

RESOLUTION SUPPORTING THE ISSUANCE OF A REVENUE BOND BY NEW RIVER REGIONAL WATER AUTHORITY AND ACKNOWLEDGING CERTAIN MATTERS WITH RESPECT TO THE BOND, INCLUDING A MORAL OBLIGATION TO MAKE CERTAIN APPROPRIATIONS IN SUPPORT OF THE AUTHORITY

New River Regional Water Authority (the “**Authority**”) is a public body politic and corporate of the Commonwealth of Virginia created pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) (the “**Act**”) by the Boards of Supervisors of Carroll and Wythe Counties and the Council of the Town of Wytheville (the “**Participating Localities**”).

The Authority and Participating Localities have entered a Service Agreement dated June 1, 2006, as amended by Amendment dated June 1, 2008, Amendment dated August 1, 2015, and Amendment dated August 1, 2022 (the “**Service Agreement**”), whereby the Participating Localities have agreed to purchase water from the Authority and to make certain appropriations to the Authority.

The Authority has determined it is in the best interests of the Authority and Participating Localities to authorize the issuance and sale of a bond in the maximum of \$8,500,000 (the “**Bond**”) in order to pay costs of capital improvements to the Authority’s water treatment plant.

Virginia Resources Authority (“**VRA**”) has indicated its willingness to purchase the Bond in accordance with the terms of a Local Bond Sale and Financing Agreement to be dated as of September 16, 2022, or another date to be specified by VRA, between VRA and the Authority (the “**Local Bond Sale and Financing Agreement**”).

VRA has requested that the Participating Localities adopt this resolution to acknowledge that the Local Bond Sale and Financing Agreement and the Bond will be “Bond Documents” as defined in the Service Agreement and that their moral obligations under the Support Agreement will extend to the debt service on the Bond.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF CARROLL COUNTY, VIRGINIA:

1. As and when executed and delivered by the Authority, the Local Bond Sale and Financing Agreement and the Bond will be “Bond Documents” as defined in the Service Agreement.

2. It is acknowledged that (a) the Service Agreement requires the Authority to fix, alter and at all times maintain the rates charged the Participating Localities so that the rates will be sufficient to prevent any default by the Authority of its duties under the Bond Documents and (b) under the Service Agreement, the Participating Localities have agreed to make certain annual appropriations to the Authority in amounts sufficient to pay expenses of the Authority, including debt service payments on bonds of the Authority. The obligation of each Participating Locality to make payments required by Service Agreement, other than, to the extent allowed by law, payments of Minimum Investment Rate and Base Liability as defined in the Service Agreement, is subject to

and contingent upon appropriations being made for such purpose by that Participating Locality's governing body.

3. It is acknowledged that (a) VRA will be a third party beneficiary of the Service Agreement for so long as the Bond remains outstanding and (b) VRA is treating the Service Agreement as a "local obligation" of each Participating Locality, within the meaning of Section 62.1-199 of the Code of Virginia of 1950, as amended (the "Virginia Code"), which in the event of nonpayment thereunder by a Participating Locality authorizes VRA or the trustee for VRA's bonds to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Virginia Code. Section 62.1-216.1 of the Virginia Code provides that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the nonpaying Participating Locality of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the nonpaying Participating Locality for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

4. It is believed that each Participating Locality will continue to have an essential need and requirement, pursuant to applicable laws, for the services of the Authority for the duration of the Service Agreement and for as long as any bonds of the Authority remain outstanding.

4. This resolution shall take effect immediately upon its adoption.