the Borrower Local Bond Proceeds to the extent of such approval.

The Authority shall have no obligation to disburse Local Bond Proceeds in excess of the amount necessary to pay for approved Project Costs. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, principal installments due on the Local Bond shall be reduced in accordance with Section 6.1.

Section 4.2. Agreement to Accomplish Project. The Borrower agrees to cause the Project to be acquired, constructed, expanded, renovated or equipped as described in Exhibit B and in accordance with the Project Budget and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Department. The Borrower shall use its best efforts to complete the Project by the date set forth in the certificate provided to the Authority pursuant to Section 3.2(h). All plans, specifications and designs shall be approved by all applicable regulatory agencies. The Borrower agrees to maintain complete and accurate books and records of the Project Costs and permit the Authority and the Department through their duly authorized representatives to inspect such books and records at any reasonable time. The Borrower and the Authority, with the consent of the Department, may amend the description of the Project set forth in Exhibit B.

When the Project has been completed, the Borrower shall promptly deliver to the Authority and the Department a certificate signed by an Authorized Representative of the Borrower and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Section, the plans and specifications as amended from time to time, as approved by the Department, and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion, (iii) that all

certificates of occupancy or other material permits necessary for the Project's use, occupancy and operation have been issued or obtained, and (iv) the amount, if any, to be reserved for payment of Project Costs.

Section 4.3. Permits. The Borrower, at its sole cost and expense, shall comply with, and shall obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the Project. The Borrower shall, upon request, promptly furnish to the Authority and the Department copies of all such permits, consents and approvals. The Borrower shall also comply with all lawful program or procedural guidelines or requirements duly promulgated and amended from time to time by the Department in connection with the acquisition, construction, equipping, occupation, operation or use of projects financed by the Fund under the Act including, but not limited to, those pertaining to the adoption of any requisite sewer use ordinance and compliance with the Performance Standards in the operation of the Project. The Borrower shall also comply in all respects with all applicable federal laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding thereof by the Fund.

Section 4.4. Construction Contractors. Each construction contractor employed in the accomplishment of the Project shall be required in the construction contract to furnish a performance bond and a payment bond each in an amount equal to one hundred percent (100%) of the particular contract price. Such bonds shall list the Borrower, the Fund, the Authority, the Department and the Board as beneficiaries. Each contractor shall be required to maintain during the construction period covered by the particular construction contract builder's risk insurance, workers' compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Consulting Engineer. Upon request of the Authority or the Department, the Borrower shall cause each contractor to furnish evidence of such bonds and insurance to the Authority and the Department.

Section 4.5. Engineering Services. The Borrower shall retain a Consulting Engineer to provide engineering services covering the operation of the System and the supervision and inspection of the construction of the Project. The Consulting Engineer shall certify to the Fund, the Authority and the Department as to the various stages of the completion of the Project as disbursements of Local Bond Proceeds are requested and shall upon completion of the Project provide to the Fund, the Authority and the Department the certificates required by Sections 4.1 and 4.2.

Section 4.6. Borrower Required to Complete Project. If the Local Bond Proceeds are not sufficient to pay in full the cost of the Project, the Borrower will complete the Project at its own expense and shall not be entitled to any reimbursement therefor from the Fund, the Authority, the Department or the Board or any abatement, diminution or postponement of the Borrower's payments under the Local Bond or this Agreement.

ARTICLE V

PLEDGE, REVENUES AND RATES

Section 5.1. Pledge of Revenues. Subject to the Borrower's right to apply Revenues to the payment of Operation and Maintenance Expense and to the payment of principal of and interest on the Prior Bonds, the Revenues are hereby pledged to the Fund to secure the payment of the principal of and interest on the Local Bond and the payment and performance of the Borrower's obligations under this Agreement. This pledge shall be valid and binding from and after the execution and delivery of this Agreement. The Revenues, as received by the Borrower, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. The lien of this pledge of the Revenues is (i) junior and subordinate in all respects to the lien of the pledge securing the Prior Bonds, and (ii) on a parity with the lien of the pledge securing the Existing Parity Bonds and shall, subject to the right of the Borrower to apply Revenues to the payment of Operation and Maintenance Expense and debt service on the Prior Bonds, have priority over all other obligations and liabilities of the Borrower. The lien of this pledge shall be valid and binding against all parties having claims of any kind against the Borrower regardless of whether such parties have notice of this pledge.

(a) The Borrower covenants and agrees that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues Available for Debt Service will equal at least 115% of the amount required during the Fiscal Year to pay the principal of and interest on the Local Bond, the Additional Payments and all other indebtedness of the Borrower payable from Revenues, except the Existing Parity Bonds, including without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles; provided, however, that if the Borrower issues additional indebtedness payable both from the Revenues and revenues from an additional revenue source or sources, the covenant described in this paragraph will be deemed to be satisfied by the Borrower if, in each Fiscal Year following the issuance of such additional indebtedness, the Net Revenues

Available for Debt Service combined with the net revenue available for debt service derived from such additional revenues will equal at least 115% of the amount required during the Fiscal Year to pay the principal of and interest on the Local Bond, the Additional Payments and all other indebtedness of the Borrower payable from Revenues and such other additional revenue source or sources. If, for any reason, the Revenues (and, if applicable, the revenues from such other additional revenue source or sources) are insufficient to satisfy the foregoing covenant, the Borrower shall within ninety (90) days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expense so as to provide sufficient Revenues (and, if applicable, the revenues from such other additional revenue source or sources) to satisfy such requirement. This paragraph is not intended to modify, amend or otherwise affect the rate covenant applicable to the Existing Parity Bonds.

(b) Within one hundred and fifty (150) days after the close of each Fiscal Year, the Borrower shall deliver to the Authority a certificate of the Consulting Engineer, an independent certified public accountant or other consultant reasonably acceptable to the Authority to the effect that (i) during the preceding Fiscal Year, the Borrower satisfied the rate covenant made by the Borrower in subsection (a) of this Section, or, if not, the amount of the deficiency in Net Revenues Available for Debt Service which existed and the rates, fees and other charges which must be established by the Borrower to cure such deficiency, and (ii) during the Fiscal Year in which the certificate is delivered, the projected Net Revenues Available for Debt Service will satisfy the rate covenant made by the Borrower in subsection (a) of this Section, or, if not, the rates, fees and other charges the Borrower must establish to satisfy such rate covenant.

(c) On or before the last day of each Fiscal Year, the Borrower shall review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the Borrower's rates, fees and other charges are insufficient to satisfy the rate covenant in subsection (a) of this Section, the Borrower shall promptly take appropriate action to increase its rates, fees and other charges or reduce its Operations and Maintenance Expense to cure any deficiency.

Section 5.2. Annual Budget. Not less than forty-five (45) days before the commencement of each Fiscal Year, the Borrower shall obtain a report from the Consulting Engineer giving advice and making recommendations as to the proper maintenance, repair, replacement and operation of the System during such Fiscal Year and estimating the cost thereof and as to the rates, fees and other charges which should be established by the Borrower in order to satisfy the rate covenant in subsection (a) of Section 5.1. The Borrower shall furnish a copy of such report to the Authority. Based on such report and such other information

as the Borrower deems appropriate, the Borrower shall cause to be prepared a preliminary annual budget for such Fiscal Year setting forth a schedule of the rates, fees and other charges to be imposed by the Borrower, the Revenues estimated to be generated thereby and the expenditures anticipated by the Borrower for operations, maintenance, repairs, replacements, improvements, debt service and other purposes. The Borrower shall submit a copy of such preliminary budget to its governing body and to the Authority not less than fifteen (15) days before the first day of each Fiscal Year. The Borrower agrees before the first day of each Fiscal Year to adopt a budget for such Fiscal Year containing the information required to be included in the preliminary budget. Such budget as approved by the Borrower's governing body is referred to in this Agreement as the Annual Budget. The Borrower may at any time during any Fiscal Year amend the Annual Budget for such Fiscal Year so long as such amendment does not result in a Default. The Borrower shall submit a copy of the Annual Budget and any amendments thereto to the Authority.

ARTICLE VI

PAYMENTS

Section 6.1. Payment of Local Bond. The Local Bond shall be dated the date of its delivery to the Fund and shall bear interest on the disbursed principal balance thereof at the rate of three percent (3.0%) per annum from the date of each disbursement. Interest only on all amounts disbursed under the Local Bond shall be due and payable on February 1, 2000. Commencing August 1, 2000, and continuing semi-annually thereafter on February 1 and August 1 in each year, principal and interest due under the Local Bond shall be payable in equal installments of \$86,566.87, with a final installment of \$86,566.85 due and payable on August 1, 2019, when, if not sooner paid, all amounts due hereunder and under the Local Bond shall be due and payable in full. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, the principal amount due on the Local Bond shall not include such undisbursed amount. However, unless the Borrower and the Authority agree otherwise in writing, until all amounts due hereunder and under the Local Bond shall have been paid in full, less than full disbursement of the maximum authorized amount of the Local Bond shall not postpone the due date of any semi-annual installment due on the Local Bond, or change the amount of such installment. If any installment of principal or interest on the Local Bond is not paid within ten (10) days after its due date, the Borrower agrees to pay to the Fund a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

Section 6.2. Payment of Additional Payments. In addition to the payments of principal and interest on the Local Bond, the Borrower agrees to pay on demand of the Fund the following Additional Payments:

(1) The costs of the Fund, the Authority, the Department or the Board in connection with the enforcement of this Agreement, including the reasonable fees and expenses of any attorneys used by any of them; and

(2) All expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions hereof.

The Borrower agrees to pay interest on any Additional Payments enumerated in (1) or (2) above not received by the Fund within ten (10) days after demand therefor at a rate of five percent (5.0%) per annum of the overdue installment from its due date until the date it is paid.

ARTICLE VII

PREPAYMENTS

Section 7.1. Prepayment of Local Bond. At its option and after giving at least ten (10) days' written notice to the Authority, the Borrower may prepay the Local Bond at any time, in whole or in part and without penalty. Such written notice shall specify the date on which the Borrower will make such prepayment and whether the Local Bond will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such partial prepayment shall be applied against the principal amount outstanding under the Local Bond but shall not postpone the due date of any subsequent payment on the Local Bond, or change the amount of such installment, unless the Borrower and the Authority agree otherwise in writing.

ARTICLE VIII

OPERATION AND USE OF SYSTEM

Section 8.1. Ownership and Operation of Project and System. Except as may otherwise be approved by the Authority or permitted by the terms hereof, the Project and the System at all times shall be owned by the Borrower and shall not be operated or controlled by any other entity or person.

Section 8.2. Maintenance. At its own cost and expense, the Borrower shall operate the System in a proper, sound and

economical manner and in compliance with all legal requirements, shall maintain the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

Section 8.3. Additions and Modifications. At its own expense, the Borrower from time to time may make any additions, modifications or improvements to the System which it deems desirable and which do not materially reduce the value of the System or the structural or operational integrity of any part of the System, provided that all such additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications and improvements shall become part of the System.

Section 8.4. Use of System. The Borrower shall comply with all lawful requirements of any governmental authority regarding the System, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational and other changes to the System, irrespective of the cost of making the same.

Section 8.5. Inspection of System and Borrower's Books and Records. The Authority and the Department and their duly authorized representatives and agents shall have such reasonable rights of access to the System as may be necessary to determine whether the Borrower is in compliance with the requirements of this Agreement and shall have the right at all reasonable times and upon reasonable prior notice to the Borrower to examine and copy the books and records of the Borrower insofar as such books and records relate to the System.

Section 8.6. Ownership of Land. The Borrower shall not construct, reconstruct or install any part of the System on lands other than those which the Borrower owns or can acquire title to or a perpetual easement over, in either case sufficient for the Borrower's purposes, unless such part of the System is lawfully located in a public street or highway or is a main, conduit, pipeline, main connection or facility located on land in which the Borrower has acquired a right or interest less than a fee simple or perpetual easement and such lesser right or interest has been approved by written opinion of counsel to the Borrower as sufficient for the Borrower's purposes.

Section 8.7. Sale or Encumbrance. No part of the System shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except as provided in any one of the following subsections:

(a) The Borrower may grant easements, licenses or permits across, over or under parts of the System for streets,

roads and utilities as will not adversely affect the use of the System;

(b) The Borrower may sell or otherwise dispose of property constituting part of the System if it uses the proceeds of such disposition and any other necessary funds to replace such property with property serving the same or a similar function;

(c) The Borrower may not lease property constituting part of the System without the written consent of the Authority; and

(d) The Borrower may sell or otherwise dispose of property constituting part of the System; provided, however, (i) no such property shall be sold or otherwise disposed of unless there is filed with the Authority a certificate of the Borrower, signed by an Authorized Representative, stating that such property is no longer needed or useful in the operation of the System, and, if the proceeds of such sale or disposition, together with the aggregate value of any other property sold or otherwise disposed of during the Fiscal Year, shall exceed \$25,000, there shall also be filed with the Borrower and the Authority a certificate of the Consulting Engineer stating that such property is not necessary or useful to the operation of the System, and (ii) the proceeds to be received from any sale or disposition shall be applied first to cure any default that may exist in the payment of the principal of or interest on the Local Bond, and then to the prepayment of the Local Bond under Article VII hereof.

Section 8.8. Collection of Revenues. The Borrower shall use its best efforts to collect all rates, fees and other charges due to it and shall perfect liens on premises served by the System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Borrower shall, to the full extent permitted by law, discontinue and shut off, or cause to be discontinued and shut off, services and facilities of the System, and use its best efforts to cause to be shut off water service furnished otherwise than through the System, to customers of the System who are delinquent beyond any customary grace periods in the payment of rates, fees and other charges due to the Borrower.

Section 8.9. No Free Service. The Borrower shall not permit connections with or the use of the System, or furnish any services afforded by the System, without making a charge therefor based on the Borrower's uniform schedule of rates, fees and charges.

Section 8.10. No Competing Service. The Borrower shall not provide, grant any franchise to provide or give consent for anyone else to provide, any services which would compete with the System.

Section 8.11. Mandatory Connection. The Borrower shall adopt and enforce rules and regulations, consistent with applicable laws, requiring the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by the System and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building to the System; provided, however, such rules and regulations may permit the continued use of private sewage disposal systems approved by the applicable board of health or health officer by any such building already in existence at the time the services of the System become available to it upon such conditions as may be specified in such rules and regulations or until such time as such approved private sewage disposal system shall cease to be approved or shall require major repairs to continue to be approved, at which time such building shall be required to connect to the System.

Section 8.12. Lawful Charges. The Borrower shall pay when due all taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against the System or the Borrower's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the System. The Borrower shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the System or the Revenues (collectively, the "Mechanics' Charges"). The Borrower, however, after giving the Authority ten (10) days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the Borrower may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in the reasonable opinion of the Authority, such action may impair the lien on Revenues granted by this Agreement, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Authority or an appropriate court a bond in form and amount reasonably satisfactory to the Authority. Upon request, the Borrower shall furnish to the Authority proof of payment of all Governmental Charges and the Mechanics' Charges required to be paid by the Borrower under this Agreement.

Section 8.13. Performance Certification. Upon completion of the Project and its commencement of operation (the "Initiation of Operation"), the Borrower shall promptly notify the Department. If the Borrower fails to so notify the Department, the Department may establish such date. During the year after the Initiation of Operation, the Borrower shall retain a Consulting Engineer to assist in the operation of the Project and the training of operating personnel, to revise the Borrower's operation and maintenance manual, as necessary, and to advise the

Borrower if the Project is meeting the Performance Standards. One year from the Initiation of Operation, the Borrower shall submit to the Department a certificate as to whether the Performance Standards have been met. If the Department concludes that the Performance Standards have not been met, the Borrower shall submit within thirty (30) days of such date a report detailing (i) the reasons for the failure of the Project to meet the Performance Standards, (ii) the Borrower's plan for undertaking any necessary corrective action to cause the Project to meet the Performance Standards, and (iii) a schedule for completing any such corrective action, including the projected date for the submission of a certificate stating that the Performance Standards have been met. The Borrower shall then undertake such corrective action and any other action necessary to meet the Performance Standards. When the Project has met the Performance Standards, the Borrower shall so certify to the Department. For so long as the Performance Standards have not been met, the Borrower shall retain a Consulting Engineer, unless the Department shall agree otherwise in writing.

Section 8.14. Sewer Use Ordinance. Prior to the completion of the Project, the Borrower shall submit to the Department for its review and approval a sewer use ordinance. Following the Department's approval, the Borrower shall adopt such ordinance. This ordinance shall (i) require that new sewers, interceptors and connections to the treatment works be properly designed and constructed in compliance with all applicable regulations, and (ii) prohibit the connection to the wastewater system of any additional extraneous inflow sources. Such ordinance shall also provide that no wastewater introduced into the wastewater treatment system shall contain any pollutant, toxic or hazardous material in an amount or concentration that would (i) threaten the public safety or the physical integrity of the treatment works, (ii) cause the Borrower to violate any of its permit requirements, or (iii) preclude the use by the Borrower of the most cost-effective alternative for sludge management.

ARTICLE IX

INSURANCE, DAMAGE AND DESTRUCTION

Section 9.1. Insurance. Unless the Authority otherwise agrees in writing, the Borrower continuously shall maintain or cause to be maintained insurance against such risks as are customarily insured against by public bodies operating systems similar in size and character to the System, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the System's insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft,

smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia); provided that during the construction of the Project, the Borrower may provide or cause to be provided, in lieu of the insurance in the amount of the full replacement cost of the Project, builders' risk or similar types of insurance in the amount of the full replacement cost thereof. The determination of replacement cost shall be made by a recognized appraiser or insurer selected by the Borrower and reasonably acceptable to the Authority.

(b) Comprehensive general liability insurance with a combined single limit of \$1,000,000 per year against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership, maintenance, operation or use of the System.

(c) Unless the Borrower qualifies as a self-insurer under the laws of Virginia, workers' compensation insurance.

The Authority shall not have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance, or (ii) the application of the proceeds of insurance.

The Borrower shall provide no less often than annually and upon the written request of the Authority a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

Section 9.2. Requirements of Policies. All insurance required by Section 9.1 shall be maintained with generally recognized, responsible insurance companies selected by the Borrower and reasonably acceptable to the Authority. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other utility systems of like size and character to the System. If any such insurance is not maintained with an insurer licensed to do business in Virginia or placed pursuant to the requirements of the Virginia Surplus Lines Insurance Law (Chapter 48, Title 38.2, Code of Virginia of 1950, as amended) or any successor provision of law, the Borrower shall provide evidence reasonably satisfactory to the Authority that such insurance is enforceable under Virginia law.

Section 9.3. Notice of Damage, Destruction and Condemnation. In the case of (i) any damage to or destruction of any material part of the System, (ii) a taking of all or any part of the System or any right therein under the exercise of the power of eminent domain, (iii) any loss of the System because of failure of title, or (iv) the commencement of any proceedings or

negotiations which might result in such a taking or loss, the Borrower shall give prompt notice thereof to the Authority describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 9.4. Damage and Destruction. If all or any part of the System is destroyed or damaged by fire or other casualty, and the Borrower shall not have exercised its option to prepay in full the Local Bond pursuant to Article VII, the Borrower shall restore promptly the property damaged or destroyed to substantially the same condition as before such damage or destruction, with such alterations and additions as the Borrower may determine and which will not impair the capacity or character of the System for the purpose for which it then is being used or is intended to be used. The Borrower may apply so much as may be necessary of the Net Proceeds of insurance received on account of any such damage or destruction to payment of the cost of such restoration, either on completion or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Borrower shall pay so much of the cost as may be in excess of such Net Proceeds. Any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to prepayment of the Local Bond pursuant to Article VII.

Section 9.5. Condemnation and Loss of Title. If title to or the temporary use of all or any part of the System shall be taken under the exercise of the power of eminent domain or lost because of failure of title, and the Borrower shall not have exercised its option to prepay in full the Local Bond pursuant to Article VII, the Borrower shall cause the Net Proceeds from any such condemnation award or from title insurance to be applied to the restoration of the System to substantially its condition before the exercise of such power of eminent domain or failure of title. If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the Borrower shall pay so much of the cost as may be in excess of such Net Proceeds. Any balance of such Net Proceeds remaining after payment of the cost of such restoration shall promptly be applied to the prepayment of the Local Bond pursuant to Article VII.

ARTICLE X

SPECIAL COVENANTS

Section 10.1. Maintenance of Existence. The Borrower shall maintain its existence as a "local government" (as defined in the Act) of the Commonwealth of Virginia and, without consent of the Authority and the Department, shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity. Notwithstanding the foregoing, the Borrower may consolidate or merge with or into, or

sell or otherwise transfer all or substantially all of its assets to a political subdivision of the Commonwealth of Virginia, and the Borrower thereafter may dissolve, if the surviving, resulting or transferee political subdivision, if other than the Borrower, assumes, in written form acceptable to the Authority and the Department, all of the obligations of the Borrower contained in the Local Bond and this Agreement, and there is furnished to the Authority and the Department an Opinion of Counsel acceptable to the Authority and the Department subject to customary exceptions and qualifications, to the effect that such assumption constitutes the legal, valid and binding obligation of the surviving, resulting or transferee political subdivision enforceable against it in accordance with its terms.

Section 10.2. Financial Records and Statements. The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs related to the System. The Borrower shall have an annual audit of the financial condition of the Borrower (and at the reasonable request of the Authority, of the System) made by an independent certified public accountant, within one hundred and fifty (150) days after the end of each Fiscal Year. The Borrower shall furnish to the Authority copies of such report immediately after it is submitted to the Borrower. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the Borrower's financial position as of the end of such Fiscal Year and the results of the Borrower's operations and changes in the financial position of its funds for the Fiscal Year. The Borrower shall also furnish to the Authority a certificate of such accountant to the effect that, during the course of such accountant's regular examination of the Borrower's financial condition, nothing came to such accountant's attention that would constitute an Event of Default or a Default.

Section 10.3. Certificate as to No Default. The Borrower shall deliver to the Authority, within one hundred and fifty (150) days after the close of each Fiscal Year, a certificate signed by an Authorized Representative stating that, during such year and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes an Event of Default or a Default, or if such an event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Borrower has taken, is taking or proposes to take to rectify it.

Section 10.4. Additional Indebtedness. The Borrower shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by a pledge of Revenues, except Subordinate Bonds or Parity Bonds.

Section 10.5. Parity Bonds. Provided the Borrower is not in default hereunder, the Borrower may issue bonds, notes or other evidences of indebtedness ("Parity Bonds") ranking on parity with the Local Bond with respect to the pledge of Revenues to (i) pay Project Costs to complete the Project, (ii) pay the cost of improvements, additions, extensions, replacements, equipment or betterments and of any property, rights or easements deemed by the Borrower to be necessary, useful or convenient for the System, (iii) refund some or all of the Local Bond, Parity Bonds, Existing Parity Bonds or Prior Bonds, or (iv) effect some combination of (i), (ii) and (iii); provided in each case the following conditions are satisfied. Before any Parity Bonds are issued or delivered, the Borrower shall deliver to the Authority the following:

(a) Certified copies of all resolutions and ordinances of the Borrower authorizing the issuance of the Parity Bonds.

(b) A certificate of an appropriate official of the Borrower setting forth the purposes for which the Parity Bonds are to be issued and the manner in which the Borrower will apply the proceeds from the issuance and sale of the Parity Bonds.

(c) If the Parity Bonds are authorized for any purpose other than the refunding of the Local Bond, Parity Bonds, Existing Parity Bonds or Prior Bonds, a certificate, in form and substance satisfactory to the Authority, of the Consulting Engineer to the effect that in the opinion of the Consulting Engineer (i) the improvements or property to which the proceeds from the issuance of the Parity Bonds are to be applied will be a part of the System, (ii) the funds available to the Borrower from the issuance of the Parity Bonds and other specified sources will be sufficient to pay the estimated cost of such improvements or property, (iii) the period of time which will be required to complete such improvements or acquire such property, and (iv) (A) the Parity Bond proceeds are necessary to complete the Project, (B) the failure to make such improvements or acquire or construct such property will result in an interruption or reduction of Revenues, or (C) during the first two Fiscal Years following the completion of the improvements or the acquisition of the property, the projected Net Revenues Available for Debt Service will satisfy the rate covenant in Section 5.1. In providing this certificate, the Consulting Engineer may take into consideration future System rate increases, provided that such rate increases have been duly approved by the governing body of the Borrower and any other person and entity required to give approval for the rate increase to become effective. In addition, the Consulting Engineer may take into consideration additional future revenues of the System to be derived under then existing contractual agreements entered into by the Borrower and from reasonable estimates of growth in the customer base of the Borrower.

(d) If the Parity Bonds are authorized solely to refund the Local Bond, Existing Parity Bonds, Parity Bonds or Prior Bonds, either (i) a certificate of an independent certified public accountant satisfactory to the Authority that the refunding Parity Bonds will have annual debt service requirements in each of the years the Local Bond, Existing Parity Bonds, Parity Bonds or Prior Bonds to be refunded would have been outstanding which are lower than the annual debt service requirements in each such year on the Local Bond, Existing Parity Bonds, Parity Bonds or the Prior Bonds to be refunded, or (ii) a certificate of the Consulting Engineer to the effect that during the first two complete Fiscal Years following the issuance of the refunding Parity Bonds, the projected Net Revenues Available for Debt Service will satisfy the rate covenant in Section 5.1. In providing the certificate described in clause (ii), the Consulting Engineer may take into account the factors described in the last two sentences of subsection (c) of this Section.

(e) An Opinion of Counsel satisfactory to the Authority subject to customary exceptions and qualifications, approving the form of the resolution authorizing the issuance of the Parity Bonds and stating that its terms and provisions conform with the requirements of this Agreement and that the certificates and documents delivered to the Authority constitute compliance with the provisions of this Section.

Section 10.6. Further Assurances. The Borrower shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights, Revenues and other funds pledged or assigned by this Agreement, or as may be required to carry out the purposes of this Agreement. The Borrower shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledge of the Revenues and other funds pledged under this Agreement and all rights of the Authority, the Department and the Board under this Agreement against all claims and demands of all persons.

Section 10.7. Other Indebtedness. The Borrower agrees to pay when due all amounts required by any other bonded indebtedness and to perform all of its obligations in connection therewith.

Section 10.8. Assignment by Borrower. The Borrower may not assign its rights under this Agreement without the prior written consent of the Authority and the Department. If the Borrower desires to assign its rights under this Agreement to another "local government" (as defined in the Act), the Borrower shall give notice of such fact to the Authority and the Department. If the Authority and the Department consent to the proposed assignment, the Borrower may proceed with the proposed assignment, but

such assignment shall not become effective until the Authority and the Department are furnished (i) an assumption agreement in form and substance satisfactory to the Authority and the Department by which the assignee agrees to assume all of the Borrower's obligations under the Local Bond and this Agreement, and (ii) an Opinion of Counsel to the assignee, subject to customary exceptions and qualifications, that the assumption agreement, the Local Bond and this Agreement constitute legal, valid and binding obligations of the assignee enforceable against the assignee in accordance with their terms and that the assignment and assumption comply in all respects with the provisions of this Agreement. Notwithstanding the foregoing, the assignment of the rights of the Borrower under the Local Bond and this Agreement or the assumption of the obligations thereunder by the assignee shall in no way be construed as releasing the Borrower's obligations.

Section 10.9. Service Agreement. Except with the prior written consent of the Authority, the Service Agreement shall not be terminated or modified or amended in any manner which affects materially adversely the Revenues.

ARTICLE XI

DEFAULTS AND REMEDIES

Section 11.1. Events of Default. Each of the following events shall be an "Event of Default":

(a) The failure to pay when due any payment of principal or interest due hereunder or to make any other payment required to be made under the Local Bond or this Agreement;

(b) The Borrower's failure to perform or observe any of the other covenants, agreements or conditions of the Local Bond or this Agreement and the continuation of such failure for a period of thirty (30) days after the Authority gives the Borrower written notice specifying such failure and requesting that it be cured, unless the Authority shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Default is corrected;

(c) Any warranty, representation or other statement by or on behalf of Borrower contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement or in connection with the issuance and sale of the Local Bond is false or misleading in any material respect;

(d) The occurrence of a default by the Borrower under the terms of any Subordinate Bonds, Parity Bonds, Existing Parity Bonds or Prior Bonds and the failure to cure such default or obtain a waiver thereof within any period of time permitted thereunder;

(e) An order or decree shall be entered, with the Borrower's consent or acquiescence, appointing a receiver or receivers of the System or any part thereof or of the Revenues thereof, or if such order or decree, having been entered without the Borrower's consent or acquiescence, shall not be vacated, discharged or stayed on appeal within sixty (60) days after the entry thereof;

(f) Any proceeding shall be instituted, with the Borrower's consent or acquiescence, for the purpose of effecting a composition between the Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from Revenues; or

(g) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Borrower under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the Borrower, is not dismissed within sixty (60) days after filing.

Section 11.2. Notice of Default. (a) The Borrower agrees to give the Authority prompt written notice if any order, decree or proceeding referred to in Sections 11.1(e), (f) or (g) is entered or instituted against the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default immediately upon becoming aware of the existence thereof.

(b) Prior to taking any of the remedies on default set forth under Section 11.3 or allowed under applicable law, the Authority shall give prior notice to the holder of the Prior Bonds of the event of default and the actions intended to be taken as a result of such default. The notice shall be given as set forth below or to such other address as the holder of such Prior Bond specifies:

Community Program Loan Trust 1987A
c/o GMAC Commercial Mortgage Corporation
650 Dresher Road
P. O. Box 1015
Horsham, Pennsylvania 19044-8015

Section 11.3. Remedies on Default. Whenever any Event of Default referred to in Section 11.1 shall have happened and be

continuing, the Authority shall, in addition to any other remedies provided herein or by law, including rights specified in Section 62.1-228 of the Act, have the right, at its option without any further demand or notice, to take one or both of the following remedial steps:

(a) Declare immediately due and payable all payments due or to become due on the Local Bond and under this Agreement, and upon notice to the Borrower, the same shall become immediately due and payable by the Borrower without further notice or demand; and

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due on the Local Bond and under this Agreement or to enforce any other of the Fund's, the Authority's, the Department's or the Board's rights under this Agreement or to enforce performance by the Borrower of its covenants, agreements or undertakings contained herein or in the Local Bond.

Section 11.4. Delay and Waiver. No delay or omission to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Default or Event of Default under this Agreement shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereto.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 12.2. Amendments. The Authority and the Borrower, with the written consent of the Department, shall have the right to amend from time to time any of the terms and conditions of this Agreement, provided that all amendments shall be in a writing and shall be signed by or on behalf of the Authority and the Borrower.

Section 12.3. Limitation of Borrower's Liability. Notwithstanding anything in the Local Bond or this Agreement to the contrary, the Borrower's obligations are not its general obligations, but are limited obligations payable solely from the Revenues which are specifically pledged for such purpose. Neither the Local Bond nor this Agreement shall be deemed to

create or constitute a debt or a pledge of the faith and credit of the Borrower and the Borrower shall not be obligated to pay the principal of or interest on the Local Bond or other costs incident thereto except from the Revenues and other funds pledged therefor. In the absence of fraud, no present or future director, official, officer, employee or agent of the Borrower shall be liable personally in respect of this Agreement or the Local Bond or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement or the Local Bond.

Section 12.4. Applicable Law. This Agreement shall be governed by the applicable laws of Virginia.

Section 12.5. Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or Section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Fund and the Borrower, as the case may be, only to the extent permitted by law.

Section 12.6. Notices. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Local Bond or this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

Fund: Virginia Water Facilities Revolving Fund
c/o Virginia Resources Authority
P. O. Box 1417
Richmond, VA 23218
Attention: Executive Director

Authority: Virginia Resources Authority
P. O. Box 1300
Richmond, VA 23218
Attention: Executive Director

**Department
and Board:** State Water Control Board
Department of Environmental Quality
P. O. Box 10009
Richmond, VA 23240-0009
Attention: Executive Director

Borrower: Town of Hamilton, Virginia
P. O. Box 130
Hamilton, VA 20159
Attention: Mayor

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. The Authority, the Department, the Board and the Borrower may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 12.7. Right to Cure Default. If the Borrower shall fail to make any payment or to perform any act required by it under the Local Bond or this Agreement, the Authority without prior notice to or demand upon the Borrower and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Authority and all costs, fees and expenses so incurred shall be payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the rate of interest of five percent (5.0%) per annum until paid. The Borrower's obligation under this Section shall survive the payment of the Local Bond.

Section 12.8. Headings. The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

Section 12.9. Term of Agreement. This Agreement shall be effective upon its execution and delivery, provided that the Local Bond previously or simultaneously shall have been executed and delivered. Except as otherwise specified, the Borrower's obligations under the Local Bond and this Agreement shall expire upon payment in full of the Local Bond and all other amounts payable by the Borrower under this Agreement.

Section 12.10. Commitment Letter. The Commitment Letter is an integral part of this Agreement and shall survive closing hereunder.

Section 12.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

WITNESS the following signatures, all duly authorized.

VIRGINIA WATER FACILITIES REVOLVING FUND

By: Virginia Resources Authority,
Administrator

By: Robert W. Lauterberg
Robert W. Lauterberg,
Executive Director

TOWN OF HAMILTON, VIRGINIA

By: Keith Resor
Its: Mayor

EXHIBIT A

Form of Local Bond

[To come from Borrower's Bond Counsel]

SEE TAB #10

4449401

EXHIBIT B

**PROJECT DESCRIPTION
TOWN OF HAMILTON
C-515185-02**

The project includes the construction of a sewage collection system to serve an area outside of, but adjacent to, the Town limits, to make improvements to the treatment plant, to make improvements to the inflow and infiltration collection system, and related engineering and legal expenses.

EXHIBIT C

**PROJECT BUDGET
TOWN OF HAMILTON
C-515185-02**

<u>COST CATEGORY</u>	<u>AMOUNT</u>
Administration/Legal	\$ 20,000
Engineering:	
Contract 1 - Anderson	120,475
Contract 1 - Buchart-Horn	183,300
Contract 2 - Rigby	85,000
Contract 2 - Buchart-Horn	27,000
Contract 3 - EUS	60,000
Contract 3 - Buchart-Horn	12,000
Construction:	
Contract 1	763,000
Contract 2	562,844
Contract 3	230,500
Grinder Pumps	406,000
Contingency	<u>71,881</u>
TOTAL	\$ 2,542,000

EXHIBIT D

Opinion of Borrower's Counsel

[To come from Borrower's Bond Counsel]

SEE TAB #25

EXHIBIT E
REQUISITION FOR DISBURSEMENT
TOWN OF HAMILTON
C-515185-02

(To Be on Borrower's Letterhead)

[Date]

Mr. Don W. Wampler
Program Manager, Construction Assistance Program
Department of Environmental Quality
P. O. Box 10009
Richmond, Virginia 23240-0009

Re: Virginia Water Facilities Revolving Fund

C-515____-0__

Dear Mr. Wampler:

This requisition, Number ____, is submitted in connection with the Financing Agreement, dated as of _____, 199_ (the "Financing Agreement") between the Virginia Water Facilities Revolving Fund, also known as the Virginia Revolving Loan Fund (the "Fund"), and the _____ (the "Borrower"). Unless otherwise defined in this requisition, all capitalized terms used herein shall have the meaning set forth in Article I of the Financing Agreement. The undersigned Authorized Representative of the Borrower hereby requests disbursement of loan proceeds under the Financing Agreement in the amount of \$_____, for the purposes of payment of the Project Costs as set forth on Schedule 1 attached hereto.

Attached hereto are invoices relating to the items for which payment is requested.

The undersigned certifies that (a) the amounts requested by this requisition will be applied solely and exclusively to the payment, or the reimbursement of the Borrower for the payment, of Project Costs, and (b) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of the requisition.

This requisition includes an accompanying Certificate of the Consulting Engineer as to the performance of the work.

Sincerely,

(Authorized Representative of the Borrower)

Attachments
cc: Ms. Gwen P. Box - VRA (without attachments)
DEQ Regional Engineer (with all attachments)

EXHIBIT F

**PRIOR BONDS AND EXISTING PARITY BONDS
TOWN OF HAMILTON
C-515185-02**

Prior Bonds:

Town of Hamilton, Virginia, \$231,340 Sewer Bond, Series A, dated October 30, 1967 (assigned by the United States Farmers Home Administration to General Electric Capital Corp., the present holder).

Existing Parity Bonds:

Town of Hamilton, Virginia, \$200,000 Sewer System Revenue Bond, Series 1991, dated May 29, 1991.

EXHIBIT G

**PERFORMANCE STANDARDS
TOWN OF HAMILTON
C-515185-02**

Listed below are the Project Performance Standards for the upgrade to the Town of Hamilton-Collection System and Wastewater Treatment Plant.

<u>PARAMETER</u>	<u>LIMITATION/SPECIFICATION</u>
Flow, Average*	0.16 mgd
BOD*	20 mg/l, 12.1 kg/d
TSS*	20 mg/l, 12.1 kg/d
Ammonia as nitrogen*	1.6 mg/l (June - November) 10.8 mg/l (December - May)
Grinder Pumps	No raw sewage backup or overflows from these facilities are acceptable.
Reliability at the St. Paul's Treatment Plant and Pump Stations	No raw sewage overflows from these facilities are Wastewater acceptable, in accordance with Reliability Class I requirements of the Virginia Sewer Collection and Treatment (SCAT) Regulations. In the event of a power outage, the standby generators should automatically start with no delay. Upon restoration of power, the generators should stop. Each pump in the pump station should handle up to 2.5 times the average design flow, in the event that any one pump is out of service. The alarm system shall function as dictated by the SCAT regulations for Alarm Systems Reliability Class I pump stations.

*Based on test frequencies and methods required by the VPDES permit and as reported in the DMR.

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UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

TOWN OF HAMILTON, VIRGINIA
SEWER REVENUE BOND,
SERIES 1999

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>
3.00%	August 1, 2019	February 3, 1999

REGISTERED OWNER: VIRGINIA WATER FACILITIES REVOLVING FUND

PRINCIPAL AMOUNT: TWO MILLION FIVE HUNDRED FORTY-TWO
THOUSAND DOLLARS (\$2,542,000)

The TOWN OF HAMILTON, VIRGINIA, a body politic and corporate of the Commonwealth of Virginia (the "Town"), for value received, promises to pay, solely from the revenues and other property pledged to the payment of this Bond, to the registered owner of this Bond or legal representative, the principal and interest thereon at the annual rate stated above, as set forth below.

This Bond shall be payable as follows. Interest only on all amounts disbursed under this Bond shall be due and payable on February 1, 2000. Commencing August 1, 2000, and continuing semi-annually thereafter on February 1 and August 1 in each year, the principal of and interest on this Bond shall be payable in equal installments of \$86,566.87 with a final installment of \$86,566.85 due and payable on August 1, 2019, when, if not sooner paid, all amounts due hereunder shall be due and payable in full.

If any installment of principal of and interest on this Bond is not paid to the registered owner of this Bond within ten days after its due date, the Town shall pay to the registered owner of this Bond a late payment charge in an amount equal to five percent of the overdue installment.

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

The principal balance of this Bond shall be equal to the principal amount stated above, less the aggregate amount of the payments and any prepayments of principal which may have been made on this Bond. No notation is required to be made on this Bond of the payment or prepayment of principal. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.

The issuance of this Bond has been duly authorized by the Town Council of the Town by a resolution adopted January 11, 1999 (the "Resolution"), and is issued for the purpose of

financing the Project (as defined in the Resolution). This Bond is a limited obligation of the Town and is payable solely from (a) a monthly surcharge collected from current users of the Town's wastewater system, (b) a tax imposed on taxpayers within a special tax district in the County of Loudoun, Virginia (the "County"), (c) annual appropriations from the County to the Town, all as more particularly described in the Service Agreement dated as of December 16, 1998, between the County and the Town, and (d) the revenues of the Town's wastewater system (collectively, the "Pledged Revenues"), which have been pledged thereto as described in the Resolution. The pledge of the Town's wastewater system revenues shall be on a parity with the pledge of such revenues securing the Town's \$200,000 Sewer System Revenue Bond, Series 1991. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE TOWN, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND OR THE OTHER COSTS INCIDENT TO IT EXCEPT FROM THE REVENUES AND ANY OTHER MONEY OR PROPERTY PLEDGED FOR SUCH PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE TOWN, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT TO IT. THE ISSUANCE OF THIS BOND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE TOWN, TO LEVY ANY TAXES FOR THE PAYMENT OF THIS BOND.

This Bond is issued pursuant to the terms of the Resolution, a Financing Agreement dated as of January 1, 1999 (the "Financing Agreement"), between the Town and the Virginia Water Facilities Revolving Fund (the "Fund"), acting by and through the Virginia Resources Authority, to evidence a loan by the Fund to the Town, the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended. The obligations of the Town under this Bond shall terminate when all amounts due and to become due pursuant to this Bond have been paid in full.

The Town may issue additional bonds ranking on a parity with this Bond with respect to the pledge of Pledged Revenues under the terms of the Financing Agreement.

This Bond is subject to prepayment at the option of the Town in whole or in part, without penalty, at any time, upon not less than ten days written notice to the Virginia Resources Authority, in accordance with the terms of the Financing Agreement.

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

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

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

SPECIMEN

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE.)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and does hereby irrevocably constitute and appoint

_____, attorney, to transfer said Bond on the books kept for registration of said Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

SPECIMEN

(NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association which is a member of a medallion program approved by The Securities Association, Inc.)

Registered Owner
(Notice: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

SPECIMEN

W:HAMILTON:HAMIL:05:BN0

GENERAL CERTIFICATE OF THE TOWN OF HAMILTON, VIRGINIA

The undersigned officers of the Town of Hamilton, Virginia (the "Town"), hereby certify that:

1. The Town Council of the Town (the "Council") on January 11, 1999, and at all times thereafter to and including the date of this Certificate, consisted of the following six persons, each of whom is duly qualified and is serving as a member of the Council for a term of office as hereafter stated:

Name	Current Term of Office	
	Commenced	Expires
Ann E. Huggins	07/01/1998	06/30/2000
Ronald K. Ingoe	07/01/1996	06/30/2000
Terry L. Moon	07/01/1998	06/30/2002
Keith Reasoner	07/01/1998	06/30/2002
Michael E. Snyder	07/01/1998	06/30/2002
John D. Unger	07/01/1996	06/30/2000
Gregory Wilmoth	07/01/1998	06/30/2002

- 2. Keith Reasoner is the duly elected, qualified and serving Mayor of the Town.
- 3. Paula S. Hulsey is the duly elected, qualified and serving Recorder of the Town.
- 4. Maureen K. Gilmore is the duly appointed, qualified and serving Town Attorney.
- 5. Kay Y. Tewell is the duly appointed, qualified and serving Treasurer of the Town.

6. The Town's \$2,542,000 Sewer Revenue Bond, Series 1999 (the "Bond"), has been duly executed by the Town's Mayor and attested by the Recorder as required by the Bond and the seal of the Town has been duly imprinted thereon.

7. The Bond is issued pursuant to a Resolution duly adopted by the Council on January 11, 1999 (the "Resolution"). The Resolution is the only pertinent resolution adopted by the Council relating to the matters referred to therein. No Bond has heretofore been issued or is outstanding pursuant to the authority of the Resolution. The Resolution has not been repealed, revoked, rescinded or amended other than as provided for therein.

8. No litigation or administrative action of any kind is now pending or, to our knowledge, threatened to (a) restrain or enjoin the issuance, sale or delivery of the Bond or the collection of revenues pledged to pay the principal of the Bond, (b) contest or challenge the due adoption of the Resolution or otherwise affect, contest or challenge the validity of the Bond or in any manner question the proceedings and authority under which the Bond is issued, (c) contest or

challenge the Council's power to pledge the Revenues, as defined in the Financing Agreement (as hereinafter defined), to the payment of the Bond, (d) contest or challenge the validity of the Financing Agreement dated as of January 1, 1999 (the "Financing Agreement"), between the Town and the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority, or (e) contest in any way the acquisition, construction and equipping of the Project (as defined in the Resolution).

9. The titles of the officers signing the Bond have not been contested and no authority, resolution or proceedings for the issuance of the Bond has been repealed, revoked or rescinded.

10. The Town's seal is the same seal of which an impression appears below as well as on the Bond. The signatures of the Town's Mayor and Recorder appearing below are the same signatures appearing on the Bond.

11. The Town's representations contained in Section 2.1 of the Financing Agreement are true and correct as of the date of this Certificate and the Town has performed all of its obligations required under the Financing Agreement to be performed by it on or before the date of this Certificate.

12. The issuance of the Bond, the execution and delivery of the Financing Agreement and the performance by the Town of its obligations thereunder are within the powers of the Town and will not conflict with, or constitute a breach or result in a violation of (a) the Charter of the Town or, to the best of our knowledge, any Federal or Virginia constitutional or statutory provision, (b) any agreement or other instrument to which the Town is a party or by which it is bound, or (c) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Town or its property.

13. The Town is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. No event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to the Financing Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

14. The Town has full right, power and authority to (a) own and operate the System (as defined in the Financing Agreement), (b) fix, charge and collect charges for the use of and for the services furnished by the System, (c) issue, sell and deliver the Bond for the purpose and in the manner set forth in the Financing Agreement and the Resolution, including but not limited to financing the Project, (d) adopt the Resolution and execute and deliver the Financing Agreement and the related documents, (e) pledge the Revenues of the System to the payment of the Bond, (f) carry out and consummate all the transactions contemplated by the Financing Agreement, the Resolution and the Bond, and (g) undertake the Project. The Town has taken or will take all

steps required to be performed under the Financing Agreement and applicable law in connection therewith.

15. All permits, licenses, registrations, certificates, authorizations and approvals required to be obtained as a condition precedent to the adoption of the Resolution, the issuance of the Bond, the execution and delivery by the Town of the Financing Agreement and the Bond or to the performance of its obligations thereunder, the undertaking of the Project or the operation and use of the System have been obtained on or prior to the date hereof. The Town knows of no reason why any such permits or approvals not required as of the date hereof cannot be obtained as required in the future.

16. The Town is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, order, judgment, decree or other agreement or instrument to which the Town is a party or by which it is bound or to which any of its assets is subject which would have a material adverse effect on its financial condition or its ability to perform its obligations under the Bond or the Financing Agreement and the execution and delivery by the Town of the Financing Agreement and the Bond and the compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the foregoing.

17. The Town will not use the proceeds derived by the Town from the issuance and sale of the Bond to pay any prior debt obligations of the Town.

Dated: February 3, 1999

[SEAL]



Mayor, Town of Hamilton, Virginia



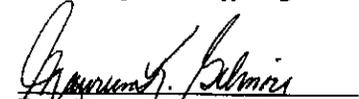
Recorder, Town of Hamilton, Virginia



Treasurer, Town of Hamilton, Virginia

Certificate

The undersigned Town Attorney for the Town of Hamilton, Virginia, certifies that the officers of the Town named above are the duly elected or appointed and qualified incumbents of the offices set forth below their signatures and that their signatures as appearing above are true and genuine.



Town Attorney, Town of Hamilton,
Virginia

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CERTIFICATE OF TOWN ATTORNEY

I, Maureen K. Gilmore, do hereby certify that:

1. I am the duly appointed, qualified and serving Town Attorney of the Town of Hamilton, Virginia (the "Town").
2. The Town Council of the Town (the "Council") duly adopted by at least a majority vote of all members of the Council at a regular public meeting duly called and held on January 11, 1999, a Resolution (the "Bond Resolution") authorizing (i) the issuance and sale of a sewer revenue bond of the Town in a maximum amount of \$3,000,000 and (ii) the execution and delivery of the Financing Agreement dated as of January 1, 1999 (the "Financing Agreement"), between the Town and the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority. A certified copy of the Bond Resolution was duly filed with the Circuit Court of Loudoun County, Virginia in accordance with Sections 15.2-2607 and 15.2-2627 of the Code of Virginia of 1950, as amended.
3. No litigation or administrative action of any kind is pending or, to the best of my knowledge after due investigation, threatened (a) to restrain or enjoin the issuance, sale or delivery of the Town's \$2,542,000 Sewer Revenue Bond, Series 1999 (the "Bond"), or the collection of revenues pledged to pay the principal of and interest on the Bond, (b) to contest or challenge the due adoption of the Bond Resolution by the Council, or otherwise affect, contest or challenge the validity of the Bond or in any manner question the proceedings and authority under which the Bond is issued, (c) to contest or challenge the Council's power to pledge the Revenues (as defined in the Financing Agreement) from the ownership and operation of the System (as defined in the Financing Agreement) to secure payment of the Bond, (d) to contest or challenge the validity of the Financing Agreement, or (e) or to affect the existence of the Town or contest in any way its authority to undertake the Project (as defined in the Bond Resolution) or the titles of the officers executing the Bond.
4. The issuance of the Bond and the execution and delivery by the Town of the Financing Agreement and the performance by the Town of its obligations thereunder are within the corporate powers of the Town and will not conflict with any provision of any applicable state or federal law.
5. To the best of my information, knowledge and belief, (a) the Town is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and (b) no event or condition has happened or existed or is happening or existing under the provisions of any instrument under or subject to which any indebtedness for borrowed money has been incurred, including but not limited to the Financing Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

6. To the best of my information, knowledge and belief, the Town is not in violation of any existing law, rule or regulation applicable to it and is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, order, judgment, decree or other agreement or instrument to which the Town is a party or by which it is bound or to which any of its assets are subject which would have a material adverse effect on its financial condition or its ability to perform its obligations under the Bond or the Financing Agreement, and the execution and delivery by the Town of the Bond and the Financing Agreement and the compliance with the terms and conditions thereof will not conflict with or result in a breach or constitute a default under any of the foregoing.

Dated: February 2, 1999



Town Attorney, Town of Hamilton,
Virginia

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CERTIFICATE OF CONSULTING ENGINEER

Pursuant to Section 3.2 of the Financing Agreement dated as of January 1, 1999 (the "Financing Agreement"), between the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority, and the Town of Hamilton, Virginia (the "Town"), the undersigned certifies as follows:

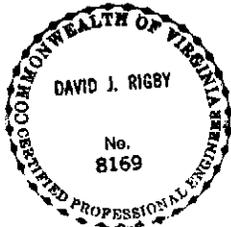
1. I am the Consulting Engineer to the Town in connection with providing sewage service to the Town. Terms used and not defined herein shall have the meaning given them in the Financing Agreement.
2. The Project will be a part of the Town's System. A description of the Project is set forth in Exhibit A.
3. The Local Bond Proceeds specified in the Project Budget will be sufficient to pay the estimated Project Costs set forth on the Project Budget, attached as Exhibit B.
4. All governmental permits or approvals for the Project required to have been obtained by this date, have been obtained and I know of no reason why any future required governmental permits or approvals cannot be obtained as needed.
5. It is expected that the Town will complete the Project on or before the end of December, 1999
6. During the first two complete fiscal years following the Project completion date noted in paragraph 5 above, the Town's projected Net Revenues Available for Debt Service will satisfy the rate covenant contained in Section 5.1 of the Financing Agreement. In arriving at this opinion, I have taken into consideration future System rate increases, if any, provided that such rate increases have been approved by the Town Council of the Town and any other person or entity required to give approval for such rate increase to become effective, and reasonable estimates of growth in the Town's customer base.

Dated: January 20 1999

EXHIBIT A

Description of Project

The Project includes the construction of a sewage collection system to serve an area outside of, but, adjacent to the Town limits, to make improvements to the treatment plant, to make improvements to the inflow and infiltration collection system, and related engineering and legal expenses.



David J. Rigby
 By: [Signature]
 Professional Engineer

EXHIBIT B

Project Budget

COST CATEGORY	AMOUNT
Administration/Legal	\$ 20,000
Engineering:	
Contract 1 - Anderson	120,475
Contract 1 - Buchart-Horn	183,300
Contract 2 - Rigby	85,000
Contract 2 - Buchart-Horn	27,000
Contract 3 - EUS	60,000
Contract 3 - Buchart-Horn	12,000
Construction:	
Contract 1	763,000
Contract 2	562,844
Contract 3	230,500
Grinder Pumps	406,000
Contingency	<u>71,881</u>
TOTAL	<u>\$2,542,000</u>

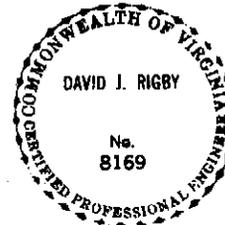
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**CERTIFICATE OF CONSULTING ENGINEER
REGARDING ISSUANCE OF PARITY BONDS**

Pursuant to Section 10.5 of the Financing Agreement dated as of May 1, 1991 (the "Financing Agreement"), between the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority, and the Town of Hamilton, Virginia (the "Town"), the undersigned certifies as follows:

1. I am the Consulting Engineer to the Town in connection with providing sewage service to the Town. Terms used and not defined herein shall have the meaning given them in the Financing Agreement.
2. The improvements or property (the "Improvements") to which the proceeds of the Town's \$2,542,000 Sewer Revenue Bond, Series 1999 (the "Bond") are to be applied will be a part of the Town's System.
3. The proceeds of the Bond will be sufficient to pay the estimated costs of the Improvements.
4. It is expected that the Town will complete the Improvements on or before the end of December, 1999.
5. During the first two complete fiscal years following the Improvements completion date noted in paragraph 4 above, the Town's projected Net Revenues Available for Debt Service will satisfy the rate covenant contained in Section 5.1 of the Financing Agreement. In arriving at this opinion, I have taken into consideration future System rate increases, if any, provided that such rate increases have been approved by the Town Council of the Town and any other person or entity required to give approval for such rate increase to become effective, and reasonable estimates of growth in the Town's customer base.

Dated: January 29 1999



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David J. Rigby
By: [Signature]
Professional Engineer

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CERTIFICATE AS TO INSURANCE

The undersigned representative of Titan Indemnity, a provider of insurance to the Town of Hamilton, Virginia (the "Town"), hereby certifies as follows:

- 1. I have read and understand the insurance requirements set forth in Sections 9.1 and 9.2 of the Financing Agreement.
- 2. I have examined the insurance policies described in the certificate of insurance attached to this Certificate.
- 3. It is my opinion, as a person knowledgeable in the insurance business, that (a) the insurance policies described in the attached certificate of insurance meet all of the requirements of Sections 9.1 and 9.2 of the Financing Agreement, (b) the Town presently maintains insurance with respect to the System against such risks and for such amounts as are customarily insured against by facilities of like size and character, and (c) all policies and insurance described in the attached certificate of insurance are in full force and effect as of the date of the Certificate.

Dated: January 19, 1999

By: *Linda J. Hicks*
ST. PAUL FIRE & MARINE INS. CO.
 SAN ANTONIO R.S.L.

Its: _____ JAN 19 1999
LINDA HICKS
 UNDERWRITER

Exhibit A - Evidence as to Insurance Coverage

EVIDENCE OF PROPERTY INSURANCE _____ DATE 01/20/99
 THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.
 PRODUCER COMPANY

Office of Charles E. Schutte, Jr. Titan Indemnity Company
 Post Office Box 130 [St. Paul Companies]
 Boyce, VA 22620 - 0130
 CODE SUB-CODE

INSURED TOWN OF HAMILTON LOAN NUMBER POLICY NUMBER
 Town of Hamilton 98 MP 02927
 Post Office Box 130 EFFECTIVE DATE EXPIRATION DATE CONT TIL
 Hamilton, VA 22668 07/16/98 07/16/99 TERM
 THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION LOCATION/DESCRIPTION
 Sewer Treatment Plant:
 Route 710 104 North Rogers Street
 Hamilton, Virginia

COVERAGES/PERILS/FORMS	AMT OF INS	DEDUCTIBLE
Building [Sewerage Plant]	437,800.	1,000.
Encroachment [Add expansion & improvements]	1,812,000.	1,000.
Building [Sewerage Laboratory]	44,125.	1,000.
Total Blanket Coverage - all listed locations	6,221,804.	1,000.

REMARKS (INCLUDING SPECIAL CONDITIONS)

CANCELLATION: THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY POLICY CHANGES THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH POLICY PROVISIONS OR AS REQUIRED BY LAW.
 ADDITIONAL INTEREST _____

NAME AND ADDRESS	NATURE OF INTEREST	X ADDITIONAL INSURED
Virginia Water Facilities Revolving Fund Commonwealth of Virginia Richmond, Virginia	X MORTGAGE X LOSS PAYEE	
		(OTHER) SIGNATURE OF AUTHORIZED AGENT OF COMPANY

CH Schutte, Jr.



**WORKERS COMPENSATION
AND
EMPLOYERS LIABILITY POLICY**

TYPE AR INFORMATION PAGE WC 00 00 01 (A)

POLICY NUMBER: (6JUB-438X764-1-98)

RENEWAL OF (6ACSLB-181X892-5-97)

INSURER: THE TRAVELERS INDEMNITY COMPANY OF ILLINOIS

NCCI CO CODE: 19579

1. INSURED:
HAMILTON, TOWN OF
PO BOX 190
HAMILTON VA 20159-0190

PRODUCER:
CHARLES H SCHUTTE JR
BOX 190
BOYCE VA 22602-0190

Insured is MUNICIPALITY

Other work places and identification numbers are shown in the schedule(s) attached.

2. The policy period is from 07-16-98 to 07-16-99 12:01 A.M. at the insured's mailing address.
3. **A. WORKERS COMPENSATION INSURANCE:** Part One of the policy applies to the Workers Compensation Law of the state(s) listed here:
VA
- B. EMPLOYERS LIABILITY INSURANCE:** Part Two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:
- | | | |
|-------------------------------|---------|---------------|
| Bodily Injury by Accident: \$ | 1000000 | Each Accident |
| Bodily Injury by Disease: \$ | 1000000 | Policy Limit |
| Bodily Injury by Disease: \$ | 1000000 | Each Employee |
- C. OTHER STATES INSURANCE:** Part Three of the policy applies to the states, if any, listed here:
REFER TO RESIDUAL MARKET LIMITED OTHER STATES INSURANCE
ENDORSEMENT WC 00 03 28
- D. This policy includes these endorsements and schedules:**
SEE LISTING OF ENDORSEMENTS - EXTENSION OF INFO PAGE
4. The premium for this policy will be determined by our Manuals of Rates, Classifications, Rates and Rating Plans. All required information is subject to verification and change by audit to be made ANNUALLY.

DATE OF ISSUE: 07-30-98 EM
OFFICE: ORLANDO 870
PRODUCER: CHARLES H SCHUTTE JR

753YT

ST ASSIGN: VA

RESOLUTION OF THE COUNCIL OF THE TOWN OF HAMILTON, VIRGINIA, PROVIDING FOR THE ISSUANCE OF AN AMORTIZED BOND IN THE PRINCIPAL AMOUNT OF \$231,340.00 FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF CONSTRUCTING THE SEWER SYSTEM OF THE TOWN; PROVIDING FOR THE PAYMENT OF SAID BOND AS TO PRINCIPAL AND INTEREST; PROVIDING FOR THE RIGHTS OF HOLDERS OF SAID BOND; AND FOR RELATED PURPOSES

WHEREAS, The Council of the Town of Hamilton has determined that it is expedient and necessary that the Town construct a sewer system to serve certain residents of the Town of Hamilton; and

WHEREAS, the question of the issuance of certain bonds in an amount not to exceed \$231,340.00 to pay the cost of constructing sewer system, as authorized by an ordinance adopted by the Town Council on July 2, 1997, was submitted, by order of the Judge of the Circuit Court for Loudoun County, Virginia, to the qualified voters of the Town of Hamilton at the town election held on July 24, 1997, and the Court on July 25, 1997, ordered and decreed that a majority of the qualified voters voting at said election were in favor of the issuance of the bonds and that the municipal authorities of said Town are fully authorized and empowered to prepare and execute such bonds; and

WHEREAS, in order to provide a portion of the cost of constructing the sewer system the Council has determined to issue the Town's bond in the principal amount of \$231,340.00 payable and secured as hereinafter set forth with particularity; and

WHEREAS, the Council has determined to secure a loan from the Farmers Home Administration, United States Department of Agriculture, (hereinafter called the Government), pursuant to the provisions of the Council's Farmers Home Administration Act of 1981 and, accordingly, to provide for the payment and provision of interest thereon by the Government, the Council having furnished the Government with a sufficient credit statement and other information in connection with the loan; and

into consideration prevailing private and cooperative rates and terms currently available.

NOW, THEREFORE, it is hereby resolved by the Council of the Town of Hamilton as follows:

Section 1. That the construction of the sewer system in accordance with the plans and specifications prepared by R. Stuart Fayer & Associates, a copy of which is on file in the Office of the Recorder of the Town, is hereby ordered to be undertaken at a total cost of not exceeding \$324,100.00 to be defrayed in part with the proceeds of the Town's bond issued pursuant to this resolution.

Section 2. That all action heretofore taken (not inconsistent with the provisions of this resolution) by the Council directed toward the construction of the sewer system and toward the issuance of the Town's bond for that purpose be and the same is hereby ratified, approved, and confirmed.

Section 3. For the purpose of defraying a portion of the cost of constructing the sewer system, it is hereby declared necessary that the Council make and issue, and there is hereby authorized to be issued, fully registered Series A bond(s) without coupons in the amount of \$231,340.00 bearing interest at the rate of 4 1/2% per annum. The bond shall be payable over a term of forty (40) years in annual amortized installments of principal and interest. (The first two installments shall be interest only).

Section 4. The bond is fully negotiable but shall be registered in the name of the holder in a book maintained for that purpose in the Office of the Town Recorder, and the Town Recorder is hereby appointed bond registrar for the purpose of registering and transferring said bond subject to the right of the Town of Hamilton hereinafter to appoint another bond registrar. No charge

shall be made to any bondholder for the privileges of registration and transfer herein granted.

Section 5. If at any time it shall appear to the Government that the Town is able to call for redemption or refund the bond by obtaining a loan for such purpose from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, or by other means, the Town will, upon request of the Government, redeem, refund, or apply for and accept such loan in sufficient amount to repay the Government or the holder of the bond, or both, and will take all actions as may be required in connection with such redemption or refund.

Section 6. The bond shall be signed by the Mayor and the Town recorder and the corporate seal of the Town shall be affixed to the bond. Said bond and the endorsement to be printed on the reverse of said bond shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF VIRGINIA
COUNTY OF LOUDOUN

TOWN OF HAMILTON
SEWER BOND

SERIES A

(\$231,340)

The Town of Hamilton, a municipal corporation in Loudoun County, Virginia, is justly indebted and, for value received, hereby promises to pay to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, or registered assigns, the principal sum of \$231,340.00 plus interest on the unpaid principal balance at the rate of 4 1/2% per annum. Principal and interest shall be payable in the following installments on or before the following dates:

of \$1,203.00

Interest from loan closings on the first day of January, 1968,
\$16,411.69 on the first day of January 1969, and
\$12,917.00 annually thereafter on the first day of
January until the principal and said interest are fully paid,
except that the final installment of the entire indebtedness
evidenced hereby, if not sooner paid, shall be due and payable 40
years from the date of this bond.

Both principal and interest on this bond are hereby made pay-
able in any coin or currency which, on the respective dates of
payment of principal and interest, is legal tender for payment of
debts due the United States of America.

At any time when this bond is held by the United States of
America, acting through the Farmers Home Administration, United
States Department of Agriculture, (herein called the "Government"),
for the benefit of the registered holder, payment of the principal
and interest shall be made through the Government as collection
agent for the registered holder at the Office of the Farmers Home
Administration, United States Department of Agriculture, serving
Loudoun County, Virginia, or at such other place as may be design-
ated by the Government by written notice addressed and mailed to
the Town by certified mail at least 40 days prior to an install-
ment due date.

For the prompt payment of both principal and interest as the
same shall become due, the full faith and credit of the Town of
Hamilton are hereby irrevocably pledged.

This bond is issued under and in compliance with the provi-
sions of Clause (4) of Section 127 of the Constitution of Virginia.

the Public Finance Act of 1958, an ordinance which was submitted
to and approved by the vote of a majority of the qualified voters
of said Town who voted thereon at an election duly called and held
and a resolution duly passed by the Council of said Town for the
purpose of providing funds, with any other available funds, for
constructing the sewer system of said Town.

The Town shall have the right to make prepayments of
scheduled installments, or any portion thereof, at any time.
Refunds and extra payments shall, after payment of interest, be
applied to the installments last to become due under this bond and
shall not effect the obligation of the Town to pay the remaining
installments as scheduled herein.

This bond is exempt from taxation by the State of Virginia
and the other taxing bodies of the State.

It is hereby certified, recited, and declared that all acts,
conditions, and things required to exist, happen and be performed
precedent to and in the issuance of this bond have existed, have
happened, and have been performed in due time, form and manner as
required by law, that the amount of this bond, together with all
obligations of the Town does not exceed any limit prescribed by
the Constitution and statutes of the State of Virginia, and that a
sufficient portion of the net operating income of the sewer system
of the Town has been pledged to and will be set aside into the
bond fund for the prompt payment of the installments of the princi-
pal and interest on this bond.

IN WITNESS WHEREOF, the Town of Hamilton has caused this bond
to be signed by its Mayor and its Town Recorder and the corporate
seal of the Town to be affixed, all as of the 27 day of
October, 1959.

Corporate Seal

W.P. [Signature]
Wm. [Signature]

REGISTRATION

(No writing to be placed hereon except by Bond Registrar)

DATE OF REGISTRATION	NAME OF REGISTERED OWNER	SIGNATURE OF BOND REGISTRAR

Section 7. The proceeds derived from the sale of the bond herein authorized, any grants received from the United States of America, and any other funds received for improving the sewer system shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation. All monies in excess of \$15,000.00 so deposited shall be secured by such bank or banks in accordance with United States Treasury Department Circular No. 176. Such deposits shall be established in a special account to be known as the Construction Account. Funds in the Construction Account shall be disbursed by the Treasurer of the Town upon warrants approved by the Town Council and countersigned by the County Supervisor of the Farmers Home Administration. The Town's share of any liquidated damages and other monies paid by defaulting contractors or their sureties will also be deposited in the Construction Account to assure completion of the sewer system. When the most items for all purposes of the bond herein authorized have been paid in full, any balance remaining in the Construction Account other than grant funds shall be applied as a payment on the bond herein authorized. Any funds representing grant funds shall be disbursed in accordance with the grant agreement between the Town and the Farmers Home Administration.

Section 8. That from and after the issuance of the bond hereby authorized the sewer system together with all future improvements thereto shall be operated as a self-liquidating undertaking on the basis of the Town's fiscal year and all revenues derived from the operation of the Town's sewer system, including all future improvements, shall be set aside and deposited in an insured

bank in a separate fund to be designated as the Town of Hamilton Sewer Fund, hereafter sometimes referred to as the "Sewer Fund."

Section 9. That so long as the bond herein authorized and issued remains unpaid, either as to principal or interest, or both, the following payments shall be made from the Sewer Fund.

(a) Operation and Maintenance Fund. As a first charge on the Sewer Fund, there shall be set aside each month as an operation and maintenance fund for the sewer system such sums as the Council shall determine in accordance with an approved budget to be necessary for operating and maintenance expenses. Any surplus remaining at the end of the fiscal year and not needed for operation and maintenance purposes shall remain in the operation and maintenance fund and be used for the purposes of such fund.

(b) Sink Fund. Subject to the aforesaid provision and as a second charge on said Sewer Fund there shall be deposited into a bank account hereby created and to be known as the "Town of Hamilton Bond and Interest Sinking Fund," (hereinafter called "Bond Fund"), the following: Monthly, an amount which together with equal subsequent monthly deposits will provide a sum equal to the amount necessary to pay the next maturing installment of principal and interest on the bond hereby authorized.

(c) Bond Reserve Fund. As a third charge on the Sewer Fund, there shall be set aside and deposited in a fund hereby created and designated as the "Town of Hamilton Bond Reserve Fund" a sum equal to not less than 10% of the amount deposited monthly in the Bond Fund created by Section 9 (b) of this resolution until there is accumulated in such fund the sum of \$15,000.00 after which no

further deposits need be made into said account except to replace withdrawals. The Bond Reserve Fund shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the sewer system which may be caused by any unforeseen catastrophe, for making extensions or improvements to the sewer system, and when necessary for the purpose of making payments of principal and interest on the bond hereby authorized in the event the amount in the Bond Fund is insufficient to meet such payments. Whenever disbursements are made from said account said monthly payments shall be resumed until there is again accumulated the maximum amount of \$15,000.00 at which time payments may be again discontinued.

(d) Payment for Additional Obligations. Any balance remaining in the Sewer Fund, after making the payment hereinabove provided, may be used by the Council for the payment of interest on and the principal of additional bonds or other obligations hereafter authorized to be issued and payable from the revenues of the sewer system, including reasonable reserves therefor, as the same accrue; provided that the pledge of the net income and revenues of the sewer system for the payment of such additional obligations shall be on a parity with, or subordinate to, the pledge for the bond hereby authorized, as hereinafter provided.

(e) Places and Times of Payments. Each of the funds and accounts hereinabove designated in Sections 8 and 9 hereof shall be maintained and kept separate from all other funds and accounts in an insured bank. Each monthly payment shall be made into the proper fund and account not later than the fifteenth day of each month, except that when the fifteenth day of any month shall be a

Sunday or legal holiday, then such payment may be made on the next succeeding secular day.

Section 10. The Town of Hamilton covenants and agrees that after delivery of the bond herein authorized and for so long as the bond remains unpaid:

(a) It will proceed diligently with the construction of the sewer system and thereafter will continuously operate and maintain the sewer system in an efficient manner and in a state of good condition and repair.

(b) It will impose and collect such fees, rates, and charges that gross revenues will be sufficient at all times to provide for payment of the operation and maintenance of the sewer system and payment of the bond herein authorized.

(c) It will comply with applicable laws, rules, and regulations of the State of Virginia and the Government pertaining in any manner to the sewer system or any improvements.

(d) It will maintain complete accounts and records in accordance with the laws of the State of Virginia showing complete and correct entries of all transactions relating to its sewer system. Such accounts and records shall be maintained separate and apart from all other municipal records and accounts and shall be audited annually at the end of the fiscal year and a copy of each annual audit furnished the State Director of the Farmers Home Administration for Virginia. Representatives of the Farmers Home Administration shall have the right at all reasonable times to inspect the said system and all records, accounts, and data relating thereto.

(e) It will maintain such insurance coverage that may be required, if any, by the Farmers Home Administration; and it will leave the Farmers Home Administration harmless from any claim asserted against, or liability incurred by, the Town in acquiring, constructing, operating or maintaining its sewer system or for the failure of the said system to function successfully when completed.

(f) It will require any town official or employee entrusted with the handling of any income or revenues from the sewer system to furnish a fidelity bond, acceptable to the Town and the Farmers Home Administration, in an amount equal, at least, to the maximum amount any such official or employee may have on hand at any one time.

(g) It will not borrow any money or authorize or issue any other obligations, by way of additional bonds or otherwise which are payable, in whole or in part, from, or chargeable to, the income or revenues derived, or to be derived, from the operation of the sewer system without obtaining the prior written consent of the State Director of the Farmers Home Administration for Virginia.

(h) It will not sell, lease, transfer, encumber or otherwise dispose of the sewer system, or any part thereof, including land and interests in and, nor will it merge or consolidate the said system with any other utility system or systems without obtaining the prior written consent of the State Director of the Farmers Home Administration for Virginia, but this provision shall not apply to the disposal of worn or useless material or equipment in contemplation of replacement of such material or equipment.

(I) It will require all users of the sewer system to promptly pay all fees, rates, or charges as and when the same become due for services and, to that end, will adopt appropriate rules and regulations providing for the termination of services for failure of payment of fees, rates, or charges therefor.

(J) The principal and interest of said bond shall be payable from ad valorem taxes without limitation of rate or amount if the revenue from the Sewer system is insufficient for that purpose.

Section 11. The Mayor and Town Clerk are hereby authorized and directed to execute for and on behalf of the Town the annexed Form FHA 500-1, "Equal Opportunity Agreement," to which is annexed an FHA Form 400-2, "Equal Opportunity Clause," and to incorporate in or attach as a rider to each construction contract for the sewer system involving \$10,000.00 or more, a Form 400-2.

Section 12. That if any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 13. All resolutions and orders or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed.

Section 14. The provisions of this resolution are subject to the Public Finance Act of 1958, Chapter 5, Title 15.1, 1950 Code of Virginia, as amended, and the applicable regulations of the Farmers Home Administration and shall constitute a contract between the Town and the Government so long as the bond is unpaid.

Section 15. This resolution shall be effective immediately upon its adoption.

Section 16. The Town Recorder is hereby directed to promptly file a certified copy of this resolution with the Circuit Court of Loudoun County, Virginia.

CERTIFICATION

I, Mary Ann Nichols, Town Recorder of the Town of Hamilton, Virginia, do hereby certify that at a meeting of the Council of the Town of Hamilton duly called and held on the 9th day of October, 1967, the foregoing resolution was approved and adopted by the following vote of the members of the Town Council:

For resolution: 6

Against resolution: 0

Dated this ¹⁷ 9th day of October, 1967.

Mary Ann Nichols
Town Recorder

Witness my hand and the said seal of the Town of Hamilton, Virginia, on this ¹⁷ 9th day of October, 1967.

Mary Ann Nichols
Town Recorder



CERTIFICATE OF TOWN TREASURER

February 1, 1999

Ms. Marlene K. Gilmore
Town Attorney
PO Box 644
Hamilton, VA 20139

Re: GMAC Loan Number 01-0381002
Town of Hamilton
Hamilton, Virginia

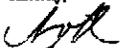
APPROVAL OF YOUR REQUEST TO BORROW AN ADDITIONAL \$2,542,000.00 ON A JUNIOR LIEN BASIS FROM THE VIRGINIA RESOURCES AUTHORITY

Dear Ms. Gilmore:

Your request for prior written consent pursuant to your loan documents to borrow an additional \$2,542,000.00 ("the new loan") from the above noted financial institution has been approved, subject to compliance with the terms of this letter. The instruments evidencing and securing the new loan must expressly provide that (i) the debt and lien evidenced thereby are junior and subordinate in all respects to the lien(s) securing the debt outstanding to the Community Program Loan Trust 1987A ("the Trust"); and (ii) in the event of a default under such new loan and prior to the holder taking any action to foreclose any security interest or lien securing the new loan, the junior bond holder will provide written notification to the Trust of GMAC Commercial Mortgage Corporation at 650 Dresher Road, P.O. Box 1015, Horsham, Pennsylvania 19044-8015, or any other address that GMAC Commercial Mortgage Corporation provides. The notice must contain a description of the event of default and the actions intended to be taken as a result of such default. You must also provide us a copy of the executed closing documents within thirty (30) days after loan closing.

Any variance from the above-specified conditions will negate this consent unless we approve it in advance. Should you have any questions regarding this letter please contact me at (215) 328-1526.

Sincerely,


Angela C. Finch
Operations Analyst

cc Mr. Todd Anagnost, Esquire
McGuire, Woods, Battle & Boethe

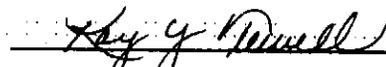
Mr. James Rymes
State Street Bank & Trust Company

Mr. David Patterson
National Rural Water Association

The undersigned Treasurer of the Town of Hamilton, Virginia (the "Town"), hereby certifies as follows:

1. As Town Treasurer, I currently serve as Bond Registrar for the Town's \$231,340 Sewer Bond, Series A, dated October 30, 1967 (the "1967 Bond").
2. GMAC Commercial Mortgage Corporation is the current holder of the 1967 Bond, as shown in the Town's records.

Dated: February 3, 1999


Treasurer, Town of Hamilton, Virginia

TOWN OF HAMILTON

Mayor
Keith Reasoner

Council
John D. Unger, Vice-Mayor
Michael E. Snyder
Ronald K. Jago
Gregory K. Wilmoth
Terry L. Moca
Ann E. Haggins



Secretary-Treasurer
Zeeing Administrator
Kay Y. Towell

Town Recorder
Patia S. Halsey

33 East Colonial Highway
P.O. Box 139
Hamilton, VA 20189
Phone: (540) 338-3811
FAX: (540) 338-9263

EXHIBIT E
REQUISITION FOR DISBURSEMENT

December 17, 1998

Mr. Don W Wampler
Program Manager, Construction Assistance Program
Department of Environmental Quality
P O Box 10009
Richmond, Virginia 23240-0009

RECEIVED

Re: Virginia Water Facilities Revolving Fund
Town of Hamilton
C-515185-02

DEC 18 1998

Construction Assistance Program

Dear Mr. Wampler:

This requisition, Number 1, is submitted in connection with the Financing Agreement, dated as of 12/17/98, 1998 (the "Financing Agreement") between the Virginia Water Facilities Revolving Fund, also known as the Virginia Revolving Loan Fund (the "Fund") and the Town of Hamilton (the "Borrower"). Unless otherwise defined in this requisition, all capitalized terms used herein shall have the meaning set forth in Article 1 of the Financing Agreement. The undersigned Authorized Representative of the Borrower hereby requests disbursement of loan proceeds under the Financing Agreement in the amount of \$ 44,453.17, for the purposes of payment of the Project Costs as set forth on Schedule 1 attached hereto.

Attached hereto are invoices relating to the items for which payment is requested.

The undersigned certifies that (a) the amounts requested by this requisition will be applied solely and exclusively to the payment, or the reimbursement of the Borrower for the payment, of Project Costs, and (b) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of the requisition.

This requisition includes an accompanying Certificate of the Consulting Engineer as to the performance of the work.

Sincerely,
Keith Reasoner
Keith Reasoner
Mayor

Attachments

cc: Ms Gwen P. Box - VRA (without attachments)
Carlos Garay - DEQ, NVRO (with all attachments)

SCHEDULE 1
VIRGINIA WATER FACILITIES REVOLVING FUND
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT

RECEIVED
DEC 18 1998
Construction Assistance Program

REQUISITION # 1
BORROWER: Town of Hamilton
LOAN NUMBER: C-515185-02
CERTIFYING SIGNATURE: *Keith Reasoner*
TITLE: Mayor, Town of Hamilton

Loan Category	Amount Budgeted	Previous Disbursements	Remaining This Month	Net Disbursements Remaining
Administration and Legal	20,000.00			20,000.00
Engineering:				
Contract 1 - Anderson	120,475.00			120,475.00
Contract 1 - Buchart-Horn	183,500.00			183,500.00
Contract 2 - Rigby	85,000.00			85,000.00
Contract 2 - Buchart-Horn	27,000.00			27,000.00
Contract 3 - EUS	80,000.00		44,453.17	15,546.83
Contract 3 - Buchart-Horn	12,000.00			12,000.00
Construction:				
Contract 1	763,000.00			763,000.00
Contract 2	562,844.00			562,844.00
Contract 3	230,500.00			230,500.00
Grinder Pumps	408,000.00			408,000.00
Contingency	71,881.00		44,453.17	71,881.00
Total	2,542,208.00	- 0 -	44,453.17	2,497,754.83
Total Loan Amount \$				2,542,208.00
Previous Disbursements \$				0 -
This Request \$				44,453.17
Loan Proceeds Remaining \$				2,497,754.83

CR # 4891
 pd 11/30/98
 44,453.17

My 3000
 Oct 4038
 Vendor 212

231518-114
 61000-004
 44453-174

24000-004
 31825-014
 41000-004
 21050-004
 31000-004
 141815-004

U.S.

MEMORANDUM

19

Department of Environmental Quality
 Water Division
 Office of Construction Assistance

629 East Main Street

Richmond, VA 23219

SUBJECT: Virginia Revolving Loan Fund
 Town of Hamilton
 VRLF Project # C-515185-02
 Request of Disbursement # 1

TO: Charles L. Massie - Virginia Resources Authority

FROM: Don W. Wampler - Construction Assistance Program
 DATE: 01/21/99

COPIES: *Cathy Sale, Carlos Garay MRO*

Attached is a Requisition for disbursement of loan proceeds, along with all required enclosures for the above referenced Virginia Revolving Loan Fund project. This office has reviewed the request, found that all expenses claimed have been incurred and are supported by an invoice or other form of acceptable documentation, and all line-items are within their budgeted amount. The request is hereby approved for payment in the amount of \$ 44,453.17 to be made by the Virginia Resources Authority.

The following provides a breakdown of the sources of funds for the disbursement of loan proceeds for this project.

INVOICE

EASTERN UTILITIES SPECIALISTS, INC.

9704 ASHLEY DAWN COURT • FREDERICKSBURG, VA 22408 • (540) 891-2235

Billed to

SHIPPED TO

TOWN OF HAMILTON
 P.O. BOX 130
 HAMILTON, VA 22068

replaces #000619

DATE	DATE SHIPPED	SHIPPED VIA	YOUR ORDER NO.	F.O.B.	TERMS	INVOICE NO.
0/98					NET 30	000659
QUANTITY	DESCRIPTION				PRICE	AMOUNT
	PHASE I: PATTERNED INTERVIEWS SMOKE TESTING CONTINUOUS FLOW MONITORING PHYSICAL MANHOLE SURVEYS (41 MHS @ \$50/MH) REPORT				LUMP SUM	\$ 2,000.00 \$ 3,825.00 \$ 4,000.00 \$ 2,050.00 \$ 3,000.00
	PHASE II: CLEANING AND TELEVISION INSPECTION (10,207 LF @ \$2.31/LF) REPORT					\$23,578.17 \$ 6,000.00
TOTAL AMOUNT DUE THIS INVOICE						\$44,453.17

Total Amount of Loan \$ 2,542,200.00

	Federal Funds	Loan Payments Received
Total Share	\$ 0.00	\$ 2,542,200.00
Amount Disbursed Prior to this Request	\$ 0.00	\$ 0.00
Amount of THIS Request	\$ 0.00	\$ 44,453.17
Total Disbursed Including THIS Request	\$ 0.00	\$ 44,453.17
Balance of Loan Proceeds Remaining after THIS Disbursement	\$ 0.00	\$ 2,497,746.83

Loan Closing Date: _____ Disbursed To Date: \$ 44,453.17
 Proj/Sub/EI: 5150300
 Project Code: 90300 TSK:97 Percent Complete: 1.7%

February 3, 1999

The Honorable Keith Reasoner
Mayor, Town of Hamilton
P.O. Box 130
Hamilton, Virginia 20159

Re: **Virginia Water Facilities Revolving Fund**
Town of Hamilton
C-515185-02

Dear Mayor Reasoner:

The First (1st) Request for Disbursement of loan proceeds, in the amount of \$44,453.17, from the above referenced loan project has been approved by the Department of Environmental Quality and the Virginia Resources Authority. Your payment has been transferred by wire as per your instructions.

If you have any questions regarding this payment, please contact Sheryl S. Stephens of my staff or myself.

Sincerely,
The Virginia Revolving Loan Fund

Sheryl Stephens

Charles L. Massie
Revolving Loan Fund Director

Enclosure

cc: Mr. Donald W. Wampler - DEQ

21



COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

James S. Gilmore, III
Governor

John Paul Woodley, Jr.
Secretary of Natural Resources

Street address: 629 East Main Street, Richmond, Virginia 23219
Mailing address: P.O. Box 10009, Richmond, Virginia 23240
Fax (804) 698-4500 TDD (804) 698-4021
<http://www.deq.state.va.us>

Dennis H. Treacy
Director

(804) 698-4000
1-800-592-5482

January 21, 1999

Mr. Robert Lauterberg, Administrator
Virginia Water Facilities Revolving Fund
Virginia Resources Authority
P. O. Box 1417
Richmond, Virginia 23218

Re: **Loan to the Town of Hamilton, C-515185-02**

Dear Mr. Lauterberg:

The State Water Control Board (the "Board"), pursuant to the Virginia Facilities Revolving Fund Act, Virginia Code section 62.1-224, and other applicable provisions of State and Federal law, has certain responsibilities with respect to the granting and administration of loans from the Virginia Water Facilities Revolving Fund (the "Fund"). The Town of Hamilton (the "Town") has applied for a loan from the Fund (the "Loan") for the purpose of financing certain improvements to its wastewater treatment facilities.

On behalf of the Board, the Department of Environmental Quality (the "Department") has reviewed the project documentation and does hereby certify that, at this stage in the project, the project is in compliance with all Federal and State laws and program requirements applicable to the Fund over which the Board has responsibility and authority in connection with the loan. The Department will continue to monitor compliance with those laws and requirements until project completion. This letter is intended to evidence the concurrence of the Board in the closing of the Loan with the Town.

Sincerely,

Don Wampler
Don W. Wampler, Program Director
Construction Assistance Program

DWN/bcw*

pc: The Honorable Keith Reasoner - Town of Hamilton

22

RECEIPT FOR FIRST ADVANCE

The undersigned, on behalf of the Town of Hamilton, Virginia (the "Town"), certifies that the Town has received payment in the amount of \$44,453.17 as the first advance of principal of the Town's \$2,542,000 Sewer Revenue Bond, Series 1999, from the purchaser thereof.

Dated: February 3, 1999

Kay Y. Powell
Treasurer, Town of Hamilton, Virginia

23

RECEIPT FOR BOND

The undersigned certifies, on behalf of the Virginia Water Facilities Revolving Fund (the "Fund"), that the Fund has received the \$2,542,000 Town of Hamilton, Virginia, Sewer Revenue Bond, Series 1999, as the purchaser thereof.

Dated: February 3, 1999

**VIRGINIA WATER FACILITIES
REVOLVING FUND**

By: **VIRGINIA RESOURCES AUTHORITY**

By: *Robert W. Smith*
Executive Director

Town Council
Virginia Water Facilities Revolving Fund
February 3, 1999
Page 2

be secured equally and ratably with the Town's outstanding Sewer System Revenue Bond, Series 1991 (the "Series 1991 Bond") as to the Revenues, but will be subject and subordinate to the Town's outstanding Prior Bonds, as described in Exhibit F to the Financing Agreement (the "Prior Bonds").

We have examined the Constitution and laws of the Commonwealth of Virginia, including the Town Charter and the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended, and such certified proceedings and other documents of the Town as we deem necessary to render this opinion. As to questions of fact material to this opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, it is our opinion that, under current law:

1. The Town has the requisite authority and power to enter into the Financing Agreement, to issue and sell the Bond and to apply the proceeds from the issuance and sale of the Bond as set forth in the Financing Agreement.
2. The Bond has been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitutes a valid and binding limited obligation of the Town to the extent that principal advances are made and noted on the Bond, payable solely from the Revenues to be derived from the ownership or operation of the System, and pledged therefor under the Financing Agreement. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the Town, shall be obligated to pay the principal of or premium, if any, or interest on the Bond or other costs incident to it except from the revenues and the other property of the Town pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the Town, is pledged to the payment of the principal of or premium, if any, or interest on the Bond or other costs incident to it.
3. The Financing Agreement has been duly authorized, executed and delivered by the Town, constitutes a valid and binding obligation of the Town, and is enforceable against the Town in accordance with its terms.
4. The Resolution conforms with the requirements of Section 10.5(e) of the 1991 Financing Agreement and the form of the Resolution is approved for purposes of Section 10.5(e) of the 1991 Financing Agreement. The Bond is issued as a Parity Bond under the 1991 Financing Agreement and is secured equally and ratably under the 1991 Financing Agreement with the Series 1991 Bond as to the Revenues, but will be subject and subordinate to the Prior Bonds.

Town Council
Virginia Water Facilities Revolving Fund
February 3, 1999
Page 3

The enforceability of the obligations of the Town under the Bond and the Financing Agreement is subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws now or hereafter in effect relating to or affecting creditors' rights. The enforceability of such obligations is also subject to the exercise of judicial discretion in accordance with general principles of equity which may limit the enforcement of certain remedies but which do not effect the validity of such obligations.

Our services as bond counsel to the Town have been limited to rendering the foregoing opinion based on our review of such legal proceedings as we deem necessary. We have not examined any documents or other information concerning the financial resources of the Town and, therefore, we express no opinion as to the accuracy or completeness of any information that may have been relied upon by any holder of the Bond in making such holder's decision to purchase the Bond. We have not been requested to give any opinion, and therefore, we express no opinion as to the compliance by the Town with any terms and conditions that may be required as a condition to the purchase of the Bond by the Virginia Water Facilities Revolving Fund.

Very truly yours,

McGuire, Woods, Battle & Boothe LLP