

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO  
\$27,000,000 WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS,  
SERIES 2016, OF JAMES CITY SERVICE AUTHORITY  
AND PROVIDING FOR THE REFUNDING OF ALL OR A PORTION  
OF ITS \$27,120,000 WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2008

WHEREAS, the James City Service Authority (the "Authority") is a public body politic and corporate of the Commonwealth of Virginia duly created pursuant to the Virginia Water and Waste Authorities Act ((formerly the Virginia Water and Sewer Authorities Act) Chapter 51, Title 15.2, Code of Virginia of 1950, as amended) by the Board of Supervisors of James City County, Virginia (the "County"), and is authorized to acquire, construct, operate and maintain water, sewer and other facilities and to borrow money and to issue its revenue bonds to pay all or part of the cost of such facilities;

WHEREAS, the Authority and U.S. Bank National Association, or a successor thereto (the "Trustee"), have entered into a Master Indenture of Trust dated as of April 1, 2003, as supplemented and amended (collectively, the "Master Indenture"), which authorizes the Authority to issue bonds to refund bonds previously issued by the Authority;

WHEREAS, the Authority has previously issued its \$27,120,000 Water and Sewer System Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), which are currently outstanding in the principal amount of \$23,550,000;

WHEREAS, it is desirable to issue one or more series of bonds in the principal amount of up to \$27,000,000 (the "Series 2016 Bonds"), the proceeds of which will be used to (a) refund all or a portion of the Series 2008 Bonds (those Series 2008 Bonds actually refunded referred to as the "Refunded Bonds"), (b) fund as necessary any reserves, and (c) pay costs of issuing the Series 2016 Bonds and refunding the Refunded Bonds;

WHEREAS, the form and details of the Series 2016 Bonds will be as set forth in a Third Supplemental Indenture of Trust (the "Third Supplemental Indenture"), between the Authority and the Trustee, the form of which has been presented at this meeting;

WHEREAS, with the consent and approval of a majority in aggregate principal amount of the bonds outstanding under the Master Indenture, the Authority and the Trustee may amend the terms or provisions of the Master Indenture or any supplement thereto;

WHEREAS, the Authority has determined to amend certain provisions of the Master Indenture, which amended provisions are set forth in the Third Supplemental Indenture, and to which the initial holders of the Series 2016 Bonds will be deemed to have consented by their purchase of the Series 2016 Bonds; and

WHEREAS, the Authority staff and Davenport & Company LLC, as financial advisor to the Authority (the "Financial Advisor"), have recommended that the Authority offer the Series 2016 Bonds for sale through one of the following methods: (a) a public offering through a competitive sale (a "Competitive Sale"), or (b) a public offering through a negotiated underwriting (a "Negotiated Sale").

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the James City Service Authority, that:

1. The Authority authorizes the issuance and sale of the Series 2016 Bonds, in one or more series, pursuant to the Third Supplemental Indenture as Bonds under the Master Indenture; provided (a) the principal amount of the Series 2016 Bonds shall not exceed \$27,000,000; (b) the final maturity of the Series 2016 Bonds shall be on or before December 31, 2040, (c) the aggregate price at which the Series 2016 Bonds are sold to the purchaser shall not be less than 100% of the principal amount thereof plus accrued interest, and (d) the Series 2016 Bonds in the aggregate shall have a true interest cost not to exceed 5.0% (taking into account any original issue discount or premium); and, provided further that the refunding of the Refunded Bonds in the aggregate shall result in net present value debt service savings to the Authority of at least 3.0% with respect to the principal amount of the Refunded Bonds (calculated pursuant to industry standards).
2. The proceeds of the Series 2016 Bonds shall be used as set forth in the Third Supplemental Indenture.
3.
  - (a) The General Manager of the Authority is authorized to determine whether to sell the Series 2016 Bonds through a Competitive Sale or a Negotiated Sale.
  - (b) If the General Manager determines that the Series 2016 Bonds shall be sold through a Competitive Sale, the General Manager is authorized, on behalf of the Authority and in collaboration with the Financial Advisor, to take all proper steps to advertise the Series 2016 Bonds for sale, to receive public bids and to award the Series 2016 Bonds to the bidder providing the lowest "true" or "Canadian" interest cost, subject to the limitations set forth in Section 1. Following a Competitive Sale, the General Manager shall file a certificate with the Secretary or Assistant Secretary of the Board setting forth the final terms of the Series 2016 Bonds. The actions of the General Manager in selling the Series 2016 Bonds by Competitive Sale shall be conclusive, and no further action with respect to the sale and issuance of the Series 2016 Bonds shall be necessary on the part of the Board.
  - (c) If the General Manager determines that the Series 2016 Bonds shall be sold through a Negotiated Sale, the General Manager is authorized, on behalf of the Authority and in collaboration with the Financial Advisor, to choose an investment banking firm or firms to serve as underwriters for the Series 2016 Bonds and to execute and deliver to the underwriters, as purchasers of the Series 2016 Bonds, a bond purchase agreement reflecting the final terms of the Series 2016 Bonds. The bond purchase agreement shall be in a form approved by the General Manager, in collaboration with counsel to the Authority, the Financial Advisor and the Authority's bond counsel. The actions of the General Manager in selling the Series 2016 Bonds by Negotiated Sale shall be conclusive, and no further action with respect to the sale and issuance of the Series 2016 Bonds shall be necessary on the part of the Board.
  - (d) Following the determination of which method(s) of sale shall be used, the General Manager is hereby authorized to determine the final terms of the Series 2016 Bonds, which authorization shall include the authorization to (i) determine or approve the principal amount, interest rates, maturity schedules and the price to be paid for the Series 2016 Bonds by the purchaser, subject to the limitations set forth in Section 1, (ii) determine the redemption provisions of the Series 2016 Bonds, if any, and (iii) determine the dated date and the

principal and interest payment dates of the Series 2016 Bonds, all as the General Manager determines to be in the best interests of the Authority.

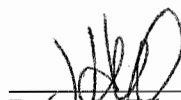
4. The Chairman or Vice Chairman (either of whom may act and who are referred to together as the "Authorized Officer"), are authorized and directed to execute the Third Supplemental Indenture and deliver it to the Trustee. The Third Supplemental Indenture shall be in substantially the form submitted to this meeting, which is approved, with such completions, omissions, insertions and changes (including changes in the name and series identification of the Series 2016 Bonds) not inconsistent with this resolution as may be approved by the Authorized Officer, his execution to constitute conclusive evidence of the Authority's approval of any such completions, omissions, insertions and changes.
5. The Authorized Officer and the Secretary or Assistant Secretary are authorized and directed to execute the Series 2016 Bonds in accordance with the Third Supplemental Indenture, to deliver them to the Trustee for authentication, and to cause the Series 2016 Bonds so executed and authenticated to be delivered to or for the account of the purchasers upon payment of the purchase price therefor.
6. The Preliminary Official Statement describing the Bonds, in the form of the Authority's Preliminary Official Statement dated August 8, 2008, presented to this meeting, is hereby approved as the general form of the Preliminary Official Statement by which the Bonds will be offered for sale. The General Manager, in consultation with the Financial Advisor and, with respect to any specific disclosure issues, members of the Authority, is authorized to finalize the Preliminary Official Statement by making such updates and modifications as the General Manager may consider appropriate. After the Bonds have been sold, the General Manager, in consultation with the Financial Advisor, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement. The execution thereof by the General Manager shall constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes. The Authority shall arrange for the delivery to the purchaser of an electronic copy and, if requested, a reasonable number of printed copies of the final Official Statement, within seven business days after the Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the purchaser initially sells any of the Bonds.
7. The General Manager is authorized and directed to determine which maturities (or portions thereof) of the Series 2008 Bonds shall constitute the Refunded Bonds. The Refunded Bonds are specifically called for redemption on January 15, 2018, at 100% of the principal amount thereof. Such call for redemption shall be irrevocable from and after the issuance of the Series 2016 Bonds. Notice of such redemption in accordance with the provisions of the Master Indenture and the Third Supplemental Indenture is hereby approved. The Trustee is authorized and directed to execute initial and final subscription forms for the purchase of direct obligations of the United States Government and such other contracts and agreements necessary to provide for the defeasance of the Refunded Bonds as are approved by the General Manager, in collaboration with the Financial Advisor and the Authority's bond counsel.

8. The officials and employees of the Authority are authorized and directed to deliver all certificates and instruments and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Series 2016 Bonds, including, but not limited to, a certificate setting forth the expected use and investment of the proceeds of the Series 2016 Bonds to show that such expected use and investment will not violate the provisions of the Internal Revenue Code of 1986, as amended, and related Treasury regulations applicable to "arbitrage bonds" and Internal Revenue Service Form 8038-G.
9. The Authorized Officer is hereby authorized and directed to execute a continuing disclosure agreement (the "Continuing Disclosure Agreement") setting forth the reports and notices to be filed by the Authority and containing such covenants as may be necessary to assist the purchaser of the Series 2016 Bonds in complying with the provisions of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended. The Continuing Disclosure Agreement shall be substantially in the form of the Authority's prior Continuing Disclosure Agreements, which is hereby approved for purposes of the Series 2016 Bonds; provided that the Authorized Officer, in collaboration with the Financial Advisor, may make such changes in the Continuing Disclosure Agreement not inconsistent with this Resolution the Authorized Officer may consider to be in the best interest of the Authority. The execution thereof by such Authorized Officer shall constitute conclusive evidence of such officer's approval of any such completions, omissions, insertions and changes.
10. All other actions of the officials, employees or agents of the Authority previously taken in conformity with the purpose or intent of this resolution and in furtherance of the issuance and sale of the Series 2016 Bonds are approved and confirmed.
11. All other resolutions or parts thereof in conflict herewith are repealed.
12. This resolution shall take effect immediately.



Kevin Onizuk  
Chairman, Board of Directors

ATTEST:

  
Bryan J. Hill  
Secretary to the Board

	VOTES		
	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MC GLENNON	✓	—	—
LARSON	✓	—	—
ONIZUK	✓	—	—
SADLER	✓	—	—
HIPPLE	✓	—	—

Adopted by the Board of Directors of the James City Service Authority, James City County, Virginia, this 23rd day of February, 2016.

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The undersigned Secretary of the James City Service Authority certifies that:

1. A regular meeting of the James City Service Authority was held on February 23, 2016, at which the following members were present and absent:

**PRESENT:** McGlennon  
Larson  
Onizuk  
Sadler  
Hipple

**ABSENT:** \_\_\_\_\_

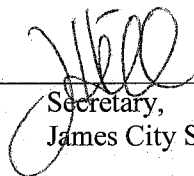
2. A resolution entitled "Resolution Authorizing the Issuance and Sale of up to \$27,000,000 Water and Sewer System Revenue Refunding Bonds, Series 2016, of James City Service Authority and Providing for the Refunding of All or a Portion of its \$27,120,000 Water and Sewer System Revenue Bonds, Series 2008," was adopted at such meeting by the [unanimous] vote of the members of the Authority present at the time of such vote.

3. Attached hereto is a true and correct copy of the foregoing resolution as recorded in full in the minutes of the meeting on February 23, 2016.

4. This resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the James City Service Authority this \_\_\_\_ day of February, 2016.

(SEAL)

  
\_\_\_\_\_  
Secretary,  
James City Service Authority