

AT A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE JAMES CITY SERVICE AUTHORITY, JAMES CITY COUNTY, VIRGINIA, HELD ON THE 17TH DAY OF AUGUST, NINETEEN HUNDRED NINETY-TWO AT 3:28 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

Stewart U. Taylor, Chairman
David L. Sisk, Vice Chairman
Perry M. DePue
Judith N. Knudson
Jack D. Edwards

David B. Norman, Secretary
John E. McDonald, Treasurer
Frank M. Morton, III, County Attorney
Larry M. Foster, General Manager

B. MINUTES - July 20, 1992

Mr. Taylor asked if there were corrections or additions to the minutes.

Mr. Edwards made a motion to approve the minutes as presented.

The motion was approved by a unanimous voice vote.

C. CONSENT CALENDAR

Mr. Taylor asked if the Board wished to discuss the Consent Calendar item.

Mr. Edwards made a motion to approve the Consent Calendar.

The motion was approved by a unanimous voice vote.

1. Water Extension Agreement for the City of Newport News

R E S O L U T I O N

CITY OF NEWPORT NEWS WATER EXTENSION AGREEMENT

WHEREAS, Williamsburg/James City County School System has prepared plans for the extension of water services to the Roberts District Elementary School; and

WHEREAS, the City of Newport News has prepared a Water Extension Agreement for the extension of city water mains to serve this development; and

WHEREAS, all testing fees and inspection fees will be paid by Williamsburg/James City County School System.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of James City Service Authority, James City County, Virginia, does hereby authorize and direct the Chairman and Secretary to execute the Newport News Water Extension Agreement on behalf of the James City Service Authority.

D. BOARD CONSIDERATION

1. Sewer Extension to Stonehouse Development

Mr. Larry M. Foster, General Manager, James City Service Authority, stated that Stonehouse, Inc., requested a 38,000-foot extension of a sewer line which would be entirely inside the Primary Service Area from Lightfoot to near the Barhamsville interchange, at an estimated cost of four million dollars. Mr. Foster further stated that the Hampton Roads Sanitation District was willing to enter into an Interest Participation Agreement and Stonehouse was willing to enter into a Companion Agreement that provided for the payment of the interest expense incurred by the Service Authority.

Staff recommended approval of the resolutions.

After a brief discussion, Mr. Taylor made a motion to approve the resolutions.

The motion was approved by a unanimous voice vote.

R E S O L U T I O N

AGREEMENT WITH HRSD TO CONSTRUCT THE

STONEHOUSE INTERCEPTOR FORCEMAIN

WHEREAS, the Board of Directors of the James City Service Authority (JCSA) wishes to make sewer improvements in the Stonehouse District along Route 60 from Lightfoot to Croaker and along Route 30 from Anderson's Corner to near the Barhamsville interchange with Route 64 ("Stonehouse Interceptor"); and

WHEREAS, the Hampton Roads Sanitation District (HRSD) agrees to have such facilities constructed provided the JCSA is willing to make certain assurances and guarantees which make it practicable for HRSD to proceed at this time with the required construction.

-3-

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the James City Service Authority, James City County, Virginia, hereby authorizes and directs its Chairman to execute an agreement with the Hampton Roads Sanitation District for the construction of the Stonehouse Interceptor in James City County.

R E S O L U T I O N

STONEHOUSE DEVELOPMENT SEWER LINE

WHEREAS, Stonehouse, Inc., desires to enter into an agreement with the James City Service Authority (JCSA) for reimbursement of interest expense incurred due to the Hampton Roads Sanitation District's (HRSD) extension of a sewer interceptor line to serve the Stonehouse Development; and

WHEREAS, the HRSD is willing to extend a sewer interceptor line to serve the Stonehouse Development contingent upon the JCSA entering into an Interest Participation Agreement; and

WHEREAS, a separate Agreement with Stonehouse, Inc., provides certain promises, surety and guarantees to assure minimal financial liability to the JCSA for entering into the HRSD Interest Participation Agreement.

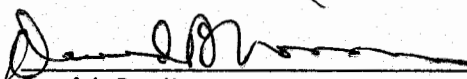
NOW, THEREFORE, BE IT RESOLVED that the Chairman of the Board of Directors of James City Service Authority, James City County, Virginia, is hereby authorized and directed to sign the Stonehouse Agreement establishing the responsibilities of the parties with respect to the construction and financing of the sewer interceptor line to run from Lightfoot to Barhamsville and serve the Stonehouse Development.

E. BOARD REQUESTS AND DIRECTIVES - None

Ms. Knudson made a motion to adjourn.

The motion was approved by a unanimous voice vote.

The Board adjourned at 3:42 p.m.



David B. Norman
Secretary

Extension Agreement No. 007-FY93

Location: Robert's District Elementary School &
Community Center

Roberts District
James City County, Virginia

CITY OF NEWPORT NEWS, VIRGINIA
DEPARTMENT OF PUBLIC UTILITIES
AGREEMENT TO EXTEND WATER MAIN
BY CITY

This Agreement, made this 31 day of August,
19 92 by and between the City of Newport News, a Municipal
Corporation of the Commonwealth of Virginia, hereinafter referred
to as "City", and James City Service Authority, hereinafter
referred to as "Applicant".

WHEREAS, the Applicant has applied to the City to extend its
system and supply water service to the premises constructed or
intended to be constructed, on the tract or plot of land as shown
on the development map or plot plan attached hereto and made a part
hereof, known as Robert's District Elementary School & Community
Center, and marked Exhibit "A"; and,

WHEREAS, the Applicant will deposit with the City upon
execution and delivery of this Agreement, the sum of \$22,713.00
which is the City's estimate of the cost of the installation of
water pipeline, one (1) fire hydrant, one (1) 10" sprinkler
service, two (2) 2" meters, service pipes, plus laboratory fees,
easement recordation, State permit, supervision, inspection, and
the required fire hydrant rental. The charge for the meters and
service pipe installations is in no event refundable. Estimated
cost of hydrant and sprinkler service installations, meters,
service pipe installations, plus charge for laboratory fees,
easement recordation, State permit, hydrant rental, supervision,
and inspection is shown on Exhibit "B", attached hereto.

NOW, THEREFORE, for and in consideration of the premises, and the mutual covenants and agreements herein contained the parties hereto agree as follows:

1. Applicant will pay the current System Development Charge as established by ordinance in effect at the time of request for installation of each meter assembly when such installation is "made-ready-for" and requested by the Applicant (Estimated cost of System Development Charges are shown on Exhibit "B").

2. The Applicant will furnish, at no cost to the City, all necessary easements for laying water mains, prepared in compliance with City standard form (see Exhibit "C") prior to acceptance of the water system and tie-in to the existing system.

3. The Applicant will deposit the sum of \$22,713.00^{*} with the City for estimated cost of the installation of a 10" sprinkler service, fire hydrant, pipeline, meters, service pipe installations, laboratory fees, easement recordation, State permit, hydrant rental, supervision, and inspection, plus appurtenances.

a. The City will retain the sum necessary to pay the cost of the hydrant installation, pipeline, sprinkler service, and appurtenances.

b. The City will refund to the Applicant as soon thereafter as all costs have been ascertained, any excess of the deposit made by the Applicant over actual cost of the water facilities without interest.

** plus SDC when due
(please see para 1) ccc
7/31/92*

c. Should actual cost of the facilities exceed the estimated cost thereof, Applicant agrees to pay on demand to the City, such amount as actual cost that exceeds the deposit.

4. The City will install said fire hydrant, pipeline, and sprinkler service subject to provisions of this Agreement.

5. The City will provide a \$300.00 credit for each fire hydrant installed by the Applicant in accordance with Exhibit "A".

6. Facilities installed by the City pursuant to this Agreement will be the property of the City, its successors and assigns.

7. The City will have the right to make further extension these water facilities after its construction.

8. The Applicant will furnish plat showing location of meter boxes and provide a marker on site indicating location for meter box installation on each individual lot or building as required. Service pipes and meter boxes will be installed in the subdivision at the time of pipeline installation and before road surface material is placed on streets.

9. The City assumes no responsibility for settlement of trench for pipeline or service lateral after the installation is completed; unless settlement is proven to be the result of Public Utilities' (Waterworks') construction effort.

10. Refund to Applicant such amount as provided in the City Water Policy in existence on the date of the contract.

11. The Applicant as required by James City County will pay to the City the established rental charge per annum for each fire hydrant installed in the development for five years after the date of installation of all fire hydrants in the subject project.

12. No work will be started until any new streets and/or alterations of existing streets are brought to final subgrade with curb and gutter in place.

13. No permanent pavement will be completed until it has been determined by the Applicant that all water facilities and service laterals have been installed.

14. The water meters and service laterals will be installed subject to the current ordinance requirements.

15. This Agreement will be binding upon the respective parties, their successors and assigns.

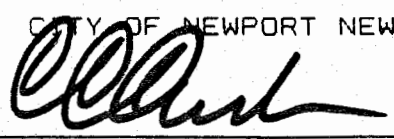
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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

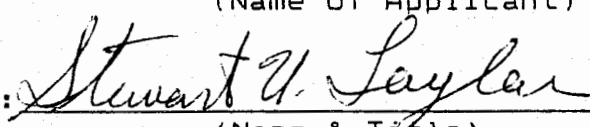
CITY OF NEWPORT NEWS

BY: _____


Director, Department
of Public Utilities

(Name of Applicant)

BY: _____


(Name & Title)
Chairman, Board of Directors

ATTEST:

(to be used only when corporation is Applicant)

If corporation, must be signed by officer having authority to execute contracts and attested and seal affixed by secretary of corporation.

ESTIMATED SYSTEM DEVELOPMENT CHARGE

These charges are based on the present System Development Charge. Actual charges will be based on current System Development Charge at time of request, which will be payable at the time of each request for meter installation. (See paragraph 1.d of Agreement).

2 - 2" Meters @ \$5,067.00

\$10,134.0

The Applicant will be responsible to place wooden stakes with the letters "W" to indicate locations for the water services. Also, the Applicant will place wooden stakes with the letters "FH" and "DC" to indicate location and finish grade for the fire hydrant and detector check. Work will not be scheduled until these stakes have been placed.

In the event that meters and service pipes may be covered with concrete driveways or walks, then such meters and service pipes will be relocated at the expense of the Applicant or Owner.

Extension Agreement
No. 007-FY93

EXHIBIT "B"

Estimated cost of the installation of a 10" sprinkler service, fire protection, and water facilities to serve the property known as Robert's District Elementary School & Community Center, as shown on plat attached, and charge for meters, service pipes, laboratory fees, easement recordation, State permit, fire hydrant rental, supervision, and inspection.

PROJECT PIPELINE QUANTITIES

100 feet of 12" Ductile Iron Pipe (Class 52)
5 feet of 10" Ductile Iron Pipe (Class 52)
10 feet of 6" Ductile Iron Pipe (Class 52)
1 fire hydrant

ESTIMATED COST OF INSTALLATION OF

1 - Fire Hydrant and Pipeline Installation @ \$15,339.00	\$15,339.00
2 - 2" Meters @ \$700.00	1,400.00
2 - 2" Service Pipes @ \$1,200.00	2,400.00
1 - 10" Sprinkler Service @ \$2,800.00	2,800.00
1 - State Permit @ \$45.00	45.00
1 - Fire Hydrant Rental @ \$160.00	160.00
6 - Laboratory Sample Fees @ \$17.00	102.00
1 - Easement Recording @ \$14.00	14.00
Supervision and Inspection	453.00

TOTAL ESTIMATED COST

\$22,713.00 *

*plus SDC when due
(please see para 1)
COC
7/31/92*

Continued on Page 2

AGREEMENT FOR CONSTRUCTION
of
NORTH TRUNK INTERCEPTOR FORCE MAIN PART "D"
for
JAMES CITY SERVICE AUTHORITY

THIS AGREEMENT, between the James City Service Authority
(AUTHORITY) and the HAMPTON ROADS SANITATION DISTRICT (DISTRICT), entered this
day of Sept. 18, 1992

W I T N E S S E T H:

THAT WHEREAS, the AUTHORITY finds it essential to expedite the
construction of interceptor facilities within James City County as
specifically described below; and

WHEREAS, such facilities constitute interceptor facilities within
the normal responsibility of the DISTRICT, but which in its normal course the
DISTRICT would probably not construct in the immediate future; and

WHEREAS, the DISTRICT agrees to have such facilities constructed
provided the AUTHORITY is agreeable to certain assurances and guarantees which
will make it practicable for the DISTRICT to proceed at this time with the
required construction.

NOW, THEREFORE, it is mutually agreed between the parties hereto as
follows:

I. DESCRIPTION OF FACILITIES

In keeping with the policies set forth in the DISTRICT's Development Plan, the DISTRICT will construct:

Approximately 38,000 feet of force main beginning at the existing District force main at the intersection of Route 60 and Route 646 in James City County; thence northwesterly generally along Route 60 to Route 607; thence northeasterly generally along Route 607 to Route 30; thence northwesterly generally along Route 30 to Route 60; thence continuing northwesterly generally along Route 30 approximately 5000 feet to a terminus as shown on Attachment I.

II. CONSTRUCTION OF FACILITIES

A. Cost of Construction:

The total cost of the interceptor facilities, as specifically defined by the plans and specifications for the work, prepared by or for the DISTRICT and approved by the AUTHORITY, shall include (a) construction contract costs for the facility; (b) cost of engineering design, construction supervision and inspection; (c) the cost of advertising for bids, review by the DISTRICT consultants, and other miscellaneous essential expense; and (d) the cost of land and rights-of-way acquired for construction from property other than that owned by the AUTHORITY or in public rights-of-way; the total amount of these costs to be reduced by any Federal or State grant funds received for the construction of facilities. The records of these costs shall be available for review by the AUTHORITY at any mutually convenient time. The cost shall not include administrative or salary cost of the AUTHORITY or the DISTRICT.

B. Approval of Plans and Specifications:

The DISTRICT agrees that before any construction work is begun under this agreement, it will submit to and secure approval from the AUTHORITY (in writing) of final plans and specifications for the work.

This approval includes but is not limited to force main size, type of material, routing, and outlets.

This Agreement may be terminated by the AUTHORITY up until such time as a contract has been awarded for construction by the DISTRICT. Any notice of termination of this Agreement must be in writing and received prior to the contract award by the DISTRICT. The AUTHORITY hereby agrees to pay for all costs incurred to the date the project is terminated by receipt of written notice should such be the case.

C. Ownership of Facilities:

The facilities constructed hereunder shall be and remain the property of the DISTRICT.

III. OBLIGATION OF THE DISTRICT

A. Collection of Service Charges:

The DISTRICT and the AUTHORITY agree that Wastewater Facility Charges, normally made by the DISTRICT will be charged for each new connection served by the lines previously described in Section I. No DISTRICT Facility Charge will be required for the connection of existing facilities which are served by septic tank or other inadequate wastewater treatment facilities which are to be abandoned. Wastewater Treatment Charges shall be collected by the DISTRICT in accordance with provisions of the rate schedule in effect at the time of collection. The AUTHORITY, however, reserves the right to charge and collect facility and service charges as appropriate in addition to the DISTRICT charges. The DISTRICT shall maintain a complete and accurate record of all Wastewater Treatment Charge collections and such records shall be available for inspection by authorized representatives of the AUTHORITY during normal working hours.

B. Revenue Credit to the AUTHORITY:

When the DISTRICT begins treatment of flows generated through the facilities described in Section I at its treatment plants, the DISTRICT agrees to credit the AUTHORITY, at the end of each quarterly period, with 70% of all revenues collected by the DISTRICT for Wastewater Treatment Charges from new connections to the aforesaid facilities.

IV. OBLIGATIONS OF THE AUTHORITY

A. Payment to the DISTRICT:

The AUTHORITY agrees to pay to the DISTRICT, at the end of each quarterly period, one-fourth of the annual interest sum arrived at by multiplying the cost of construction, as described in Section II, A, by the agreed interest rate of 6.4% less the 70% credit to the AUTHORITY as outlined in Section III, B, above.

Payments will begin as of the date of completion of the interceptor and at the time it becomes available for use.

B. Future Relocating of Lines:

If any of such lines are required to be relocated to accommodate other public projects, relocation shall be at the expense of the project.

V. PAYMENT TERMINATION

Payment shall terminate when such 70% credits equal the amount of the AUTHORITY's quarterly payments and such 70% credits have not, for any quarterly period within one year prior thereto, been less than the AUTHORITY's quarterly payment.

IN WITNESS WHEREOF, the AUTHORITY has caused this agreement to be signed by the Chairman of the Board of Directors in its behalf and its seal affixed and attested by the Secretary of the Board, pursuant to resolution adopted by the James City Service Authority Board of Directors on August 17, 1992, and the Hampton Roads Sanitation District Commission has caused this agreement to be signed in its behalf by its General Manager and its seal affixed and attested by its Secretary in accordance with authorization granted at its regular meeting held on June 23, 1992.

JAMES CITY SERVICE AUTHORITY

By Stewart H. Taylor

ATTEST:

[Signature]
Secretary

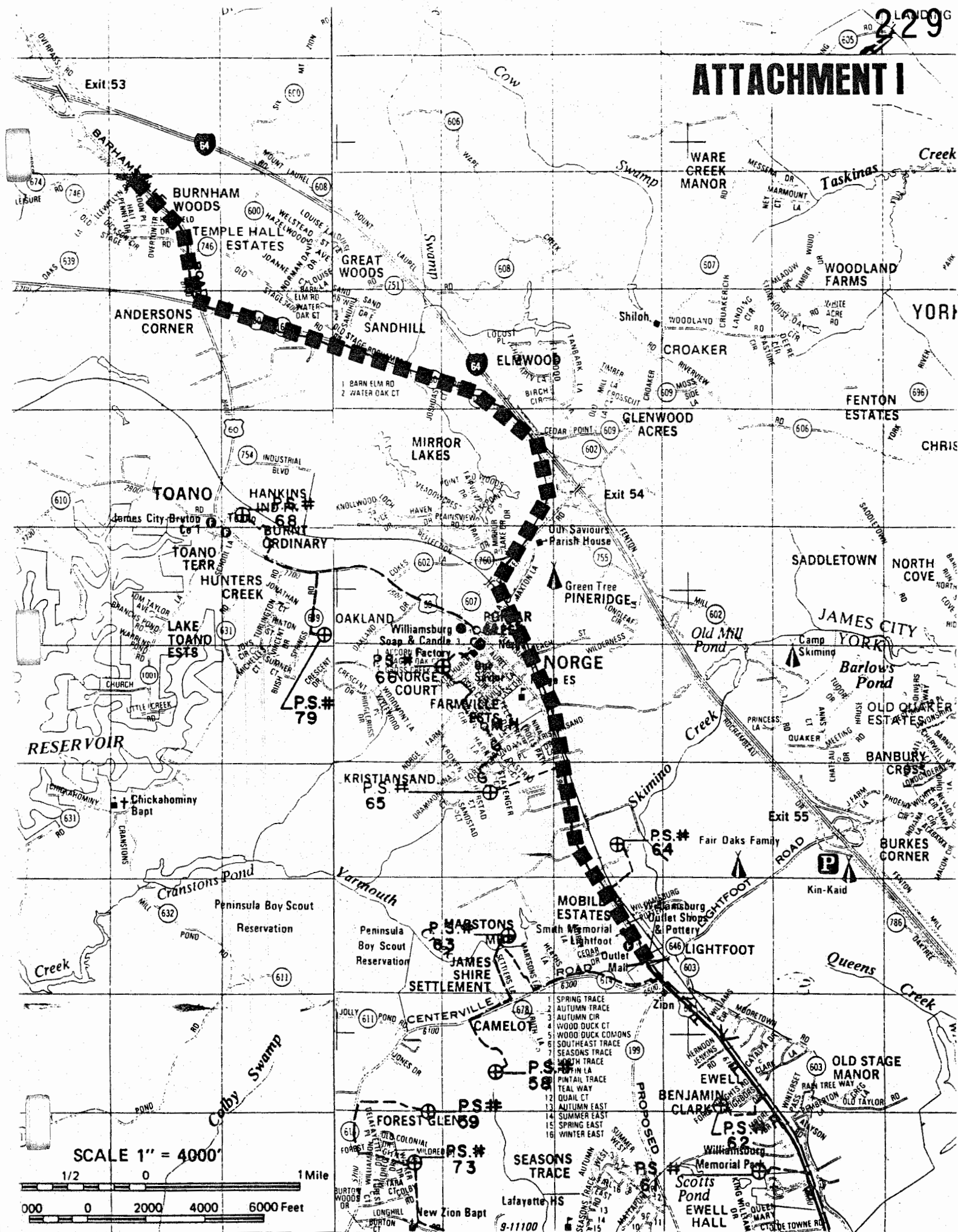
HAMPTON ROADS SANITATION DISTRICT

By Louis R. Corley

ATTEST:

[Signature]
Secretary

ATTACHMENT I



INTEREST PARTICIPATION AGREEMENT

This INTEREST PARTICIPATION AGREEMENT is made this 10th day of August, 1992 between STONEHOUSE INC., a Virginia corporation ("Stonehouse"), the JAMES CITY SERVICE AUTHORITY, a political subdivision of the Commonwealth of Virginia formed under the Virginia Water and Sewer Authorities Act (the "Authority"), and CHESAPEAKE CORPORATION, a Virginia corporation ("Chesapeake").

RECITALS

A. The Authority and Stonehouse desire to expedite the construction by Hampton Roads Sanitation District ("HRSD") of a sanitary sewer force main 24" in diameter and related facilities known as North Trunk Interceptor Force Main Part "D" (the "Sewer Facilities") from Lightfoot to approximately 5000 feet north west of Anderson's Corner on Route 30 in James City County, Virginia generally as shown on Attachment I hereto. The Sewer Facilities are within the normal responsibility of HRSD but are facilities which in the normal course HRSD would not construct in the immediate future.

B. Stonehouse intends to develop a mixed use community on its property located in western James City County more specifically described on Attachment II hereto (the "Property"). A requirement of the development of the Stonehouse community is that it be served by public sewer. The Stonehouse community would be served by the Sewer Facilities when built.

C. To induce HRSD to construct the Sewer Facilities at this time, HRSD requires the Authority to enter into an agreement with HRSD, a copy of which is attached hereto as Attachment III (the "HRSD Agreement"), pursuant to which HRSD will construct the Sewer Facilities and, upon the completion and activation of the Sewer Facilities the Authority will pay to HRSD quarterly interest payments as specified in the HRSD Agreement.

D. To induce the Authority to enter into the HRSD Agreement, Stonehouse is willing to reimburse the Authority for all amounts paid by the Authority to HRSD under the HRSD Agreement and Chesapeake, the parent corporation of Stonehouse, is willing to guarantee the obligation of Stonehouse to make the payments required hereunder.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants herein and the sum of \$10.00, cash in hand paid, the parties hereto agree as follows:

1. HRSD Agreement. The execution by Stonehouse and the Authority of this Agreement constitutes the approval by the parties of the HRSD Agreement in the form attached hereto. The Authority agrees to enter into the HRSD Agreement in the form attached or with such changes thereto as are approved by Stonehouse to provide for the financing and construction of the facilities.

2. Approval of Plans, Specifications and Costs. The Authority agrees that before submitting its final approval of the

plans, specifications and costs of the Sewer Facilities to HRSD pursuant to Section II, B of the HRSD Agreement, the Authority shall submit such plans, specifications and costs to Stonehouse for its approval. If Stonehouse does not approve the plans, specifications and costs of the Sewer Facilities, the Authority agrees to promptly communicate its disapproval of the plans, specifications and costs to HRSD. Stonehouse shall pay to the Authority, or at the direction of the Authority, directly to HRSD the amount payable by the Authority to HRSD to reimburse HRSD for its expenses to that date and for the termination of the HRSD Agreement.

3. Payments to the Authority. Stonehouse shall pay to the Authority, or, at the direction of the Authority, directly to HRSD, the amount of each quarterly interest payment payable by the Authority to HRSD under the HRSD Agreement (net of any credits for Waste Water Treatment Charges accruing to the benefit of the Authority under Section III B of the HRSD Agreement). Such payment shall be made within 25 days of receipt from the Authority of a copy of the bill from HRSD to the Authority for such amount.

4. Default; Acceleration. (a) The occurrence of either of the following events shall constitute a default hereunder (a "Default");

(i) failure by Stonehouse to make any payment hereunder within five days of its due date;

(ii) failure by Stonehouse to renew the letter of credit then held by the Authority at least five business days before its expiration; or

(iii) violation of any other provision hereof and failure to correct such violation within five business days from written notice thereof from the Authority.

(b) Upon a Default by Stonehouse hereunder, the Authority may, at its option, accelerate the entire amount payable by Stonehouse hereunder, which amount shall thereupon be due and payable. Such entire amount shall be an amount equal to the net present value of the estimated amount then payable by Stonehouse hereunder over the term of this Agreement, as determined by the General Manager of the Authority using commercially reasonable assumptions and interest and inflation rates.

5. Security for Obligations of Stonehouse. (a) As security for its obligations hereunder, Stonehouse shall furnish to the Authority at least three business days prior to the date that the contract for the construction of the Sewer Facilities will be awarded, as specified in a written notice from HRSD to the Authority, an irrevocable standby letter of credit with an initial face amount of \$500,000.00. Such letter of credit shall be maintained in full force and effect through annual renewals until the Authority is no longer obligated to make payments to HRSD under the HRSD Agreement. Such letter of credit shall provide that it may be drawn upon by the Authority upon the occurrence of a Default by Stonehouse. If, from time to time,

the net present value of the amount estimated to be payable by Stonehouse to the Authority hereunder calculated as set forth in Section 4 hereof is less than the face amount of the existing letter of credit, then Stonehouse may substitute a new letter of credit in such lesser amount for the existing letter of credit and the obligation of Chesapeake hereunder shall there upon terminate. Contemporaneously with the execution hereof, Stonehouse shall furnish to the Authority a commitment acceptable to the Authority from an institutional lender to issue the required letter of credit.

(b) At any time this Agreement remains in force, Stonehouse may post with the Authority alternative security, such as a letter of credit, cash escrow or deed of trust on real property of Stonehouse, in form and amount approved by counsel to the Authority. Upon the acceptance by the Authority of such alternative security, the guaranty of Chesapeake hereunder shall automatically terminate.

6. Contingencies. The rights and obligations of the parties hereunder are subject to and contingent upon HRSD approving the HRSD Agreement and HRSD and the Authority executing the same in the form attached hereto or with such changes as are approved by Stonehouse. If the HRSD Agreement is not executed by either HRSD or the Authority, then either party hereto may terminate this Agreement and neither party shall have any rights against or obligations or liabilities to the other party hereto.

7. Successors and Assigns. Stonehouse may assign this Agreement and its rights and obligations hereunder to any joint ventures, partnerships, corporations, or limited liability, companies which are the successors in title to all or a portion of the Property and which agree to become liable hereunder, with the prior consent of the General Manager of the Authority, which consent shall not be unreasonably withheld. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective successors and assigns.

8. Chesapeake Guaranty. To induce the Authority to enter this Agreement, Chesapeake hereby guarantees payment by Stonehouse to the Authority of all amounts payable by Stonehouse hereunder.

WITNESS the following signatures and seals.

JAMES CITY SERVICE AUTHORITY

By: Stewart H. Taylor (SEAL)
Title:

STONEHOUSE INC.

By: John Matheson (SEAL)
Title: PRESIDENT

CHESAPEAKE CORPORATION

By: [Signature] (SEAL)
Title: President & CEO

STATE OF VIRGINIA
~~STATE~~/COUNTY OF

James City

to-wit:

The foregoing instrument was acknowledged before me in the jurisdiction aforesaid by Stewart U. Taylor, of the JAMES CITY SERVICE AUTHORITY this 17th day of August, 1992.

Mari Lou Smith
NOTARY PUBLIC

My commission expires: February 8, 1993

STATE OF VIRGINIA
CITY/COUNTY OF RICHMOND to-wit:

The foregoing instrument was acknowledged before me in the jurisdiction aforesaid by JOEL MOSTROM, PRESIDENT, of the STONEHOUSE INC. this 12th day of AUGUST, 1992.

[Signature]
NOTARY PUBLIC

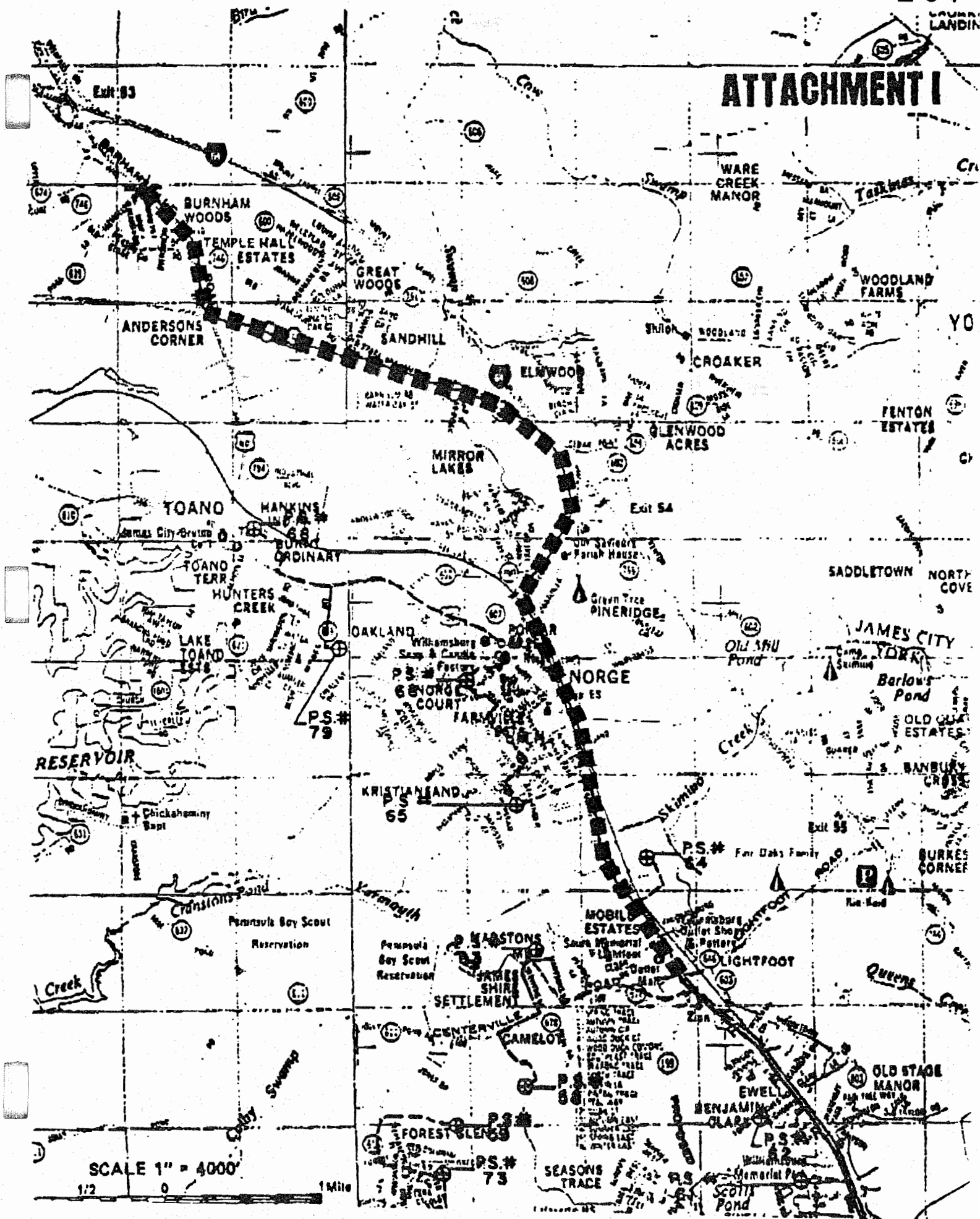
My commission expires: June 30, 1994

STATE OF VIRGINIA
CITY/COUNTY OF RICHMOND to-wit:

The foregoing instrument was acknowledged before me in the jurisdiction aforesaid by J. CARTER FOX, PRESIDENT, of the CHESAPEAKE CORPORATION this 12th day of AUGUST, 1992.

[Signature]
NOTARY PUBLIC

My commission expires: June 30, 1994



lying in the County of James City, Virginia, shown and designated on a certain plat entitled, "A PLAT OF 3.62 ACRES STANDING IN THE NAME OF RODGERS ENTERPRISES, INC., STONEHOUSE DISTRICT, JAMES CITY COUNTY, VIRGINIA", dated March 30, 1990, and revised April 12, 1990, and made by AES, A Professional Corporation, Engineers, Surveyors, Planners, a copy of which is attached hereto as Exhibit "A" and made a part hereof by reference.

Together with all and singular the buildings and improvements thereon, the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

Subject, however, to the right-of-way of the Virginia Department of Transportation in and to an eighteen-foot (18') strip of land beginning at the center line of Old Stage Road, a public highway, and proceeding eighteen feet (18') in an easterly direction, the said strip of land crossing the said property in a northerly-southerly direction adjoining other lands owned by the Virginia Department of Transportation as shown on the attached Exhibit "A".

Subject, however, to all easements and restrictions of record affecting the said property.

It being the same property conveyed unto Rodgers Enterprises, Inc., a Virginia corporation, by Deed dated October 10, 1986, Robert L. King and Dora J. King, husband and wife, and recorded in the Clerk's Office of the Circuit Court for the County of James City, Virginia, in Deed Book 317, at page 99.

All those certain tracts or parcels of land lying and being in Stonehouse District, James City County, Virginia, containing in the aggregate 5,802.49 acres, more or less, and being the same tracts listed below and conveyed to the party of the first part, or its predecessors The Chesapeake Corporation of Virginia and The Chesapeake Corporation, by the hereinafter described deeds of record in the Clerk's Office of the Circuit Court of James City County:

1. "Ashlock #1" Tract No. 33-2001, containing 152 acres by survey, being more particularly shown and described on a plat of survey by R. H. Highland, C.L.S., dated April 13, 1951, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by Mattie B. Lewis, widow, by deed dated June 4, 1941, recorded in Deed Book 33, page 386.
2. "Ashlock #2" Tract No. 33-2002, containing 14 acres by survey, being more particularly shown and described on a plat of survey by R. H. Highland, C.L.S., dated April 13, 1951, revised December 16, 1988, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by John G. Warburton and wife by deed dated May 5, 1947, recorded in Deed Book 39, page 25.
3. "Ashlock #3" Tract No. 33-2020, containing 10 acres by survey, being more particularly shown and described on a plat of survey by R. H. Highland, C.L.S., dated April 13, 1951,

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revised December 16, 1988, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by Andrew B. Brookes and wife by deed dated August 1, 1957, recorded in Deed Book 62, page 93.

4. "Garretts" Tract No. 33-2004, containing 534.24 acres, more or less, being the same property conveyed to the party of the first part by C. L. Woodward and wife by deed dated March 18, 1925, recorded in Deed Book 22, page 5.

5. "Ivydale" Tract No. 33-2007, containing 183.75 acres by survey, being more particularly shown and described on a plat of survey by R. B. Cartwright, C.L.S., dated December 15, 1981, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by Chesapeake Pulp & Paper Company, Incorporated by deed dated May 1, 1922, recorded in Deed Book 16, page 226.

6. "William Lee" Tract No. 33-2008, containing 90 acres, more or less, being the same property conveyed to the party of the first part by C. W. Payne, et als., by deed dated October 9, 1946, recorded in Deed Book 38, page 546.

7. "W. P. Richardson" Tract No. 33-2009, containing 1,683 acres, more or less, being a portion of the same property conveyed to the party of the first part by Chesapeake Pulp & Paper Company, Incorporated by deed dated May 1, 1922, recorded in Deed Book 16, page 226.

8. "Stonehouse" Tract No. 33-2010, containing 269 acres, more or less, being the same property conveyed to the party of the first part by I. S. Waltman and wife by deed dated September 15, 1939, recorded in Deed Book 31, page 350.

9. "Tankard" Tract No. 33-2011, containing 169.49 acres by survey, being more particularly shown and described on a plat of survey by R. B. Cartwright, C.L.S., a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by R. M. Hazelwood and wife by deed dated April 7, 1949, recorded in Deed Book 42, page 97, less and except conveyances by the party of the first part to Rado L. Banks and wife by deed dated October 10, 1974 and to the Commonwealth of Virginia by deed dated November 7, 1968.

10. "Bateman-Tyler" Tract No. 33-2013, containing 49 acres, more or less, being the same property, less and except 1.11 acre conveyed to the Commonwealth of Virginia by deed dated December 1, 1954, conveyed to the party of the first part by the following:

240 (a) Deed from Margaret Tyler dated June 3, 1949, recorded in Deed Book 42, page 539;

(b) Deed from Elvoid Tyler, et als., dated June 3, 1949, recorded in Deed Book 42, page 536.

11. "Henley" Tract No. 33-2014, containing 26 acres, more or less, being the same property conveyed to the party of the first part by J. Turner Henley and wife by deed dated June 7, 1951, recorded in Deed Book 45, page 162.

12. "Clopton" Tract No. 33-2015, containing 160.13 acres by survey, being more particularly shown and described on a plat of survey by R. B. Cartwright, C.L.S., dated February 20, 1981, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by W. F. Woodward, et als., by deed dated March 11, 1952, recorded in Deed Book 47, page 172, less and except 28.63 acres, more or less, conveyed by the party of the first part to the Commonwealth of Virginia by deed dated November 7, 1968, recorded in Deed Book 119, page 677.

13. "Woodward" Tract No. 33-2022, containing 9.75 acres by survey, being more particularly shown and described on plat of survey by R. H. Highland, C.L.S., recorded in Plat Book 22, page 35, being the same property conveyed to the party of the first part by C. L. Woodward, et als., by deed dated December 6, 1963, recorded in Deed Book 93, page 564.

14. "Cedar Point" Tract No. 33-2023, containing 96.58 acres by survey, being more particularly shown and described on plat of survey by O. H. Chandler, C.L.S., dated October 1917, recorded in Plat Book 25, page 22, being the same property conveyed to the party of the first part by A. D. Slater and wife by deed dated November 14, 1967, recorded in Deed Book 114, page 193.

15. "Garrett Lee" Tract No. 33-2024, containing 240 acres, more or less, being the same property conveyed to the party of the first part by B. F. Garrett, Jr., widower, by deed dated August 11, 1970, recorded in Deed Book 127, 539.

16. "Banks" Tract, containing 17 acres, more or less, being the same property conveyed to the party of the first part by Elizabeth H. Banks, et als., by deed dated October 10, 1974, recorded in Deed Book 156, page 584.

17. "Bowman" Tract, containing 2 acres, more or less, being the same property conveyed to the party of the first part by A. H. Bowman and wife by deed dated January 10, 1974, recorded in Deed Book 149, page 724.

18. All right, title and interest of the party of the first part in and to the "Miles Braxton" Tract, containing 16 acres, more or less, being the same property conveyed to the party of the first part by the following:

(a) Deed from James Clarke and wife, et als., dated April 18, 1974, recorded in Deed Book 152, page 159;

(b) Deed from Carry Lee Clarke dated May 13, 1974, recorded in Deed Book 152, page 344;

(c) Deed from Ida Mae Braxton dated May 24, 1974, recorded in Deed Book 152, page 581.

19. "Enos" Tract, containing 168.60 acres by survey, being more particularly shown and described on a plat of survey by R. B. Cartwright, C.L.S., dated August 15, 1980, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by Elsie M. Slater, et als., by deed dated January 23, 1980, recorded in Deed Book 202, page 752.

20. "Hicks" Tract, containing 131.03 acres by survey, being more particularly shown and described on survey by V. D. McManus, Jr. dated February 1947, recorded in Plat Book 10, page 42, being the same property conveyed to the party of the first part by Vincent D. McManus, Jr., widower, by deed dated February 5, 1973, recorded in Deed Book 142, page 229.

21. "Slater" Tract, containing 158 acres, more or less, being the same property conveyed to the party of the first part by A. D. Slater and wife by deed dated December 13, 1972, recorded in Deed Book 143, page 425.

22. "James Taylor" Tract, containing 5 acres, more or less, being the same property conveyed to the party of the first part by James H. Taylor and wife by deed dated February 9, 1974, recorded in Deed Book 150, page 229.

23. All of the right, title and interest of the party of the first part in and to the "James Taylor #2" Tract, containing 9-3/4 acres, more or less, being the same conveyed to the party of the first part by the following:

(a) Deed from James Wallace and wife dated May 12, 1976, recorded in Deed Book 172, page 617;

(b) Deed from Horace Taylor, et als., dated March 15, 1976, recorded in Deed Book 172, page 619;

(c) Deed from Wilbert Wallace, et als., dated March 15, 1976, recorded in Deed Book 172, page 622;

(d) Deed from Forest Ashby, et als., dated March 15, 1976, recorded in Deed Book 172, page 626;

(e) Deed from Calvin Taylor, et als., dated March 1, 1976, recorded in Deed Book 172, page 629;

(f) Deed from Richard Roberts, et als., dated February 13, 1976, recorded in Deed Book 166, page 483.

24. "LaGrange" Tract, containing 203.29 acres, more or less, being Parcels A, B and C conveyed to the party of the first part by Littleberry James Haley, Jr., et als., by deed dated March 30, 1981, recorded in Deed Book 212, page 411.

25. "Hettie Moore" Tract, containing 157 acres, more or less, being the same property conveyed to the party of the first part by Hettie H. Moore, widow, by deed dated May 15, 1986, recorded in Deed Book 303, page 795.

26. "H. Richardson" Tract, containing 230.21 acres, more or less, being the same property conveyed to the party of the first part by Philip O. Richardson, et als., by deed dated July 9, 1985, recorded in Deed Book 277, page 31.

27. "Bird Hill" Tract, containing 166.65 acres, more or less, being the same property conveyed to the party of the first part by Bird Hill Farm, Ltd. by deed dated June 17, 1985, recorded in Deed Book 276, page 659.

28. "LaGrange #2" Tract, containing 223.89 acres by survey, being more particularly shown and described on plat of survey by Charles J. Kerns, Jr., C.L.S., dated August 26, 1988, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by Sheldon Lumber Company, Incorporated, by deed dated April 19, 1987, recorded in Deed Book 393, page 285.

29. "Nahra" Tract, containing 0.92 acre more particularly shown and described on a plat entitled "Plat showing part of the property of James F. Hunsucker & Neville A. Marshall known as Parker's Tavern Tract," made by Andrew Becouvarakis, C.L.S., dated May 28, 1966, recorded in Deed Book 109, page 259, being the same property conveyed to the party of the first part by Ralph J. Nahra and wife, by deed dated August 21, 1987, recorded in Deed Book 361, page 661.

30. "Mason #1" Tract and "Mason #2" Tract, containing 14.18 acres, being more particularly shown and described on a plat of survey by Buchart-Horn dated November 15, 1985, a copy of which is attached hereto and recorded herewith, being the same property conveyed to the party of the first part by

Samuel Ashlock and wife, by deed dated March 21, 1973, recorded in Deed Book 143, page 750 and by Emma Spence Bradshy, widow, by deed dated July 12, 1973, recorded in Deed Book 146, page 161.

31. "Ware Ashlock #1" Tract, containing 22 acres, more or less, being the same property conveyed to the party of the first part by D. W. Ware and wife by deed dated September 4, 1980, recorded in Deed Book 206, page 621 and by William Arthur Ashlock, et als., by deed dated March 1, 1973, recorded in Deed Book 146, page 281.

32. "Ware Ashlock #2" Tract, containing 1-1/2 acres, more or less, being the same property conveyed to the party of the first part by D. W. Ware and wife by deed dated September 4, 1980, recorded in Deed Book 206, page 621 and by Solomon Ashlock by deed dated December 17, 1973, recorded in Deed Book 149, page 202.

33. "Allen Ordinary" Tract, containing 113.41 acres, being more particularly shown and described on plat of survey by R. B. Cartwright, C.L.S., dated November 20, 1987, recorded in Plat Book 47, page 46, being the same property conveyed to the party of the first part by Allen's Ordinary Development Company, et als., by deed dated January 13, 1988, recorded in Deed Book 378, page 643.

34. "Shenk" Tract, containing 3.78 acres, being more particularly shown and described on a plat of survey by Deward Martin, C.L.S., dated March 12, 1980, recorded in Deed Book 148, page 113, being the same property conveyed to the party of the first part by J. Donald Shenk and wife by deed dated April 15, 1988, recorded in Deed Book 346, page 897.

35. "Filichko" Tract, containing 10.238 acres, being more particularly shown and described on a plat of survey by B. D. Littlepage, C.L.S., dated November 5, 1971, recorded in Plat Book 29, page 6, being the same property conveyed to the party of the first part by John R. Filichko and wife by deed dated April 11, 1988, recorded in Deed Book 387, page 143.

36. "Continental-Thomas" Tract No. 33-2026, containing 275.70 acres, being more particularly shown and described on a plat of survey by C. E. Williams, C.L.S., dated June 1960, recorded in Plat Book 27, page 38, being the same property conveyed to the party of the first part by The Continental Group, Inc. by deed dated December 18, 1981, recorded in Deed Book 219, page 552.

37. "Richardson's Mill Pond" Tract, containing 58.99 acres by survey, being more particularly shown and described on plat of survey by R. H. Highland dated November 8, 1951, recorded in Plat Book 3, Page 17, lying partly in New Kent County (18 acres, more or less) and partly in James City County (41 acres, more or less),

being the same property conveyed to the party of the first part by David Nelson Sutton, Jr., Executor, et als., by deed dated July 3, 1987, recorded in Deed Book 144, page 159.

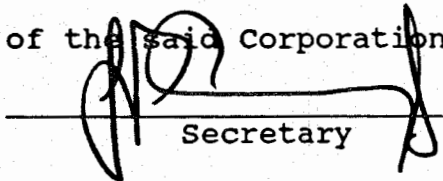
38. "Farinholt" Tract, containing 144.41 acres more or less, being more particularly shown and described on plat of survey by G. L. Evans, C.L.S., dated January 19, 1934, which plat is attached hereto and recorded herewith, less and except 1.59 acres, more or less, conveyed to the Commonwealth of Virginia by deed dated January 3, 1955, being the residue of the tract conveyed to the party of the first part by T. H. Geddy, Jr., Special Commissioner, by deed dated February 12, 1931, recorded in Deed Book 22, page 453.

RESOLVED, That the Board of Directors of Stonehouse Inc., authorizes the execution and delivery on behalf of the corporation of an Interest Participation Agreement by and between Stonehouse Inc. and the James City Service Authority to induce the Hampton Roads Sanitation District to construct a sanitary sewer force main 24" in diameter and related facilities known as North Trunk Interceptor Force Main Part "D" which will provide sanitary sewer service to the lands of the corporation in James City County, such Interest Participation Agreement to be on such terms and conditions as may be deemed appropriate by the President, any Vice President or the Secretary of the corporation, and

BE IT FURTHER RESOLVED, That the President, any Vice President or the Secretary of the corporation is authorized to execute and deliver such Interest Participation Agreement, and such other documents in connection therewith as are necessary and appropriate, including, but not limited to, the documents required to obtain a letter of credit in a face amount not to exceed FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) to secure payment of the corporation's financial obligations under such Interest Participation Agreement, on behalf of the corporation, the signature of any such officer being conclusive evidence of their approval of the terms and conditions thereof.

The undersigned, J. P. Causey Jr., Secretary of Stonehouse Inc., does hereby certify that the foregoing is a true and correct copy of resolutions adopted at a meeting of the Board of Directors of the corporation held in Richmond, Virginia on the 10th day of August, 1992, a quorum being present, and that such resolutions have not been modified, and remain in full force and effect, as of this date.

WITNESS my hand and the seal of the said Corporation this 10th day of August, 1992.


Secretary

SEAL

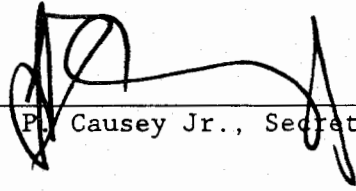
CERTIFICATE OF INCUMBENCY

I, J. P. Causey Jr., being the Secretary of Chesapeake Corporation, a Virginia corporation, and custodian of the official records thereof, do hereby certify the following:

1. J. Carter Fox is the duly elected President of Chesapeake Corporation.

2. In his capacity as President of Chesapeake Corporation, J. Carter Fox is authorized and empowered to enter into and execute on behalf of the corporation an Interest Participation Agreement dated August 10, 1992 among Stonehouse Inc., the James City Service Authority and Chesapeake Corporation.

GIVEN under my hand this 10th day of August, 1992.



J. P. Causey Jr., Secretary

SEAL

Post-It™ brand fax transmittal memo 7571		# of pages > 1
To VERNON GEDDY III	From BRAD BOOKER	
Co. HARRIS AND GEDDY	Co. CRESTAR	
Dept.	Phone # 782-7781	
Fax # 229-1342	Fax # 782-1413	

CRESTAR

August 14, 1992

Stonehouse, Inc.
P.O. Box 1700
West Point, VA 23181

To Whom It May Concern:

This letter is intended to express the commitment of Crestar Bank to issue an Irrevocable Standby Letter of Credit on behalf of Stonehouse, Inc., a wholly-owned subsidiary of The Chesapeake Corporation, for the purpose of securing the obligations of Stonehouse, Inc. under the Interest Participation Agreement with the James City Service Authority.

This Letter of Credit will be for an amount not to exceed to \$500,000 and be effective on a date to be established, but not later than 12 months from this date, and will be automatically renewable for additional 12 month periods from the effective date without 30 days prior written notice from Crestar Bank.

The issuance of such Letter of Credit will be contingent upon the continued acceptable financial condition of Stonehouse, Inc. as determined by Crestar Bank, the subordination of certain debt of Chesapeake Corporation and its subsidiaries to Stonehouse, Inc., and the unconditional guaranty of the Letter of Credit by the Chesapeake Corporation.

Please feel free to contact me in Richmond on (804)782-7781 if I can be of any further assistance to you in this matter.

Sincerely,

Brad H. Booker
Vice President

CSES186
Enclosure

Copies to: Mr. Vernon Geddy, III - Harris and Geddy

Mr. Louis K. Matherne, Jr., Treasurer - Chesapeake Corporation