

A continued meeting of the Westmoreland County Board of Supervisors was held Monday, November 2, 2009, in the auditorium of Washington District Elementary School, located at 454 Oak Grove Road, Oak Grove, Virginia. Those members present were Darryl E. Fisher, W. W. Hynson, Lynn C. Brownley, Russ Culver and Larry Roberson. Also present were Norm Risavi, County Administrator, Karen Lewis, Assistant County Administrator, LaToya Ball-Tate, Administrative Assistant, and Tom Bondurant, County Attorney.

#### CALL TO ORDER

Chairman Fisher reconvened the meeting at 7:00 p.m.

1. PUBLIC HEARING – REGARDING PROPOSED ISSUANCE OF BONDS BY THE COUNTY. THE GENERAL PURPOSE FOR WHICH THE BONDS ARE TO BE ISSUED IS TO PROVIDE FUNDS, TOGETHER WITH OTHER AVAILABLE FUNDS, TO FINANCE CERTAIN CAPITAL IMPROVEMENTS TO THE COUNTY'S SEWER SYSTEM AND TO PAY THE COST OF ISSUING THE BONDS, AND THE ESTIMATED MAXIMUM AMOUNT OF SUCH BONDS IS \$4,503,000.

Webster Day, Bond Counsel, was recognized and summarized the purpose of this proposed bond issue which is being considered to fund a portion of Phase II of the Washington District Sewer Project. The bonds are proposed to be issued in an amount not to exceed \$4,503,000. In accordance with the Letter of Conditions from Rural Development, the bonds will be issued in two portions: a \$3,003,000 loan (with an interest rate not greater than 4.5%) and a \$1.5 million loan (with an interest rate not greater than 2.75%). The remainder will be funded by grants from Rural Development and other funds to be provided by the County. Following the public hearing, the Board will consider a resolution which: authorizes the project; authorizes the issuance of the bonds; sets out the form of the bonds and states how they shall be executed. The resolution also states that the revenues of the sewer system will be placed as collateral for repayment of the bonds. These bonds will not be general obligations of the County; nor will they be supported by real estate tax revenues. Rural Development has also requested a support agreement between Rural Development and the Board of Supervisors, which represents a moral obligation to make up any shortfall in order to pay the bonds. This will be a limited obligation bond issue. Mr. Day stated that the proposed resolution has been reviewed by his law firm, as well as the County Administrator and the County Attorney.

Mr. Roberson asked who will issue the bonds. Mr. Day explained that the County will issue the bonds, following review and approval by his law firm. Funds will be drawn down from Rural Development as needed to pay for the project.

Mr. Roberson asked if it is correct that the County's general taxes will not be supporting this project, but rather the users of the system. Mr. Day confirmed that this is correct.

Mr. Roberson then asked how the school system plays into this project. Mr. Risavi addressed this question, noting that the school system pays the same cost per EDU as the other users.

Mr. Culver asked if both bond issues will be purchased by Rural Development. Mr. Risavi stated that this is correct.

Mr. Roberson asked how many connections have been purchased. Mr. Risavi stated that 600 EDU's were needed to make this a viable project. A total of 691 EDU's have been purchased to-date.

Given the current state of the economy, Mr. Roberson inquired as to whether or not any signers have withdrawn. Mr. Risavi explained that the sewer connection runs with the land. He also described the process by which the County can place a lien against the property in order to recover any unpaid user fees. He noted that the sewer user agreement is a contractual commitment.

Mr. Roberson asked if it is correct that this project cannot commence until the County receives the money from Rural Development. Mr. Risavi stated that this is one of the last required steps. Rural Development has approved the contract awards. The next step will be to have the contract documents reviewed by the County Attorney. Those documents will also need to be reviewed by Rural Development. Once they have been approved, Rural Development will approve the issuance of the Notice to Proceed.

Mr. Roberson questioned whether everyone is on board with the property that the County needs to purchase for this project. Mr. Risavi explained that once the County goes to closing on the bonds, they will complete the purchase of the property from the Placid Bay Civic Association for the location of the vacuum station.

Mr. Roberson asked how soon construction will begin on this project. Charlie Riedlinger stated that the letter from Rural Development concurring with the award of the contracts was received on Friday. The contract documents were sent to the contractors today. The contractors have ten days to return and execute those documents. Upon receipt, they will be delivered to the County for review by the County Attorney and signature. They will then be sent to Rural Development. Following that, a pre-construction conference will be scheduled with the contractors. Mr. Riedlinger

stated his expectation that the Notice to Proceed could be issued to the contractors by early December. He noted, however, that the major portion of the work will not begin until after the first of the year. Construction of the vacuum station and force main will be complete in approximately 1 year. The system will be complete within 12 to 18 months.

Mr. Roberson asked how much the monthly user fee will be for Phase II customers. Mr. Risavi confirmed that the monthly fee will be \$40 per EDU.

Mr. Roberson questioned how it is that the monthly user fee can remain \$40.00, even though the County had to borrow additional money to finance this project. Mr. Risavi explained that additional loan and grant funds were secured in order to make up the difference needed to adequately fund the project. The County has also exceeded the minimum number of connections required to make this a viable project. These factors have enabled the fee structure to remain the same.

Mr. Roberson then asked how long the bonds will be financed. Mr. Risavi stated that the bonds will be amortized over a 40-year period. The first two years will be capitalized interest. The remaining years will be principal and interest.

Mr. Roberson asked if the bonds can be paid off early. Mr. Risavi confirmed that there is no penalty for prepayment of the bonds.

Mr. Brownley commented that Rural Development is part of the United States Department of Agriculture. They are in the business of helping local governments finance sewer systems. Mr. Brownley then asked how uncollectables are factored into the financing. Mr. Risavi stated that an allowance is built into the amortization.

There being no further questions from the Board at this time, Chairman Fisher opened the public hearing and asked if anyone was present with questions or comments for or against this proposal. The following persons spoke:

Peggy Campbell – Ms. Campbell asked if the County anticipates any problems meeting the debt service payments for this project and if the user fees will generate sufficient revenues to do so. Mr. Risavi briefly explained the debt service calculations.

Given the economic state of the country, Ms. Campbell asked if the interest rates for the bonds will be locked in for the entire 40-year period. Mr. Risavi indicated that was correct.

Mr. Culver asked when the County has to start making debt service payments to Rural Development. Mr. Risavi clarified that the County will first spend the user fees, followed by the loan money, and then grant money in support of this project. The third year is when principal and interest payments will commence.

As construction progresses, Mr. Culver asked how the money will be given. Mr. Risavi described the process for drawing down funds from Rural Development.

Mr. Culver asked if interest is paid on the full amount of the bonds. Mr. Risavi stated that interest will only be paid on that portion which has been drawn down.

Mike Hoffman – With respect to the support agreement, Mr. Hoffman asked if the system revenues are unable to pay the bond amount, does that authorize a tax increase on county citizens. Attorney Webster Day advised Mr. Hoffman that the short answer is no. The moral obligation represented in the support agreement is not binding on future boards of supervisors. The support agreement is basically a gentleman's agreement. It is not legally enforceable.

Bill Alverson – Mr. Alverson asked what happens if the system does not prove to be self sufficient and the County is not able to meet the payments. Mr. Risavi stated that the Montross system is the only sewer system that has not been self supportive. That debt has since been refinanced. In the event it becomes necessary, the County can use the debt service reserve to meet those payments.

Since the County exceeded the number of required signers, Mr. Alverson asked if that additional money will be applied directly to the loan. Mr. Risavi indicated that those funds will be deposited into the Sewer Fund.

Linda Brubaker – Ms. Brubaker asked if it is correct that the monthly user fee will not increase. Mr. Risavi stated that the County cannot guarantee that the monthly user fee will remain at \$40 forever; however, the County will make every effort to cover costs under the proposed rate structure. The County is constantly looking at different efficiencies and economies of scale to keep those costs down.

Ms. Brubaker asked if the County has had to increase the rates for Phase I. Mr. Risavi informed Ms. Brubaker that there has been an increase, primarily due to the County's share of the costs to upgrade the Colonial Beach Wastewater Treatment Plant.

Ms. Brubaker stated her understanding that the school system will be paying the same fees as other users. She then inquired as to what will happen with Outdoor World. Mr. Risavi stated that Outdoor World has paid the necessary fees to connect to the system, based on their volume per EDU.

Gerald Gereau – Mr. Gereau asked for a best estimate as to when he will have operating sewer at his house on Sea Horse Drive in Placid Bay Estates. Mr. Riedlinger stated that it will probably be a period of 14 – 16 months.

Peggy Campbell – Ms. Campbell stated that it was her understanding that the initial connection fee was \$3,000.00 for Phase II. Then it increased to \$6,800.00. Ms. Campbell requested clarification as to why this was necessary. Mr. Risavi explained that the \$3,000.00 fee was during the initial sign-up period, which is subsidized by the grants. The Board then established a minimum connection fee of \$6,800.00, based on the cost at that time.

Mr. Roberson inquired about the availability of payment plans for persons who desire to connect to the system. Ms. Lewis stated that the County is able to offer a monthly payment plan over the course of a year. Individuals may contact the County Administrator's office for more details.

Jack McEwen – Mr. McEwen stated that the numbers presented by the County 2 ½ to 3 years ago included a monthly user fee of \$40.00 with no loan money involved. When he puts the numbers together, he comes up with a monthly fee well under \$40.00. Mr. Risavi advised Mr. McEwen that this is not correct. Mr. Risavi stated that Mr. McEwen is welcome to come to his office for further explanation as to how the County arrived at those calculations.

Kevin Gouldman – Mr. Gouldman asked if the weekly operational costs are also to be borne by the customers of the system. Mr. Risavi stated that this is correct.

Mr. Gouldman referenced a recent article in the Westmoreland News and asked if anyone knows how much each customer has to contribute to repay the debt of the system. Based on the \$40 monthly user fee, his calculations indicate that cost to be \$28.00, leaving only \$12 to operate the system. Mr. Risavi provided a brief explanation of the revenues of both the Phase I and Phase II sewer projects and how those debt service payments are structured.

Irene Davis – Ms. Davis asked if the interest from the connection fees paid to the County almost three years ago will be applied to anything. Mr. Risavi explained that the interest that has accrued

has been deposited into the Sewer Fund. As explained earlier during this meeting, the funds in that account will be among the first to be used to pay for the project. Those who come on board now do not pay \$3,000.00. Those individuals pay a minimum of \$6,800.00.

Ms. Davis commented that she is unclear on the benefit of paying in advance.

Mark Hipkins – Mr. Hipkins expressed concern regarding the support agreement, suggesting that such agreements present unknown liabilities for the taxpayers. Mr. Hipkins stated that he would encourage the Board to carefully consider what the future liability would be to the taxpayers of this county.

Harry Mahon – Mr. Mahon suggested that it is not good to come before the Board and say “I’ve figure this out in my head.” Mr. Mahon stated if that is what an individual believes, they should put their thoughts on paper. Mr. Mahon reminded those present that under today’s ways and means, most things we do require a certain amount of study, as has been the case with this project. Mr. Mahon further stated that the sewer system is a necessity.

There being no further comments, Chairman Fisher closed the public hearing.

After further discussion, upon motion by Mr. Hynson, second by Mr. Roberson and carried unanimously with Mr. Brownley, Mr. Hynson, Mr. Culver, Mr. Roberson and Mr. Fisher voting “aye”, the Board adopted the following:

**RESOLUTION AUTHORIZING THE CONSTRUCTION AND FINANCING OF IMPROVEMENTS TO THE SEWER SYSTEM OF WESTMORELAND COUNTY, AND AUTHORIZING THE ISSUANCE, SALE AND AWARD OF \$4,503,000 SEWER REVENUE BONDS, PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, AND AUTHORIZING THE EXECUTION OF A SUPPORT AGREEMENT IN CONNECTION THEREWITH**

The Board of Supervisors of Westmoreland County, a political subdivision of the Commonwealth of Virginia (the “Board of Supervisors”) has determined to improve its sewer system as part of the Washington District Sewer Phase II project of the County and to issue its revenue bonds in the aggregate amount of \$4,503,000, the proceeds of which, together with other available funds, are estimated to be sufficient to pay a portion of the cost of the Project hereinafter authorized; and

The United States of America (the “Government”) has offered to purchase such revenue bonds upon certain terms and conditions, and the Board of Supervisors, after mature consideration of the condition of the municipal bond market and other methods of selling its bonds, has determined to satisfy such terms and conditions and award the bonds to the Government and to execute a support agreement in connection with the bonds.

The Board of Supervisors has held a public hearing on the issuance of proposed bonds for the Project, in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended.

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

## ARTICLE I

### Definitions

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

“Act” shall mean the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended).

“Additional Bonds” shall mean any bonds issued pursuant to Article VI and secured on parity with the Bonds by a pledge of the Pledged Revenues.

“Board of Supervisors” shall mean the Board of Supervisors of the County.

“Bonds” shall mean the County’s sewer revenue bonds in the aggregate principal amount of \$4,503,000, issued pursuant to this resolution.

“Closing Date” shall mean the date on which the Bonds are delivered to the Government.

“Consulting Engineer” shall mean such engineering firm or individual engineer as may be employed by the County as Consulting Engineer in accordance with Section 8.5.

“County” shall mean Westmoreland County, a political subdivision of the Commonwealth of Virginia.

“Government” shall mean the United States of America, its successors and assigns.

“Gross Revenues” shall mean all revenues, income, and receipts derived or received by the County from the operation and ownership of the System, including the interest income from the investment or deposit of money in any fund created by this resolution or a supplemental resolution in connection with the System, but “Gross Revenues” shall not mean or include any impact fees or developer fees charged by the County for the construction of capital improvements or extensions to the System.

“Net Revenues” shall mean Gross Revenues less Operating Expenses.

“Operating Expenses” shall mean the reasonable and necessary expenses of operation, administration, maintenance and repair of the System, excluding any allowance for depreciation, the deposits or transfers to the Debt Service Fund, or the Reserve Fund established in Section 4.3, and expenditures for capital improvements or extensions to the System.

“Pledged Revenues” shall mean the Net Revenues plus any additional revenues, income, receipts or other resources, including, without limitation, any grants, donations or income

received or to be received from the Government or any other public or private source, whether pursuant to an agreement or otherwise that are hereafter pledged to the payment of the Bonds.

“Project” shall mean the sewer facilities to be improved as part of the Washington District Sewer Phase II project of the County, substantially as described in plans prepared by the Consulting Engineer and approved by the County and the Government.

“System” shall mean the County’s wastewater collection, treatment and disposal system, all additions, extensions and enlargements thereto and any sewer project or projects that may be duly authorized by the County and made a part of the System.

## ARTICLE II

### Authorization of Project

Section 2.1. The Project. The Board of Supervisors hereby deems the Project to be useful and convenient for the System and authorizes the acquisition and construction of the Project. The Project shall be a part of the System. The Project may be modified by the County; provided, however, that any such modification shall have been approved and recommended in writing by the Consulting Engineer and the Government.

## ARTICLE III

### Authorization, Form, Execution, Delivery, Registration and Prepayment of Bonds

Section 3.1. Authorization of Bonds. Pursuant to the Act, there is hereby authorized to be issued and sold sewer revenue bonds of the County in the aggregate principal amount of \$4,503,000 (the “Bonds”), to provide funds, together with other available funds, to finance a portion of the cost of the Project. To the extent permitted by § 15.2-2601 of the Act, the Board of Supervisors elects to issue the Bonds under the provisions of the Act without regard to any charter or local or special act applicable to the County.

Section 3.2. Award of Bonds. After mature consideration of the methods of sale of such bonds and current conditions of the municipal bond market, it is hereby determined that it is in the best interest of the County for the Board of Supervisors to accept the offer of the Government to purchase the Bonds upon certain terms and conditions set forth in the Government’s letter dated July 30, 2008, addressed to the County’s County Administrator, copies of which have been presented to the Board of Supervisors at the meeting at which this resolution is adopted. Such offer is hereby accepted, and the Board of Supervisors hereby agrees to meet such terms and conditions.

Section 3.3. Details of Bonds. The Bonds shall be issuable as two bonds, the first bond to be numbered R-1 in a denomination of \$3,003,000 (the “Initial Bond”) and the second bond to be numbered R-2 in the denomination of \$1,500,000 (the “Subsequent Bond”). Each of the Bonds shall be designated “Sewer Revenue Bond, Series of 2009.” The Initial Bond shall bear interest at the rate of the lower of (a) 4.5% per year, or (b) the rate quoted by the Government as the closing rate effective on the Closing Date, and the Subsequent Bond shall bear interest at the rate of the lower of (a) 2.75%, or (b) the rate quoted by the Government as the closing rate effective on the Closing Date. The Bonds shall be in fully registered form, shall be dated the date of the Closing Date, and shall provide for payment of interest only on the first and second anniversaries of the Closing Date. Equal installments of combined principal and interest on each of the Bonds are

payable beginning the twenty-fifth full month following the Closing Date and continuing on the same date of each month thereafter until the principal of the Bonds are paid in full. Such installments shall be in an amount sufficient to amortize fully the principal of such Bonds over 456 months at the rate of interest on the Bonds. If not sooner paid, the final installment on the Bonds shall be due and payable 40 years from the Closing Date. In the event the Closing Date occurs on the 29th, 30th or 31st day of a month, the payment date shall be the 28th day of the month. Any payment on the Bonds shall be applied first to interest accrued to the payment date and then to principal. Installments shall be payable in lawful money of the United States of America by check or draft mailed to the registered owner of the Bonds at its address as it appears on the registration books, except that the final installment on either Bonds shall be payable upon presentation and surrender of that Bonds at the office of the County Administrator who is hereby appointed Registrar.

Section 3.4. Alternate Provisions. At the request of the Government, the Bonds may be delivered as fully registered bonds in the alternative form contained herein providing for principal advances to be made from time to time by the Government in an aggregate amount not to exceed the face amount of the Bonds. An authorized officer of the Government shall enter the amount and the date of each such principal advance on the Certificate of Principal Advances attached to the Bonds when the proceeds of such advance are delivered to the County. Each such principal advance shall bear interest from the date of such advance so entered on the certificate.

Section 3.5. Prepayment. Installments of principal due on the Bonds may be prepaid at the option of the County at any time as a whole or in part from time to time (but if in part, in inverse order of their maturities), without premium, from any proceeds of the Bonds remaining after completion of the Project, any proceeds derived by the County from the sale or other disposition of a portion of the System, including the proceeds of insurance or condemnation awards, or any other source. Notwithstanding the above, the County may at any time deliver moneys to the Government with instructions that such moneys be credited against future installments due on the Bonds in inverse chronological order. Prepayments shall not affect the obligation of the County to pay the remaining installments payable as provided in Section 3.3 above.

Section 3.6. Execution of Bonds. The Bonds shall be signed by the Chairman or Vice Chairman of the Board of Supervisors and the County's seal shall be affixed thereto and attested by the Clerk of the Board of Supervisors.

Section 3.7. Form of Bonds. Each of the Bonds shall be in substantially the following form:

No. R-[1][2]

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
WESTMORELAND COUNTY, VIRGINIA  
Sewer Revenue Bond, Series of 2009

Dated: \_\_\_\_\_

Westmoreland County, a political subdivision of the Commonwealth of Virginia (the "County"), for value received, promises to pay, solely from the revenues described and pledged in the Bond Resolution, as hereafter defined, to the payment hereof, to the United States of America, or

registered assigns, the principal sum [equal to the aggregate amount of principal advances shown on the attached Certificate of Principal Advances, but not to exceed the sum<sup>1</sup>] of

\_\_\_\_\_ DOLLARS  
( \$ \_\_\_\_\_ )

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

This bond is one of an issue of bonds in the aggregate principal amount of \$4,503,000 (the "Bonds") that has been authorized by a resolution duly adopted by the Board of Supervisors of the County (the "Board of Supervisors") on \_\_\_\_\_ (the "Bond Resolution"), and is issued pursuant to the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended) (the "Act"), to provide funds, together with other available funds, to finance the cost of improving the County's sewer system as part of the Washington District Sewer Phase II project of the County. Reference is hereby made to the Bond Resolution and any amendments thereto for the provisions, among others, describing the pledge and covenants securing the Bonds, the nature and extent of the security, the terms and conditions upon which the Bonds are issued, the rights and obligations of the County and the rights of the bondholders.

Both principal of and interest on the Bonds are payable solely from the revenues of the System pledged thereto in the Bond Resolution, and nothing herein or in the Bond Resolution shall be deemed to create or constitute a general obligation of or a pledge of the faith and credit of the Commonwealth of Virginia or any county, city, town or other political subdivision of the Commonwealth. The lien of such pledge is on parity with the lien of the pledge of such revenues securing the following bonds of the County:

- \$1,206,000 Sewer Revenue Bond, Series of 2002;
- \$608,930 Sewer Revenue Bond, Series of 2002;
- \$375,100 Sewer Revenue Bond, Series of 2005;
- \$295,700 Sewer Revenue Bond, Series of 2005;
- \$1,174,000 Sewer System Revenue Bond, Series of 2005B; and
- \$1,287,000 Sewer System Revenue Bond, Series of 2005B.

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

This bond is fully registered as to both principal and interest in the name of United States of America. Transfer of this bond may be registered upon the registration books of the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as

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<sup>1</sup>Alternative language to be used if the Government requests provision for principal advances.

the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

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

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

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

ATTEST:

**[NOT FOR SIGNATURE]**

**[NOT FOR SIGNATURE]**

\_\_\_\_\_  
(Seal)  
Clerk, Board of Supervisors  
of Westmoreland County

\_\_\_\_\_  
Chairman, Board of Supervisors  
of Westmoreland County

**CERTIFICATE OF PRINCIPAL ADVANCES<sup>2</sup>**

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

Amount	Date	Authorized Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 3.8. Registration and Exchange of Bonds. Transfer of the Bonds may be registered upon books maintained for that purpose at the office of the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

Section 3.9. Delivery of Bonds. The Chairman, Vice Chairman, and the Clerk of the County are each hereby authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to the Government upon payment or partial payment of the purchase price therefor or upon the Government's agreement to

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

disburse principal advances thereunder. In the event the Bonds are not issued and delivered during the current calendar year, the Chairman and the Clerk are hereby authorized and directed to change the series designation to such other designation as may be appropriate at the time of its issuance.

## ARTICLE IV

### Revenues and Funds

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

(a) fix, charge and collect such rates, fees and other charges to users of or for the services furnished by the System and from time to time revise such rates, fees and charges so as to produce sufficient Gross Revenues in each fiscal year to equal an amount required to pay (i) the Operating Expenses which shall accrue or become payable during the then current fiscal year and (ii) the amounts required by Section 4.3 to be paid during the then current fiscal year into the Debt Service Fund, and Reserve Fund established in Section 4.3;

(b) apply the Gross Revenues as provided in Section 4.3; and

(c) segregate and keep segregated from all other County funds all Gross Revenues and keep proper records and accounts therefor, separate and apart from all other County records and accounts.

Section 4.2. Free Service; Enforcement of Charges.

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

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

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

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

Construction Fund: Simultaneously with the delivery of the Bonds the proceeds from the sale thereof shall be deposited in a special bank account designated the Construction Fund and shall be applied to the cost of the Project, unless the Bonds are issued in the alternative form providing for periodic advances, in which case the amount of any such advance may be immediately applied to the cost of the Project. Payments shall be made from the Construction Fund on checks signed by an authorized representative of the County and countersigned by an

authorized representative of the Government. The County shall preserve at its office accurate records available at all times which show that payments from the Construction Fund or, if applicable, advances under the Bonds were made solely to pay costs of the Project. Any balance remaining in the Construction Fund shall, at the option of the County, be used to prepay installments of principal and interest on the Bonds or shall be transferred to the Reserve Fund.

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

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

Operating Fund: Each month, after making the transfer to the Debt Service Fund required above, the County shall transfer from the Revenue Fund to the Operating Fund such amount, if any, needed to increase the balance in the Operating Fund to the sum of (a) the amount of the Operating Expenses for the current month and (b) the aggregate amount of all checks outstanding and unpaid drawn upon the Operating Fund. Each month the County shall pay from the Operating Fund all Operating Expenses for the then current month.

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

Any balance remaining in the Revenue Fund each month, after the transfers to the Debt Service Fund, the Operating Fund, and the Reserve Fund and are made as required above, may be used by the County, with the Government's consent, for any lawful purpose.

There shall also be deposited into the Operating Fund and Reserve Fund, and used for the purposes stated above, any sums required to be deposited therein pursuant to the Support Agreement, as defined in Section 7.1.

Section 4.4. Pledge of Revenues. As security for the payment of the principal of, premium, if any, and interest on the Bonds issued from time to time hereunder, the County, pursuant to and in accordance with the provisions of the Act, does hereby pledge unto the holders of the Bonds all of the County's right, title and interest to, in and under the following:

- (a) The Net Revenues;

(b) The money and investments, including investment earnings thereon, on deposit from time to time in the Construction Fund, the Revenue Fund, the Operating Fund, the Debt Service Fund, and the Reserve Fund, subject only to the right to make application thereof to other purposes as provided in this Resolution; and

(c) Such other properties and assets and interests in properties and assets as may hereafter be pledged to the payment of the Bonds pursuant to any supplemental resolution or which may be delivered, pledged, mortgaged, or assigned to the holders of the Bonds as security for the Bonds.

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

## ARTICLE V

### Security for Deposits and Investment of Funds

Section 5.1. Security for Deposits. All moneys on deposit with any bank or trust company shall be secured for the benefit of the County and the holder of the Bonds in the manner required by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia of 1950, as amended) or any successor provision of laws.

Section 5.2. Investment of Funds. All moneys in the Construction Fund, Revenue Fund, the Operating Fund, the Debt Service Fund, and the Reserve Fund not immediately necessary for the purposes thereof may be invested by the County in securities and deposits which are authorized by the laws of the Commonwealth of Virginia for public funds, all of which shall mature or be subject to redemption or withdrawal by the holder or depositor for the purposes of the aforesaid funds. Any such investments shall be considered a part of such funds and the accounts therein and income therefrom and any profit or loss on the sale thereof shall be credited to or charged against such funds and accounts.

## ARTICLE VI

### Additional Bonds

Section 6.1. Issuance of Additional Bonds. The County may issue additional bonds secured on a parity with the Bonds then outstanding by a pledge of the Pledged Revenues (the "Additional Bonds") to finance (i) the cost of completing the Project, (ii) the cost of acquisition or construction of improvements, extensions, additions and replacements to the System or other facilities, properties or undertakings that the County claims to be useful or convenient for the System, (iii) to refund any Bonds, or (iv) any combination of the foregoing. Additional Bonds shall be in such form, shall be dated such date, shall mature in such installments of principal and interest, shall bear interest at such rate or rates, shall be in such denomination or denominations and may contain such provisions for prepayment prior to their respective maturities, all as provided by the Board of Supervisors by resolution adopted prior to their issuance. Additional Bonds shall contain an appropriate series designation.

Section 6.2. Conditions of Issuance. The County shall not issue any Additional Bonds unless there shall have been filed with the County and, if the Government is the owner of either the Bonds or any Additional Bonds, with the Government, the following:

(a) a certified copy of a resolution of the Board of Supervisors in form complying with the foregoing provisions specifying or providing for all the terms of the Additional Bonds and, if applicable, stating the cost of the acquisition or construction of any improvements, extensions, additions and replacements to the System to be acquired or constructed or of the other facilities, properties or undertakings and finding and ordering that such improvements, extensions, additions and replacements shall be a part of the System or that such other facilities, properties or undertakings are useful or convenient for the System;

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

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

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

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

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

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

## ARTICLE VII

### Moral Obligation and Support Agreement

Section 7.1. Conditions of the Government. The Government has requested the Board of Supervisors to facilitate the issuance and sale of the Bonds by providing for the County's moral obligation to make certain appropriations with respect to the Bonds and the System. In furtherance of that request, the Government has conditioned its purchase of the Bonds on the execution and delivery of a Support Agreement (the "Support Agreement"), between the Board of Supervisors of the County and the Government, the form of which has been presented to the Board of Supervisors at this meeting.

Section 7.2. Moral Obligation. The Board of Supervisors agrees to pay amounts sufficient to pay the debt service under the Bonds and the operation and maintenance expense of the System, subject to annual appropriation by the Board of Supervisors, all on the terms and conditions to be provided in the Support Agreement. The County's obligations to make payments pursuant to this Article VII shall be subject to and dependent upon annual appropriations being

made from time to time by the Board of Supervisors for such purpose. Nothing in this resolution, the Bonds or the Support Agreement shall constitute a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith or credit or the taxing power of the County.

Section 7.3. Support Agreement. Any one of the Chairman or Vice-Chairman of the Board of Supervisors or the County Administrator is hereby authorized and directed to execute and deliver the Support Agreement. The Support Agreement shall be substantially in the form presented to this meeting, with such changes, insertions, additions and deletions as may be approved by the officer executing it, his execution to constitute conclusive evidence that such changes, insertions, additions and deletions are authorized hereunder. The County Administrator is hereby authorized and directed to take such actions and give such notices as may be required of him under the Support Agreement.

## ARTICLE VIII

### Particular Covenants

Section 8.1. Payment of Bond. The County shall pay promptly, as provided herein, the principal of and interest on the Bonds, but such principal and interest shall be payable solely from the revenues pledged herein, and nothing in the Bonds or in this resolution shall be deemed to create or constitute a general obligation of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth.

Section 8.2. Construction of Project. The County shall obtain all approvals, permits and consents required by law as a condition precedent to the acquisition, construction, development and operation of all parts of the Project and shall complete the construction of the Project in a sound and economical manner and in conformity with all applicable requirements of the Government and all other governmental authorities and do all acts and things necessary and reasonable so that the County may begin to collect revenues from the Project at the earliest practicable time.

Section 8.3. Operation and Maintenance. The County shall operate the System in an efficient and economical manner, maintain the same in good condition and make all necessary repairs, replacements and renewals. All compensation, salaries, fees and wages paid by it in connection with the operation, maintenance and repair of the System shall be reasonable. The County shall observe and perform all of the terms and conditions contained in the Act and comply with all applicable state and federal laws.

Section 8.4. Competition. The County shall not operate or assent to the operation of any utility service in competition with the System.

Section 8.5. Consulting Engineer. At the Government's request, the County shall employ as Consulting Engineer an engineering firm or individual engineer of recognized standing and experience in the field of civil engineering registered in the Commonwealth of Virginia, whose duties shall include supervision of the construction of the Project and advice as to proper operation, maintenance and repair of the System.

Section 8.6. Sale or Encumbrance. The County shall not sell, transfer, lease or otherwise encumber the System or any portion thereof, nor permit others to do so, without the prior written consent of the Government.

Section 8.7. Title to Lands. All parts of the System shall be located on lands to which title in fee simple or over which valid perpetual easements, in either case sufficient for the purposes of the System, are owned by the County.

Section 8.8. Records and Reports. The County shall establish and maintain such books and records relating to the operation of the System and its financial condition and provide for an annual audit, all in such manner as may be required by the Government. Copies of all such audits shall be submitted to the Government as soon as they are obtained by the County. The County shall prepare and submit to the Government such additional information and reports as the Government may from time to time reasonably require.

Section 8.9. Access to Books and System. The County shall provide to the Government at all reasonable times access to all books and records relating to the System and access to the property of the System so that the Government may ascertain that the County is in compliance with all the provisions of this resolution and all other instruments incident to the purchase of the Bonds by the Government.

## ARTICLE IX

### Defaults and Remedies

Section 9.1. Default and Remedies. Upon default by the County (a) in the payment of principal of or interest on the Bonds or (b) in the performance of any covenant or agreement contained in the Bonds or in this resolution the holders of a majority in aggregate principal amount of the Bonds at their option may:

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

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

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

Section 9.2. Remedies Cumulative. No remedy conferred hereby is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing in equity, at law or by statute.

## ARTICLE X

### Miscellaneous

Section 10.1. Contract with Bondholders. The provisions of this resolution shall constitute a contract between the County and the holder of the Bonds for so long as the Bonds and interest thereon are outstanding.

Section 10.2. Authority of Officers and Agents. The officers and agents of the County shall do all acts and things required of them by this resolution, the Bonds and the Act for the complete and punctual performance of all the terms, covenants and agreements contained therein.

Section 10.3. Limitation of Rights. Nothing expressed or mentioned in or to be implied from this resolution or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this resolution or any covenants, conditions and agreements herein contained; this resolution and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds as herein provided.

Section 10.4. Limitation of Liability of Officials of County. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of a present or future member, officer, employee or agent of the County in his individual capacity, and neither the members of the Board of Supervisors nor any officer of the County executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of the County shall incur any personal liability with respect to any other action taken by him pursuant to this resolution or the Act, provided he acts in good faith.

Section 10.5. Conditions Precedent. Upon the issuance of any Bond all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this resolution to happen, exist and to be performed precedent to or in the issuance of such Bond shall have happened, exist and have been performed.

Section 10.6. Severability. If any court of competent jurisdiction shall hold any provision of this resolution to be invalid or unenforceable, such holding shall not invalidate any other provision of this resolution.

Section 10.7. Successors and Assigns. All the covenants, stipulations, promises and agreements of the County contained in this resolution shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 10.8. Headings. Any headings in this resolution are solely for convenience of reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

Section 10.9. Filing of Resolution. The Clerk of the Board of Supervisors of the County is directed to file a certified copy of this resolution with the Circuit Court of Westmoreland County, Virginia, pursuant to Section 15.2-2607.

Section 10.10. Effective Date. This resolution shall take effect immediately.

\* \* \*

The undersigned Clerk of Westmoreland County, Virginia (the "County"), hereby certifies that the foregoing constitutes a true and correct copy of a resolution duly adopted at a meeting of the Board of Supervisors held on November 2, 2009. I hereby further certify that such meeting was regular meeting, duly called and held, and that, during the consideration of the foregoing resolution, a quorum was present. I further certify that the minutes of such meeting reflect the attendance of the members and the voting on the foregoing resolution as follows:

Member	Attendance	Vote

**WITNESS MY HAND** and the seal of the Board of Supervisors of Westmoreland County, Virginia, this \_\_\_ day of \_\_\_\_\_, 2009.

**(SEAL)**

[NOT FOR SIGNATURE]

\_\_\_\_\_  
 Clerk, Board of Supervisors of Westmoreland County, Virginia

\*\*\*\*\*

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT is made as of \_\_\_\_\_, 2009, between the BOARD OF SUPERVISORS OF WESTMORELAND COUNTY, VIRGINIA (the "Board"), acting as the governing body of Westmoreland County, Virginia (the "County"), and, the UNITED STATES OF AMERICA, acting through RURAL UTILITIES SERVICE (the "Government"), as the purchaser of the Series 2009 Bonds, as hereinafter defined.

**RECITALS:**

WHEREAS, the Board has determined that it is in its best interest to issue and sell its \$3,003,000 Sewer Revenue Bond, Series of 2009 and its \$1,500,000 Sewer Revenue Bond, Series of 2009 (the "Series 2009 Bonds") to the Government pursuant to a resolution adopted by the Board on November 2, 2009 (the "Resolution"), in order to finance the construction of improvements to the sewer system of Westmoreland County, as more fully described in the Resolution (the "Project").

WHEREAS, the resolution authorized among other things, the execution of this Support Agreement providing for a non-binding obligation of the Board to consider certain appropriations in support of the Series 2009 Bonds and the System.

Agreement

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. Unless otherwise defined, each capitalized term used in this Support Agreement shall have the meaning given it in the Resolution or the Third Supplemental Resolution.
2. No later than May 15 of each year, beginning May 15, 2010, the County Administrator of the County (the "County Administrator") shall determine the amount (the "Annual Deficiency Amount"),

if any, by which the Gross Revenues are reasonably expected to be insufficient to pay (i) the installments of principal of and interest on the Series 2009 Bonds, (ii) the Operating Expenses, and (iii) the transfers with respect to the Series 2009 Bonds to the Reserve Fund pursuant to Section 4.3 of the Resolution, all in full as and when they become due during the County's fiscal year beginning the following July 1.

3. The County Administrator shall include the Annual Deficiency Amount in his budget submitted to the Board for the following fiscal year as an amount to be appropriated to or on behalf of the System. The County Administrator shall deliver to the Government within ten days after the adoption of the County's budget for each fiscal year, but not later than July 15 of each year, a certificate stating whether the Board has appropriated to or on behalf of the System an amount equal to the Annual Deficiency Amount.

4. If at any time Gross Revenues shall be insufficient to make any of the payments referred to in paragraph 3 hereof, the County Administrator shall request a supplemental appropriation from the Board in the amount necessary to make such payment.

5. The County Administrator shall present each request for appropriation pursuant to paragraph 5 above to the Board, and the Board shall consider such request, at the Board's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify the Government as to whether the amount so requested was appropriated. If the Board shall fail to make any such appropriation, the County Administrator shall add the amount of such requested appropriation to the Annual Deficiency Amount reported to the County by the County Administrator for the County's next fiscal year.

6. The Board hereby undertakes a non-binding obligation to appropriate such amounts as may be requested from time to time pursuant to paragraphs 4 and 5 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The Board, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards of Supervisors do likewise.

7. Any sums appropriated in accordance with the terms of this Support Agreement will be, at the direction of the holder of the Series 2009 Bonds, (a) paid to the holder of the Series 2009 Bonds and applied to the principal of or interest on the Series 2009 Bonds, or (b) deposited into the Operating Fund or the Reserve Fund established under the Resolution, or any combination thereof.

8. Nothing herein contained is or shall be deemed to be a lending of the credit of the County to the Government or to any holder of the Series 2009 Bonds or to any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County, nor shall anything herein contained legally bind or obligate the Board to appropriate funds for the purposes described herein.

9. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to \_\_\_\_\_, Attention: County Administrator and (ii) if to the Government, to 1606 Santa Rosa Road, Richmond, Virginia 23229, Attention: State Director. Any party may designate any other address for notices or requests by giving notice.

10. It is the intent of the parties hereto that this Agreement shall be governed by the laws of the Commonwealth of Virginia.

11. This Agreement shall remain in full force and effect until the Series 2009 Bonds and all other amounts payable by the County under the Resolution have been paid in full. 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.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

**BOARD OF SUPERVISORS OF WESTMORELAND COUNTY, VIRGINIA**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**UNITED STATES OF AMERICA,**  
Rural Development, acting on behalf of the Rural Utilities Service

By: \_\_\_\_\_

Title: \_\_\_\_\_

\*\*\*END OF AGREEMENT \*\*\*

2. PUBLIC INFORMATIONAL MEETING – WASHINGTON DISTRICT SEWER PROJECT (PHASE II)

Charlie Riedlinger of Resource International, Ltd was present to report on the Washington District Phase II Sewer Project. Mr. Riedlinger advised area residents that the contractor they will see the most is Franklin Mechanical Contractors, who will be installing the collection system. Construction will likely start in the vicinity of the vacuum station, which will be located in Placid Bay Estates on Mattox Avenue. The vacuum station will be built by Anderson Construction. Mr. Riedlinger estimated that five crews will be required in order to complete the project within an 18-month period. Once the County issues the Notice to Proceed, the contractor will be required to provide a construction schedule. This schedule will be published so that citizens may be aware of the status of the project. The Oak Grove extension (which includes Washington District Elementary School) will be one of the last to be completed since it is further out. Mr. Riedlinger stated that the vacuum pots will be located on property lines so that they can be shared between multiple properties. The contractor normally puts those out early so that any issues with regard to the location can be resolved.

Mr. Riedlinger stated that he would expect to receive the project schedule no later than mid-December. It was agreed that the schedule should be published in the newspaper.

Mr. Risavi also indicated that a map would be posted on the County's website.

Harry Mahon asked where the system will cross Mattox Creek. Mr. Riedlinger stated that the crossing will be at the Mattox Creek bridge.

Mr. Mahon expressed concerns regarding potential damage to the wetlands. Mr. Riedlinger stated that a 5% retainage will be held on payments to the contractor, in the event such damage occurs. Resource International will also have an inspector in the field to monitor the project. He noted that the contractor is obligated to return the properties to their original condition.

Mr. Roberson asked if a penalty will be imposed if the contractor does not complete the project on time. Mr. Riedlinger advised Mr. Roberson that the penalty is roughly \$550 per day. The contractor is also required to post a performance bond.

Gerald Gereau asked if the County will provide property owners with a list of contractors who are qualified to do the hookup from the house to the vacuum pot. Mr. Risavi indicated that such list will be posted on the County's website. Any contractor desiring to be placed on this list may contact the County Administration office.

Questions were raised as to when customers in the Ebb Tide Beach area will start paying the monthly user fee, and if that fee is based on usage. Mr. Risavi stated that the monthly user fee will not be assessed until such time as the County has notified property owners that sewer is available. Billing typically commences thirty days from the date of such notice. The monthly user fee is a flat rate per EDU (Equivalent Dwelling Unit). The same also applies for connections purchased for unimproved lots.

Peggy Campbell asked if the County has settled on the purchase of the properties needed for the vacuum station location. She also asked when the vacuum station will be constructed. Mr. Riedlinger informed Ms. Campbell that the purchase will be completed as soon as the closing with Rural Development takes place. Anderson Construction will be given authorization to proceed shortly thereafter.

Bill Alverson asked if an individual who owns ten lots would have to purchase ten hookups. Mr.

Risavi explained that once an individual purchases a connection and the County notifies them that the sewer is available, they will have a thirty-day grace period before the monthly billing commences. Property owners may purchase a connection at anytime for a minimum of \$6,800.00.

Mr. Alverson also asked if property owners may still elect to install a septic system or if they will now be required to connect to the sewer system. Mr. Risavi stated that this would be permissible before the sewer line goes through; however, the Health Department may not allow it once public sewer becomes available.

Mr. Alverson inquired as to whether or not a second sewer connection would be required if he wished to build a garage (with a bathroom) on a vacant lot next to his residence. Mr. Risavi advised Mr. Alverson that he would not have to purchase an additional connection, provided there is no separate dwelling unit on the property.

Mr. Alverson asked the approximate cost to run the line from the house to the tap. Mr. Risavi stated that an independent contractor would have to provide that cost.

Frank Delano commented regarding the nearly 700 existing septic tanks to be abandoned, and inquired as to whether that poses any threat to the environment. Mr. Riedlinger stated that those tanks are required to be crushed in place, in accordance with Health Department regulations.

An individual asked whether or not it is permissible for a family member to do the connection from the house to the vacuum pot. Mr. Risavi stated that this is allowed.

Bob Schuchart stated that he has been told that property owners could do the work themselves, without a permit. Mr. Risavi informed Mr. Schuchart that property owners may elect to do the work, but they would need to obtain a permit in order to do so.

Mr. Risavi urged property owners to be careful in selecting a plumber to do the connection from the house to the vacuum pot, as some individuals have encountered problems with the installation not being done correctly.

Mr. Schuchart asked what the advantage is to paying now or waiting four or five years before connecting a vacant lot to the system. Mr. Risavi stated that the decision on whether to connect now or in the future is up to the property owner.

Linda Brubaker asked if the grinder system customers will be on the same schedule as those with vacuum pots. Mr. Riedlinger stated that he expects those customers will be among the last to be connected, with the exception of certain properties in the vicinity of the Placid Bay Estates clubhouse.

Ms. Brubaker inquired as to whom payment is made for new connections. Mr. Risavi stated that the County receives those payments.

Ms. Brubaker expressed concern that there appear to be a lot of hidden costs in addition to the initial hookup fee. She commented that it is misleading to say it is only \$3,000 or \$6,800.

Mr. Roberson asked if Larry Sprouse was able to provide the average cost of the hookup from the house to the vacuum pot. Mr. Sprouse indicated that the average cost is between \$1,800 and \$2,000, depending on the distance. This includes permit costs, crushing the tank, etc.

Bill Alverson inquired as to the fall per foot required for the installation. Mr. Riedlinger indicated that an approximate 2% fall is required. The specifications will be made available to the public. He noted that deep pots will be provided where necessary. It could potentially be cheaper for some properties to put in a grinder instead of burying a vacuum pot.

Mr. Sprouse stated that, in some instances, it may be possible to make changes to the plumbing under the house in order to reduce the cost of the installation.

An individual asked if it is correct that the County is paying for the grinder pumps. Mr. Risavi confirmed that this is correct. However, the County will not pay for the installation of grinder pumps on vacant lots that can be served by the vacuum system. Property owners wishing to develop vacant lots would need to request an Opinion of Cost to serve those properties.

It was suggested that the County consider providing a 60-day grace period (rather than 30 days) in order to allow property owners ample time to complete the plumbing connection from the house to the vacuum pot.

With regard to houses with basements, an individual asked if there is anything special to know about connecting to the system. Mr. Riedlinger indicated that he was not aware of any special requirements for basements.