

A RESOLUTION OF THE CARROLL COUNTY BOARD OF SUPERVISORS

WHEREAS, the Carroll County Board of Supervisors ("the Board") is aware of the proposed expansion of the New River Regional Water Authority (the "NRRWA") facilities to improve capacity; and,

WHEREAS, in order to facilitate the expansion of NRRWA capacity, the NRRWA and its member jurisdictions propose to amend the service agreement between them, and the Board is in agreement to amend the Service Agreement to provide for the expansion of NRRWA capacity.

NOW, THEREFORE, It is **RESOLVED** that:

1. The Service Agreement dated June 1, 2006, as amended by Amendment dated June 1, 2008 and Amendment dated August 1, 2015 (the "Service Agreement") among the New River Regional Water Authority (the "Authority") and the County of Carroll, the County of Wythe, and the Town of Wytheville, and consented to by the Carroll County Public Service Authority, should be amended by a Third Amendment (the "Third Amendment"), the form of which has been presented at the meeting at which this resolution is adopted and is hereby approved.
2. Each of the **Chairman** and **Vice-Chairman** is authorized to execute and deliver the Third Amendment, with such changes, insertions or omissions as may be approved by the officer executing the Third Amendment, whose approval shall be evidenced conclusively by the execution and delivery of the Third Amendment.
3. Each such officer is authorized to execute and deliver such other instruments, documents or certificates, and to do and perform such things and acts, as he shall deem necessary or appropriate to carry out the transactions authorized by this resolution or contemplated by the Third Amendment, and all of the foregoing, previously done or performed by such officer, are in all respects approved, ratified and confirmed.
4. This resolution shall be effective immediately upon its adoption.

This resolution was duly adopted by the Board of the Carroll County Public Service Authority, by vote as follows:

	Aye	Nay
Joey Dickson:	_____	_____
Robbie McCraw	_____	_____
Ronnie Collins	_____	_____
Joseph Early	_____	_____
Tracy Moore	_____	_____
Rex Hill	_____	_____

Attest: _____
Clerk, Carroll County Board of Supervisors

SERVICE AGREEMENT

This Service Agreement is made as of June 1, 2006, by and among CARROLL COUNTY ("Carroll"), WYTHE COUNTY ("Wythe"), and the TOWN OF WYTHEVILLE ("Wytheville"), political subdivisions of the Commonwealth of Virginia (collectively, the "Localities"), and the NEW RIVER REGIONAL WATER AUTHORITY, a public body politic and corporate of the Commonwealth of Virginia (the "Authority").

Background Statement

The Authority has been duly created pursuant to the provisions of the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the "Act"), and its purposes are to acquire, purchase, lease, construct, reconstruct, improve, extend, equip, operate, maintain, and finance a "water system," as defined in the Act, necessary or incidental in order to furnish a supply of water to the Localities or any authority created under the Act by any Locality.

The Authority intends to acquire, construct, and equip a water treatment plant and related facilities (the "System") in furtherance of its purposes.

The Authority is preparing to issue and sell its revenue bonds in order to finance the initial costs of the System and the cost of issuing the bonds.

The Localities desire to obtain a more adequate and dependable water supply.

The Authority and the Localities desire to provide in this Agreement for the undertaking and financing of the System by the Authority and the provision of a water supply to the Localities.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual benefits to be derived under this Agreement, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE I DEFINITIONS

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

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

"Additional Bond Documents" means any resolution, trust agreement or other agreement adopted, approved or executed by the Authority, under which Additional Bonds are authorized and issued, and any amendments to them.

"Additional Bonds" means any bonds, other than the Initial Bonds, issued by the Authority for or on account of the System.

"Authority" means the New River Regional Water Authority, a public body politic and corporate of the Commonwealth of Virginia, duly created pursuant to the Act by the Governing Bodies of the Localities.

"Bond Documents" means the Initial Bond Documents and any Additional Bond Documents.

"Bonds" means the Initial Bonds and any Additional Bonds.

"Capacity Allocation" means, with respect to each Locality, a percentage of the System's maximum capacity, as determined from time to time by the Authority in accordance with this Agreement, and based on all relevant factors, including but not limited to historical water usage, population trends and projected industrial growth or decrease. The initial Capacity Allocations are:

Locality	2025 Usage (MGD)	Capacity Allocation
Carroll	0.976	24.40%
Wythe	1.512	37.80%
Wytheville	1.512	37.80%
Total	4.000	100%

So long as the Capacity Allocations of Wythe and Wytheville are equal to each other and are greater than the Capacity Allocation of Carroll, then solely for purposes of determining which Participating Locality appoints the seventh board member pursuant to subsection (b) of Article IV of the Articles of Incorporation of the Authority, first one and then the other of Wythe and Wytheville shall be deemed to have the largest Capacity Allocation, beginning with Wythe in connection with the appointment of the seventh board member for the term beginning July 1, 2008.

"Consulting Engineer" means such firm of independent engineers of recognized standing and experienced in the field of sanitary engineering and registered to do business in Virginia as may be employed by the Authority as its consulting engineer.

"Governing Bodies" means the Boards of Supervisors of Carroll and Wythe and the Council of Wytheville.

"Initial Bond Documents" means any resolution, trust agreement or other agreement adopted, approved or executed by the Authority, under which the Initial Bonds are authorized and issued, including but not limited to the Financing Agreement dated as of June 1, 2006, between VRA and the Authority, and any amendments to them.

“Initial Bonds” means the Authority’s water revenue bond or bonds in the estimated aggregate principal amount of \$12,900,000, as and when issued to finance the Plant, and any bonds issued by the Authority to refund or refinance them.

“Localities” means each of Carroll, Wythe and Wytheville and shall include any PSA.

“Net Expenses” means Operating Expenses reduced by an amount equal to revenue from sources other than Localities.

“Operating Expenses” means the reasonable and necessary expenses of operation, administration, maintenance and repair of the System, excluding (a) any allowance for depreciation, (b) any deposits or transfers to any debt service or reserve funds under the Bond Documents, and (c) expenditures for capital improvements or extensions to the System.

“Plant” means the land and improvements, including equipment and facilities, to be acquired, constructed and installed by the Authority and constituting a 4.0 MGD water treatment plant and related facilities, substantially as described in a report entitled “New River Regional Water Authority Austinville Water Treatment Plant Preliminary Engineering Report” dated December 22, 2003, prepared by Peed & Bortz, L.L.C.

“PSA” means any authority (other than the Authority) now or hereafter created under the Act by a Locality. As of the date of this Agreement, the only existing PSA is the Carroll County Public Service Authority.

“System” means all plants, systems, facilities, equipment or property, of which the Plant constitutes the whole or is a part, owned, operated or maintained by the Authority and used in connection with the collection, storage, treatment and distribution of water.

“VRA” means the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia.

ARTICLE II UNDERTAKING OF SYSTEM

2.1 Initial Facilities. The Authority will use its best efforts to sell the Initial Bonds under the provisions of the Act in an amount sufficient to pay the costs of acquiring, constructing, and equipping the Plant; provided, however, that nothing in this Agreement shall obligate the Authority to issue the Initial Bonds except upon terms deemed reasonable by the Authority. The Authority will, as soon as practicable and with all reasonable dispatch, acquire, construct, and equip the System and then operate and maintain it so as to supply the Localities with a supply of water, all by June 30, 2008, subject to the terms and conditions of this Agreement.

2.2 Improvements and Expansions. If the average daily usage of the System by any Locality for three consecutive months is 80% or more of that Locality's Capacity Allocation or if any Locality requires 80% or more of its Capacity Allocation, the Locality shall first negotiate with one or both of the other Localities pursuant to Section 4.5 hereof. If such negotiations fail to provide the Locality with sufficient allocation, the Locality may notify the Authority of its needs, and the Authority shall, as soon as practicable, retain a Consulting Engineer to study the need for improvements and expansion of the System. If the Consulting Engineer's final report recommends improvements or expansion, then the Authority shall proceed substantially as recommended by the Consulting Engineer. As soon as practicable after any decision to improve or expand, and with all reasonable dispatch, the Authority will issue and sell, pursuant to the Act, Additional Bonds, in amounts that are adequate to finance such improvements or expansion. However, nothing in this Agreement shall obligate the Authority to issue any Additional Bonds except upon terms deemed reasonable by the Authority. The obligations of the Authority under this section are conditioned on the Locality that requests the improvement or expansion being responsible, either by direct payment thereof or by an increase in its Capacity Allocation or Minimum Investment Rate hereunder, for all costs and expenses associated with the Consulting Engineer's report, the improvements or expansion and the Additional Bonds. With respect to any Additional Bonds used to finance future improvements or expansions to the System from time to time, the Authority shall designate percentages of the principal of and interest on the Additional Bonds as attributable to (a) costs of improvements or expansions to the System caused by a particular Locality's needs and thus chargeable to that Locality and (b) costs of improvements or expansions to the System required by law or any governmental authority and thus chargeable to all Localities in accordance with their Capacity Allocations, substantially as recommended by the Consulting Engineer.

ARTICLE III SALE AND PURCHASE OF WATER

3.1 Requirements. After the System is in operation, the Authority shall sell, and each Locality shall purchase, water supplied by the Authority in accordance with the terms of this Agreement. Each Locality and its PSA shall take and purchase water from the Authority as needed to satisfy the entire requirements for water of that Locality and its PSA for its own use and for resale through such Locality's water distribution system. The Localities and the PSAs shall not use water from any source other than the System, except that (a) each Locality and its PSA may use the sources of water supply as are either used by, designed and approved for, or under construction for, the Locality as of the date of this Agreement as described on the attached **Schedule A** and (b) each Locality or its PSA shall be able to supply the "Excluded Areas" described on the attached **Schedule B** with water from sources other than the System.

3.2 Sole Customers. The Authority will not sell water to any person or entity other than the Localities and any PSA.

3.3 Rights and Duties.

(a) The Authority shall permit each Locality or its PSA to connect its water distribution system with the System in accordance with any applicable rules and regulations of the Authority.

(b) The volume of water delivered to each Locality or PSA shall be determined by a meter or meters installed by the Authority. If any meter fails to register correctly the flow of water for any period of time, the amount of water supplied by the Authority shall be determined by the average daily consumption of water over a period of 30 days before the date when the meter failed to register the correct flow. Water lost shall be at the expense of the Authority.

(c) The Authority shall use its best efforts to furnish water in the quantities and quality designated or provided for in this Agreement; however, its obligations shall be limited to the amount of water available.

(d) If it becomes necessary for the Authority to limit delivery of water to the Localities because of scarcity or otherwise, unless the Authority and the Localities agree otherwise, (a) the supply of water shall be prorated among the Localities based on their respective Capacity Allocations then in effect and (b) if, after the requirements of any Locality have been met, additional water shall be available, then the remaining Localities shall have priority in the use of the additional water and the additional water, if necessary, shall be prorated among the remaining Localities based on their respective Capacity Allocations.

(e) If the Authority is unable to furnish all of the water required by a Locality, then that Locality shall have the right to procure water from any other available source until such time as the Authority is able to furnish water sufficient to satisfy the requirements of the Locality.

(f) The Authority shall treat all water delivered to the Localities in accordance with the standards of the Virginia Department of Health and any other applicable governmental authority and shall provide any and all testing as required by the Virginia Department of Health, the Environmental Protection Agency and any other applicable governmental authority.

ARTICLE IV ESTABLISHMENT OF RATES

4.1 In General. On or before January 1 of each year, the Authority shall analyze the operations and finances of the Authority, including the funds required to be established and maintained under the Bond Documents. By February 1 of each year, the Authority shall set for each Locality rates, fees and other charges (collectively, "rates") for the services to be furnished by the System and the Authority, which rates shall be effective as of the following July 1 and shall have several components as set forth in the following sections. The Authority shall fix,

alter and at all times maintain the rates so that they will be sufficient to prevent any default by the Authority of its duties under the Act or the Bond Documents.

4.2 The Minimum Investment Rate. In return for undertaking the acquisition and construction of the System and making a supply of water available to the Localities, the Authority shall be paid the Minimum Investment Rate by the Localities. The Authority shall fix and determine the Minimum Investment Rate for the Localities in accordance with their Capacity Allocations so as to include and cover the following two (2) components:

(a) Payment of all debt service on the Bonds and provision for the full performance of all covenants, including but not limited to the maintenance of any funds and any debt service coverage ratios, contained in the Bond Documents (the "Financing Component"), and

(b) Provide fully for the operation and maintenance of the System (the "O&M Component") based on an operational 40-hour work week.

The Minimum Investment Rate shall be due and payable to the Authority on a monthly basis.

4.3 The Base Rate. In addition to the Minimum Investment Rate, the Authority shall fix, alter and at all times maintain, for each Locality, a per 1,000 gallon "Base Rate," so that the Base Rate, when applied respectively to each Locality's water purchases, will in the aggregate provide fully for the operation and maintenance of the System, as improved and expanded from time to time. At all times the Base Rate shall be a uniform, per 1,000 gallon rate applied equally to all water purchases by each Locality. The Base Rate shall be due and payable to the Authority on a monthly basis; provided, however, that each Locality shall receive a credit against its Base Rate to the extent the Minimum Investment Rate paid by the Locality covers an amount equal to the Locality's Capacity Allocation times the cost of operation and maintenance of the System based on a forty (40) hour work week.

4.5 Adjustment of Capacity Allocations. No adjustments to Capacity Allocations will be made except in accordance with the following:

(a) Any Locality may negotiate with any other Locality to purchase Capacity Allocation, on terms and conditions mutually agreeable to them. Without limiting the foregoing, the purchase price may be calculated in the following manner: the actual cost of the System shall be brought to present value using the single payment compound amount factor, with the discount rate being the yield on the Bonds. The present value shall be divided by total capacity, and the resulting cost per gallon shall be multiplied by Capacity Allocation to be purchased. The total cost in present value shall then be due and payable under terms and conditions agreed to by the parties to the sale.

(b) If improvements or expansions to the System are made at a Locality's request pursuant to Section 2.2 hereof, the Authority may adjust the Capacity Allocations as necessary or desirable to reflect the relative increase in such Locality's rights and responsibilities under this Agreement.

(c) All changes in Capacity Allocations shall be rounded to the nearest .01 mgd and adjusted so that their total equals the total of all changes in Capacity Allocation.

(d) When an adjustment to Capacity Allocation is necessary, the Authority shall establish, as set forth above, a new schedule reflecting the new Capacity Allocations, which schedule shall become the basis for determining the need for adjustments in subsequent years.

(e) No change in Capacity Allocation will occur without the prior approval of the Authority or without any approval required under the Bond Documents.

ARTICLE V ANNUAL BUDGET; APPROPRIATIONS FROM LOCALITIES

5.1 In General. The Authority shall provide to the Localities, on or before February 1st of each year, the Annual Budget for the next Fiscal Year for the System including any proposed capital projects (for planning purposes) (together with any approved amendments, the "Annual Budget"). No capital project shall be undertaken by the Authority unless it is required by law or any governmental authority have regulatory jurisdiction over the System or is an improvement or expansion requested by a Locality. The Annual Budget shall set forth the revenues of the System estimated to be generated thereby, any other funds available for the Authority's purposes, the expenditures anticipated by the Authority for operations, maintenance, repairs, replacements, improvements, expansions, debt service and other purposes, and the amount of funds estimated to be required by the Authority from the Localities during the Fiscal Year in order to accomplish the purposes of the Authority (the "Annual Budget Amount"). The Authority will set forth in the Annual Budget the amount of the Annual Budget Amount that is required from each Locality (the "Appropriation Amount"), based on their respective Capacity Allocations and other responsibilities as set forth in this Agreement.

5.2. Share of Annual Budget Amount. Each Locality hereby recommends that its County Administrator or Town Manager, as the case may be, include in each annual budget submitted to the Governing Body of the Locality, or in an amendment thereto, sufficient funds to cover the Locality's Appropriation Amount in each Fiscal Year. Each Locality's County Administrator or Town Manager, as the case may be, shall notify the Authority: (i) by May 1 of each year, of the amount so budgeted by the Locality, and (ii) at any time, of any amendments to the amount so budgeted by the Locality.

5.3. Payment of Appropriation Amount. Each Locality shall pay to the Authority its Appropriation Amount in twelve (or less, if the Fiscal Year is not a full year) equal monthly installments, **subject to appropriation of funds for such purpose by the governing body of the Locality.** By the first Monday of each month, the Authority will send each Locality an invoice stating the amount of the installment due that month from the Locality. Each monthly installment shall be paid to the Authority on or before the twenty fifth (25th) day of that month.

5.4. Base Billing for Water. At the end of each calendar month, the Authority will calculate, at the rate or rates fixed by the Authority in accordance with Article IV, and send to

each Locality a bill setting forth the amount owed the Authority for the water furnished that Locality during that month. Except as otherwise provided in this Agreement, each Locality shall be liable to the Authority for the prompt payment of the bill in accordance with its terms. Such liability is hereafter referred to as the "Base Liability."

5.5. Payment of Water Bills. A Locality shall have no liability to pay its Base Liability for each month to the extent of the amount represented by the O&M Component of the Minimum Investment Rate paid by that Locality for the month. However, if at any time during a Fiscal Year a Locality fails to pay any installment of its Minimum Investment Rate and such failure is not corrected within ten (10) days after receipt of written notice from the Authority, the Locality shall thereafter pay, from time to time during the Fiscal Year and within thirty (30) days after demand, invoice(s) provided by the Authority and in amounts equal to the then accrued but unpaid Locality's Base Liability. A Locality shall not be required at any time during the Fiscal Year to pay any portion of the Locality's Base Liability if the total, at that time, of the prior payment by the Locality for the Fiscal Year of: (i) installments of its Minimum Investment Rate and (ii) invoices for its Base Liability, equals or exceeds the total amount of the monthly installments of the Locality's Minimum Investment Rate and Base Liability then due and payable.

5.6. Additional Payments. If the total amounts collected from the Localities pursuant to Section 5.3 and Section 5.5 at any time are not sufficient to pay (i) the debt service obligations under the Bonds, including any "Supplemental Interest" as defined in the Initial Bond Documents and (ii) the Net Expenses in full as and when due, each Locality shall pay an amount equal to the amount of such deficiency multiplied by the Capacity Allocation for that Locality, **subject to the appropriation of funds for such purpose by the governing body of the Locality.** Such amounts shall be paid by each Locality within forty-five (45) days after receipt of an invoice from the Authority and shall be used by the Authority only to pay unpaid Net Expenses, and any funds not required to pay such expenses shall be returned by the Authority to the Localities proportionately.

5.7. Nature of Obligations of Localities. The Localities reasonably believe that they will continue to have an essential need and requirement, pursuant to applicable laws, for the services of the Authority for the duration of this Agreement, and reasonably believe that funds will be available and appropriated to make all payments stated in this Agreement to be paid by the Localities. Nevertheless, the obligation of each Locality to make payments required by this Agreement, other than, to the extent allowed by law, payments of the Locality's Minimum Investment Rate and Base Liability in accordance with the terms hereof, shall be subject to and contingent upon appropriations being made for such purposes by the Locality's Governing Body. Any other provision to the contrary notwithstanding, this Agreement and the obligations herein shall not constitute a debt of the Localities within the meaning of any limitation on indebtedness of the Localities under any constitutional or statutory limitation, and nothing in this Agreement shall constitute a pledge or the full faith and credit of any Locality under any provision of law or the Constitution of Virginia.

5.8. Initial Fiscal Year Budget. Each Locality represents that either (i) it has approved and included in the adopted Locality budget for the current fiscal year an amount equal to the

Locality's Proportionate Share for the Fiscal Year 2005-06 or (ii) it is otherwise committed to appropriate such amount, and in either case that such amount will be transferred to the Authority. The Appropriation Amounts, expressed as a dollar amount, for 2005-06 are as follows:

Locality	Share
Carroll	\$249,273
Wythe	\$386,169
Wytheville	\$386,169

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

6.1. Events of Default.

(a) An "Event of Default" or a "Default" means, whenever used in this Agreement, any or more of the following events:

(1) Failure by a Governing Body to pay, when due, any payments to be made under this Agreement;

(2) Failure by a Governing Body to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Sections 6.1(a)(1), which failure continues for a period of sixty (60) days after notice, specifying the failure and requesting that it be remedied, is given to the Governing Body by the Authority, unless the Authority agrees in writing to an extension of such time; or

(b) Notwithstanding anything contained in this Section to the contrary, a failure by a Governing Body to pay when due any payment required to be made under this Agreement or a failure by the Governing Body to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement, resulting from a failure by the Governing Body to appropriate money for such purposes after a request to appropriate in accordance with Article V, will not constitute an Event of Default. Nevertheless, upon any such failure, the Authority will have all the rights and remedies set forth in the following Section.

6.2. Remedies.

(a) Whenever any Event of Default has happened and is continuing, any one or more of the following remedial actions may be taken to the extent that those actions are consistent with the Act, provided that either the Authority has given notice of the Event of Default to the defaulting Governing Body and the Event of Default has not been cured:

(1) The Authority may without terminating this Agreement suspend service under the System to the defaulting Locality.

(2) The Authority may have access to and inspect, examine and make copies of, the books, records and accounts of the defaulting Governing Body pertaining to this Agreement.

(3) The Authority may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation or agreement of the defaulting Governing Body under this Agreement.

(b) The Authority will give notice to the Governing Body of the exercise of any of its rights or remedies under this Section and by telephone, facsimile or email; provided, however, that failure to give notice by telephone, facsimile or email will not affect the validity of the exercise of any right or remedy under this Section.

6.3. Reinstatement. Notwithstanding the exercise of any remedy granted by Section 6.2, if all sums due and payable under this Agreement have been paid, all other things have been performed in respect of which there was a default and there has been paid the reasonable fees and expenses, including administrative expenses, of the Authority (including reasonable attorneys' fees paid or incurred), and the Authority has consented in writing to such waiver, then the Event of Default under this Agreement will be waived without further action by the Authority. Upon such payment and waiver, the Governing Body will be restored to the benefit of the System.

6.4. No Remedy Exclusive. No remedy conferred upon or reserved to the Authority in this Agreement is intended to be exclusive of any other available remedy, but each remedy will be cumulative and will be in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay or omission in exercising any right or power accruing upon any Event of Default will impair or will be construed to be a waiver of any right or power, but any right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it will not be necessary to give any notice, other than such notice as may be expressly required under this Agreement.

ARTICLE VII MISCELLANEOUS

7.1. 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; provided, however, that no Locality may assign any right or obligation under this Agreement without the prior written approval of the Authority.

7.2. Amendments. The Authority and the Localities 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 writing and shall be signed by or on behalf of the Authority and the

Localities. However, so long as any Initial Bonds are outstanding, no amendment to this Agreement shall be effective unless and until VRA has consented in writing to such amendment.

7.3. Limitation of Liability. In the absence of fraud, no present or future director, official, officer, employee or agent of the Authority shall be liable personally in respect of this Agreement or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement.

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

7.5. 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 Authority and the Borrower, as the case may be, only to the extent permitted by law.

7.6. Notices. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under 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:

Authority: New River Regional Water Authority
345 South Fourth Street
Administration Building, Suite A
Wytheville, VA 24382
Attention: Executive Director

Localities: Carroll County
605-1 Pine Street
Hillsville, VA 24343
Attention: County Administrator

Wythe County
340 South Sixth Street, Wytheville, VA 24382
Attention: County Administrator

Town of Wytheville
Post Office Drawer
Wytheville, VA 24382-0533
Attention: Town Manager

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 and the Localities 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.

7.7. 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.

7.8. Term of Agreement. This Agreement shall be effective upon its execution and delivery. Except as otherwise specified, this Agreement shall expire upon the later of (a) June 30, 2050, or (b) the full satisfaction of all Bonds.

7.9. 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.

7.10. Carroll PSA. The Carroll County Public Service Authority executes this Agreement to evidence its consent and agreement to the terms and provisions hereof and to acknowledge the binding effect thereof.

[Remainder of Page Intentionally Left Blank – Signature Pages Follow]

SIGNATURE PAGE TO SERVICE AGREEMENT

Carroll County

(SEAL)

Attested By:

Ronald L. Newman
Secretary Assistant Clerk

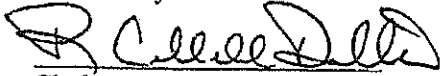
By: Sharon F. Nichols
Name: Sharon F. Nichols
Title: Chairman

SIGNATURE PAGE TO SERVICE AGREEMENT

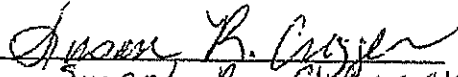
(SEAL)

Wythe County

Attested By:



Clerk

By: 
Name: Susan R. Cropper
Title: Chairman, Board of Supervisors

SIGNATURE PAGE TO SERVICE AGREEMENT

(SEAL)

Attested By:

Pharon P. Hackler

Clerk

Town of Wytheville

By: Trenton G. Crewe, Jr.

Name: Trenton G. Crewe, Jr.

Title: Mayor

SIGNATURE PAGE TO SERVICE AGREEMENT

(SEAL)

Attested By:

Dana Phillips
Secretary

Carroll County Public Service Authority

By: Glenna G. Myers
Name: Glenna G. Myers
Title: Chairman

SIGNATURE PAGE TO SERVICE AGREEMENT

(SEAL)

Attested By:

Ray E. Hill
Secretary

New River Regional Water Authority

By: C. Wayne Sutherland, Jr.
Name: C. Wayne Sutherland, Jr.
Title: Chairman

SCHEDULE A
(Existing Water Sources)

Section 3.1: each Locality and its PSA may use the sources of water supply as are either used by, designed and approved for, or under construction for, the Locality as of the date of this Agreement, as described below:

I. Carroll County Public Service Authority:

Carroll County Subsystem

Well No. 1 – Permitted yield = 55 gpm
Well No. 2 – Permitted yield = 165 gpm
Well No. 3 – Permitted yield = 69 gpm
Interconnection w/ Town of Hillsville

Gladeville/ Cranberry Subsystem

Wilson Well No. 1 - Permitted yield = 18 gpm
Wilson Well No. 2 – Permitted yield = 82 gpm
Summers Well No. 1 – Permitted yield = 96 gpm
Summers Well No. 2 – Permitted yield = 97 gpm
Davis Well – Permitted yield = 78 gpm

Industrial Park Subsystem

Interconnection w/ Town of Hillsville

Route 100 Subsystem

Beaverdam Well – Permitted yield = 33 gpm
Island Creek Well – Permitted yield = 40 gpm
Route 221 Well – Permitted yield = 53 gpm
Well No. 7 – Permitted yield = 16 gpm
Well No. 8 – Permitted yield = 31 gpm
Well No. 9 – Permitted yield = 25 gpm

Route 620/ Airport Road Subsystem

Coomes Well – Permitted yield = 69 gpm

Tower Road Subsystem

Interconnection w/ City of Galax – 15,000 gpd maximum

Woodlawn Subsystem

Well No. 1 – Permitted yield = 27 gpm
Well No. 2 – Permitted yield = 141 gpm
Guynn Well – Permitted yield = 61 gpm
Ball Park Well – Permitted yield = 55 gpm

II. Wythe County

The Grahams Forge Max Meadows, Fort Chiswell, Ivanhoe, and Piney Subsystems
(Sources are well and Powder Puff Branch)

Austinville Subsystem (source is New River)

Speedwell system (Sources are wells)

Progress Park (Source is Wytheville town water treatment plant)

III. Wytheville

Wytheville Water Treatment Plant (Reed Creek)
Permitted yield = 4.0 mgd

SCHEDULE B
(Excluded Areas)

Section 3.1: each Locality or its PSA shall be able to supply the "Excluded Areas" described below with water from sources other than the System:

I. Carroll County Public Service Authority—See Map attached

Cana System

Eight (8) Wells – Combined Permitted yield = 217 gpm

Hillcrest Estates Subsystem

Blizzard Well – Permitted yield = 25 gpm

Fancy Gap Motor Lodge System

Three (3) Wells – Combined Permitted yield = 50 gpm

II. Wythe County—See Map attached



III. Wytheville—no "Excluded Areas"

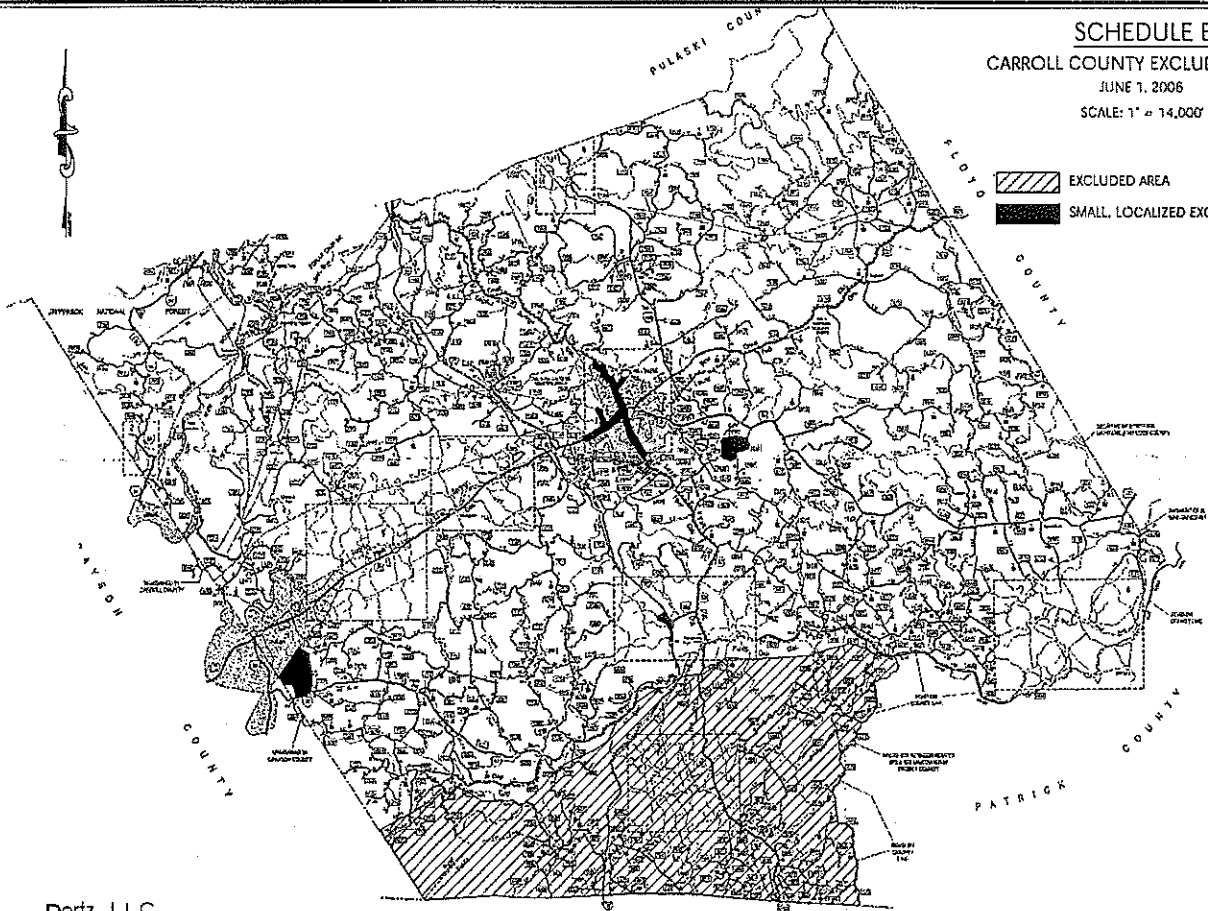
SCHEDULE B

CARROLL COUNTY EXCLUDED AREAS

JUNE 1, 2006

SCALE: 1" = 14,000'

-  EXCLUDED AREA
 SMALL, LOCALIZED EXCLUDED AREA




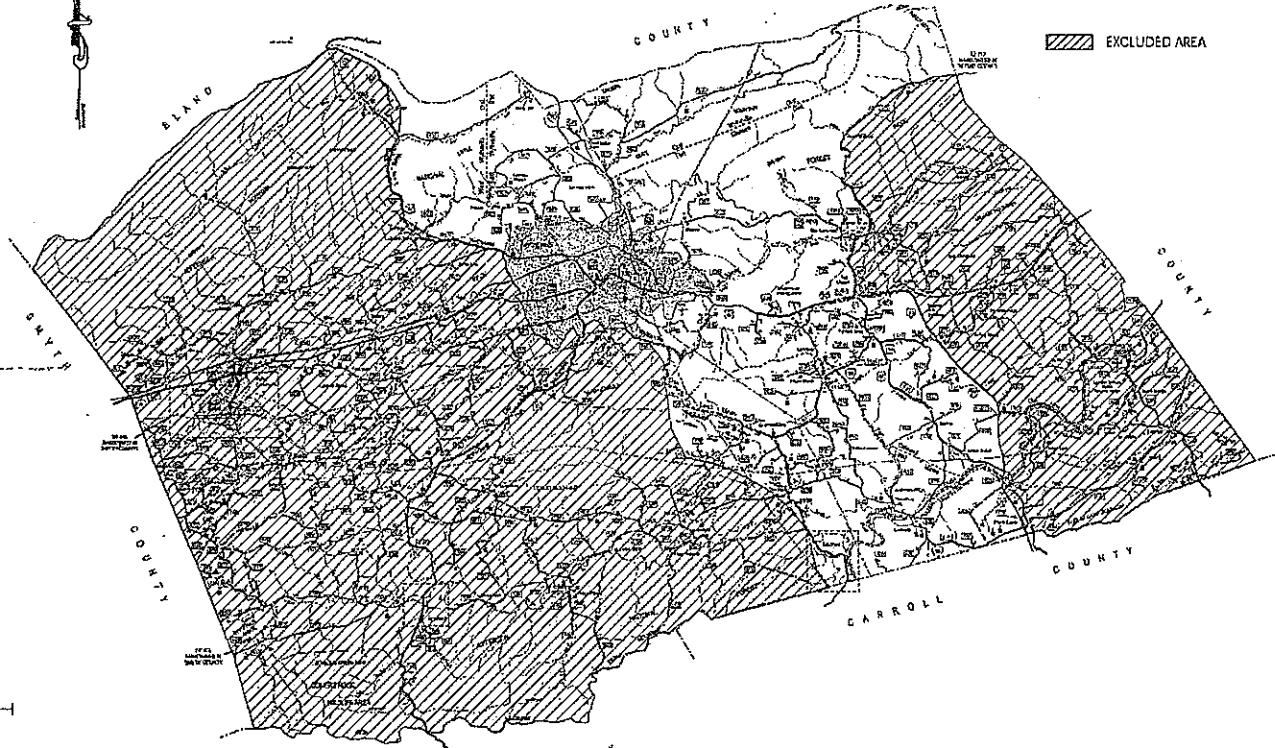
SCHEDULE B

WYTHE COUNTY EXCLUDED AREAS

JUNE 1, 2008

SCALE: 1" = 14,000'

 EXCLUDED AREA



AMENDMENT TO SERVICE AGREEMENT

This Amendment is made as of June 1, 2008, by and among CARROLL COUNTY ("Carroll"), WYTHE COUNTY ("Wythe"), and the TOWN OF WYTHEVILLE ("Wytheville"), political subdivisions of the Commonwealth of Virginia (collectively, the "Localities"), and the NEW RIVER REGIONAL WATER AUTHORITY, a public body politic and corporate of the Commonwealth of Virginia (the "Authority").

Background Statement

The Localities and the Authority have previously executed a Service Agreement dated as of June 1, 2006 (the "Service Agreement").

The Authority and the Localities desire to amend and supplement the Service Agreement as set forth in this Amendment, in order to recognize that the "Initial Bonds," for purposes of the Service Agreement, shall include the Authority's revenue bond to be issued to Virginia Resources Authority in a principal amount not to exceed \$2,300,000, the proceeds of which will be used to finance construction of the Plant and that the operational date for the Plant will be later than originally stated therein.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual benefits to be derived under this Agreement, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE I DEFINITION

1. The definitions of "Initial Bond Documents" and "Initial Bonds" in the Service Agreement are amended in their entireties to read as follows:

"Initial Bond Documents" means any resolution, trust agreement or other agreement adopted, approved or executed by the Authority, under which the Initial Bonds are authorized and issued, including but not limited to the Financing Agreement dated as of June 1, 2006, between VRA and the Authority, and the Financing Agreement dated as of June 1, 2008, between VRA and the Authority, and any amendments to them.

"Initial Bonds" means the Authority's (a) \$13,565,000 Water System Revenue Bond, Series 2006 and (b) \$2,090,000 Water System Revenue Bond, Series 2008, as and when issued to finance the Plant, and any bonds issued by the Authority to refund or refinance them.

2. Section 2.1 of the Service Agreement is amended by replacing "June 30, 2008," with "August 1, 2009" as the date by which the System shall be operational.

3. This Amendment amends and supplements, and is made a part of, the Service Agreement. As amended and supplemented by this Amendment, the Service Agreement is ratified and confirmed and deemed to be in full force and effect.

4. The Carroll County Public Service Authority executes this Amendment to evidence its consent and agreement to the terms and provisions hereof and to acknowledge the binding effect thereof.

5. VRA has consented to the terms and provisions of this Amendment, as evidenced by its written consent attached hereto.

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SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

Carroll County

(SEAL)

Attested By:

Ronald L. Newman
~~Secretary~~ Assistant Clerk

By: W.S. "Sam" Dickson
Name: W. S. "Sam" Dickson
Title: Chairman

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT


Wythe County

(SEAL)

Attested By:



Clerk

By: 
Name: WYTHE B. SHARITZ
Title: Chairman, Board of Supervisors

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

Town of Wytheville

(SEAL)

Attested By:

Sharon P. Hackler

Clerk

By:

Frederick B. CREWE, Jr.

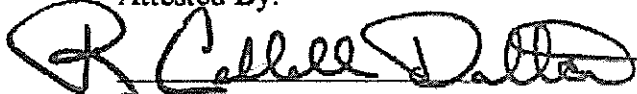
Name:

Title: Mayor

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

(SEAL)

Attested By:


Secretary

New River Regional Water Authority

By: Ronald L. Newman

Name: Ronald L. Newman

Title: Chairman

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

(SEAL)

Attested By:

Dana Thiel
Secretary

Carroll County Public Service Authority

By: David Hutchins
Name: DAVID HUTCHINS
Title: Chairman

CONSENT TO AMENDMENT TO SERVICE AGREEMENT

Virginia Resources Authority, as holder of the \$13,565,000 Water System Revenue Bond, Series 2006, of the New River Regional Water Authority, consents to the terms and provisions of the foregoing Amendment to Service Agreement, effective as of June 1, 2008.

Virginia Resources Authority

By: 

Name: Sheryl D. Bailey, Ph.D.

Title: Executive Director

SECOND AMENDMENT TO SERVICE AGREEMENT

This Amendment is dated as of August 1, 2015, by and among CARROLL COUNTY ("Carroll"), WYTHE COUNTY ("Wythe"), and the TOWN OF WYTHEVILLE ("Wytheville"), political subdivisions of the Commonwealth of Virginia (collectively, the "Localities"), and the NEW RIVER REGIONAL WATER AUTHORITY, a public body politic and corporate of the Commonwealth of Virginia (the "Authority").

Background Statement

The Localities and the Authority have previously executed a Service Agreement dated as of June 1, 2006, as amended by Amendment dated June 1, 2008 (the "Service Agreement").

The Authority and the Localities desire to amend and supplement the Service Agreement as set forth in this Amendment, in order to recognize that the "Initial Bonds," for purposes of the Service Agreement, shall include the Authority's revenue refunding bond to be issued to Virginia Resources Authority, the proceeds of which will be used to refund a portion of the Initial Bonds as defined in the Service Agreement.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual benefits to be derived under this Agreement, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. The definitions of "Initial Bond Documents" and "Initial Bonds" in the Service Agreement are amended in their entireties to read as follows:

"Initial Bond Documents" means any resolution, trust agreement or other agreement adopted, approved or executed by the Authority, under which the Initial Bonds are authorized and issued, including but not limited to the following agreements between VRA and the Authority and any amendments to them:

Financing Agreement dated as of June 1, 2006;
Financing Agreement dated as of June 1, 2008: and
Local Bond Sale and Financing Agreement dated as of June 25, 2015.

"Initial Bonds" means the Authority's (a) \$13,565,000 Water System Revenue Bond, Series 2006 (b) \$2,090,000 Water System Revenue Bond, Series 2008, and (c) \$10,940,000 Water System Revenue Refunding Bond, Series 2015, and any bonds issued by the Authority to refund or refinance any of them in whole or in part.

2. This Amendment amends and supplements, and is made a part of, the Service Agreement. As amended and supplemented by this Amendment, the Service Agreement is ratified and confirmed and deemed to be in full force and effect.

3. Carroll County Public Service Authority executes this Amendment to evidence its consent and agreement to the terms and provisions hereof and to acknowledge the binding effect thereof.

4. Virginia Resources Authority has consented to the terms and provisions of this Amendment, as evidenced by its written consent attached to this Amendment.

[Remainder of Page Intentionally Left Blank – Signature Pages Follow]

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

Carroll County

(SEAL)

Attested By:

Clerk

By:

Name:

Title: Chairman

Phil D. McGraw

Phil D. McGraw

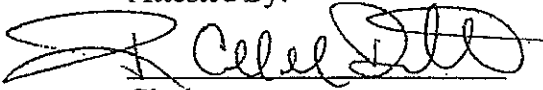
Chairman




SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

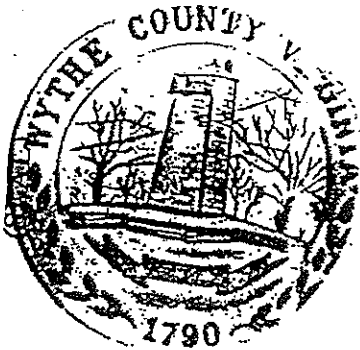
(SEAL)

Attested By:

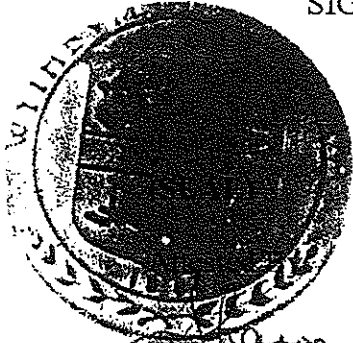

Clerk

Wythe County

By: 
Name: Artie Hall
Title: Chairman, Board of Supervisors
Vice-Chair



SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT



Clerk

Town of Wytheville

By: *Gregory G. Crewe, Jr.*
Name: Gregory G. Crewe, Jr.
Title: Mayor

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

(SEAL)

Attested By:

Dana Phelps

Secretary

Carroll County Public Service Authority

By: W.E. "Sam" Dickson

Name: W.E. "Sam" Dickson

Title: Chairman



SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

(SEAL)

Attested By:

Martha H Collins
Secretary



New River Regional Water Authority

By: R. Cellel Dalton

Name: R. Cellel Dalton

Title: Chairman

CONSENT TO AMENDMENT TO SERVICE AGREEMENT

Virginia Resources Authority, as holder of the \$13,565,000 Water System Revenue Bond, Series 2006, and \$2,090,000 Water System Revenue Bond, Series 2008, of the New River Regional Water Authority, consents to the terms and provisions of the foregoing Amendment to Service Agreement, effective as of July 1, 2015.

Virginia Resources Authority

By: 

Name: Stephanie L. Hamlett

Title: Executive Director

THIRD AMENDMENT TO SERVICE AGREEMENT

This Amendment is dated as of _____ 1, 2022, by and among CARROLL COUNTY (“**Carroll**”), WYTHE COUNTY (“**Wythe**”), and the TOWN OF WYTHEVILLE (“**Wytheville**”), political subdivisions of the Commonwealth of Virginia (collectively, the “**Localities**”), and the NEW RIVER REGIONAL WATER AUTHORITY, a public body politic and corporate of the Commonwealth of Virginia (the “**Authority**”).

Background Statement

The Localities and the Authority have previously executed a Service Agreement dated as of June 1, 2006, as amended by Amendment dated June 1, 2008, and Amendment dated August 1, 2015 (the “**Service Agreement**”).

The Authority and the Localities desire to amend and supplement the Service Agreement as set forth in this Amendment, in order to provide for an expansion of the Authority’s water treatment plant.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual benefits to be derived under this Agreement, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Definitions.** Capitalized terms used but not otherwise defined in this Amendment have the meanings given them in the Agreement. For purposes of this Amendment:

“**Expansion**” means the expansion of the Plant in order to increase its capacity from 4.0 million to 6.0 million gallons per day as recommended by the Consulting Engineer.

“**Expansion Bonds**” means any bonds as and when issued by the Authority to pay costs of the Expansion and any bonds issued by the Authority to refund or refinance them.

“**Expansion Capacity Allocation**” means, with respect to each Locality, a percentage of the System’s maximum capacity attributable to the Expansion, as determined from time to time by the Authority in accordance with the Agreement, and based on all relevant factors, including but not limited to historical water usage, population trends and projected industrial growth or decrease. The initial Expansion Capacity Allocations are:

Locality	20 Usage (MGD)	Expansion Capacity Allocation
Carroll	0.20	10.00%
Wythe	0.20	10.00%
Wytheville	1.60	80.00%
Total	2.00	100%

“Total Capacity Allocation” means, with respect to each Locality, a percentage of the System’s aggregate maximum capacity after the Expansion, as determined from time to time by the Authority in accordance with the Agreement, and based on all relevant factors, including but not limited to historical water usage, population trends and projected industrial growth or decrease. The initial Total Capacity Allocations are:

Locality	Initial 2025 Usage (MGD)	Expansion 20__ Usage (MGD)	Total 20__ Usage MGD)	Total Capacity Allocation
Carroll	0.976	0.20	1.176	19.60%
Wythe	1.512	0.20	1.712	28.53%
Wytheville	1.512	1.60	3.112	51.87%
Total	4.000	2.000	6.000	100%

2. **The Expansion.** The Authority will, as soon as practicable and with all reasonable dispatch, undertake and complete the Expansion. The Authority will use its best efforts to sell Expansions Bonds in an amount sufficient, with other available funds, to pay the costs of undertaking the Expansion; however, nothing in this Amendment shall obligate the Authority to issue Expansions Bonds except upon terms deemed reasonable by the Authority. The Authority will, as soon as practicable and with all reasonable dispatch, undertake and complete the Expansion.

3. **Minimum Expansion Rate.** In return for undertaking the Expansion, as long as Expansion Bonds are outstanding, the Authority shall charge to and be paid by the Localities a rate based on their Expansion Capacity Allocations and fixed and determined by the Authority so as to include and cover the payment of all debt service on the Expansion Bonds and provision for the full performance of all covenants, including but not limited to the maintenance of any funds and any debt service coverage ratios, in the bond documents relating to the Expansion Bonds (the **“Minimum Expansion Rate”**). The Minimum Expansion Rate will be in addition to all other rates charged pursuant to the Service Agreement.

4. **Capacity Allocation.** After the date of this Amendment, for purposes of Section 2.2 (Improvements and Expansions), Section 3.3 (Rights and Duties), Section 4.5 (Adjustment of Capacity Allocations) the Agreement, the term “Capacity Allocation” with respect to a Locality will mean the Locality’s Total Capacity Allocation.

5. **Amendment.** This Amendment amends and supplements, and is made a part of, the Service Agreement. As amended and supplemented by this Amendment, the Service Agreement is ratified and confirmed and deemed to be in full force and effect.

6. **Third Parties.** Carroll County Public Service Authority executes this Amendment to evidence its consent and agreement to the terms and provisions of this Amendment. Virginia Resources Authority has consented to the terms and provisions of this Amendment, as evidenced by its written consent attached to this Amendment.

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SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

Carroll County

(SEAL)

Attested By:

Clerk

By: _____

Name: _____

Title: County Administrator

Approved as to form and legal sufficiency:

County Attorney

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

Wythe County

(SEAL)

Attested By:

Clerk

By: _____

Name: _____

Title: County Administrator

Approved as to form and legal sufficiency:

County Attorney

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

(SEAL)

Attested By:

Clerk

Town of Wytheville

By: _____

Name: _____

Title: Town Manager

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

Carroll County Public Service Authority

(SEAL)

Attested By:

Secretary

By: _____

Name: _____

Title: Chairman

SIGNATURE PAGE TO AMENDMENT TO SERVICE AGREEMENT

(SEAL)

Attested By:

Secretary

New River Regional Water Authority

By: _____

Name: _____

Title: Chairman

CONSENT TO AMENDMENT TO SERVICE AGREEMENT

As holder of the following bonds of New River Regional Water Authority:

[\$2,090,000 Water System Revenue Bond, Series 2008]

\$10,940,000 Water System Revenue Refunding Bond, Series 2015

\$1,220,000 Water System Revenue Refunding Bond, Series 2020

Virginia Resources Authority consents to the terms and provisions of the foregoing Third Amendment to Service Agreement, effective as of _____, 2022.

Virginia Resources Authority

By: _____

Name: _____

Title: _____