

8. PUBLIC HEARINGS

Attached for your reference please find information related to two (2) scheduled public hearings.

**B. REVENUE BOND FINANCING
SEWER IMPROVEMENTS – BOYKINS WWTP**

This public hearing is held pursuant to Section 15.2-2606 of the Code of Virginia, 1950, as amended, on the proposed issuance of water and wastewater system revenue bonds in the estimated maximum principal amount of \$230,000 to finance, along with any other available funds and together with proceeds of the previously issued \$880,502 revenue bond, improvements and upgrades to the Boykins Wastewater Treatment Plant.

The project includes improvements and upgrades necessary to comply with a Consent Order from the Virginia State Water Control Board dated September 23, 2011 and will be financed through the Virginia Water Facilities Revolving Fund with terms of 0% interest for 20 years. Based on a final project budget of up to \$1,110,502, the County will make semiannual payments of \$27,762.55 beginning in March 2013 and ending in September of 2032.

The notice of this public hearing was published in the Tidewater News on September 2 and September 9, 2012 as required by law.

After conclusion of this public hearing, the Board of Supervisors will consider the comments offered this evening and may act upon the matter or defer action until such time as it deems appropriate.

MOTION REQUIRED:

A motion is required to adopt the attached resolution. This vote will need to be roll-call voice vote.

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
SOUTHAMPTON, VIRGINIA AUTHORIZING THE ISSUANCE AND SALE OF ITS
WATER AND SEWER SYSTEM REVENUE 2012B BOND AND SETTING FORTH THE
FORM, DETAILS AND PROVISIONS FOR THE PAYMENT THEREOF**

WHEREAS, the Board of Supervisors of the County of Southampton, Virginia (the "County") has determined that it is necessary and desirable to undertake certain improvements to the Boykins Wastewater Treatment Plant (the "Project") and to issue its water and sewer system revenue bonds to pay the costs of the Project.

WHEREAS, the County has previously issued its \$880,502 Water and Sewer System Revenue Bond, Series 2012 (the "Original Bond") to pay the costs of the Project.

WHEREAS, the Board of Supervisors has determined that in order to complete the Project it is necessary and desirable to borrow an additional amount not to exceed \$230,000 and to issue the County's Water and Sewer System Revenue Bond, Series 2012B or to amend the Original Bond to increase the maximum principal amount by up to \$230,000 (such additional borrowing to be referred to as the "2012B Bond").

WHEREAS, the 2012B Bond will be sold by the County to or at the direction of the Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund ("VRA"), pursuant to the terms of a Financing Agreement or an amendment to the Financing Agreement entered into in connection with the Original Bond (such Financing Agreement or amendment to be referred to herein as the "Financing Agreement"), between the County and VRA.

WHEREAS, the Board of Supervisors of the County has held a public hearing on September 24, 2012, on the issuance of the 2012B Bond in accordance with the requirements of Section 15.2-2606 of the Code of Virginia of 1950, as amended.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS
OF THE COUNTY OF SOUTHAMPTON, VIRGINIA:**

1. Authorization of 2012B Bond and Use of Proceeds. The Board of Supervisors hereby finds and determines that it is advisable and in the best interest of the County to contract a debt and to issue the 2012B Bond in the maximum principal amount of \$230,000, and to sell the 2012B Bond to or at the direction of VRA, all pursuant to the terms of (i) this Resolution and (ii) the Financing Agreement. Such issuance and sale of the 2012B Bond are hereby authorized and approved. The 2012B Bond shall be designated the "County of Southampton, Virginia Water and Sewer System Revenue 2012B Bond," or such other designation as may be approved in the discretion of the County Administrator and shall include an appropriate series designation. The proceeds from the issuance and sale of the 2012B Bond shall be used, together with other available funds, if any, to pay the costs of the Project.

2. Details of 2012B Bond. The 2012B Bond shall be issued as a single bond (or multiple bonds in an aggregate principal amount not to exceed \$230,000 if requested by VRA) or as an amendment to the Original Bond in fully registered form and shall be dated the date of its

issuance and delivery. The County Administrator or his designee is authorized and directed to determine and approve all of the other final details of the 2012B Bond, including without limitation, the maximum aggregate principal amount authorized to be advanced thereunder, the maturity or payment dates and amounts, series designation, the optional redemption provisions and the final maturity date; provided, however, that (i) the maximum aggregate principal amount authorized to be advanced under the 2012B Bond shall not exceed the amount set forth in paragraph 1 of this Resolution, (ii) the 2012B Bond shall not bear interest, and (iii) the final maturity date of the 2012B Bond shall be no later than approximately 24 years after its date. The approval of such details shall be evidenced conclusively by the execution and the delivery of the 2012B Bond.

3. Pledge of Revenues. The 2012B Bond shall be a limited obligation of the County and, except to the extent payable from the proceeds of the sale of the 2012B Bond or the income, if any, derived from the investment thereof, is payable exclusively from the Net Revenues Available for Debt Service (as defined in the Financing Agreement), including amounts that may be appropriated from time to time by the Board of Supervisors of the County pursuant to Section 5.5 of the Financing Agreement, which the County hereby pledges to the payment of the principal of the 2012B Bond pursuant to the terms of the Financing Agreement. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the County, shall be obligated to pay the principal of the 2012B Bond or other costs incident to it except from the Revenues Available for Debt Service and any other money or property pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the County, is pledged to the payment of the principal of the 2012B Bond or other costs incident to it. The issuance of the 2012B Bond does not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions, including the County, to levy any taxes for the payment of the 2012B Bond. The pledge of Net Revenues Available for Debt Service securing the 2012B Bond shall be on parity with Existing Parity Bonds, if any (as defined in the Financing Agreement).

4. Form of 2012B Bond. The 2012B Bond shall be in substantially the form on file with the County Administrator with such variations, insertions or deletions as may be approved by the County Administrator or his designee, which approval shall be evidenced by the execution and delivery of the 2012B Bond. There may be endorsed on the 2012B Bond such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

5. Execution and Delivery of 2012B Bond. The Chairman of the Board of Supervisors is authorized and directed to execute the 2012B Bond. The Clerk of the Board of Supervisors is authorized and directed to affix the seal of the County to the executed 2012B Bond and to attest it and such officers are authorized and directed to deliver the 2012B Bond or to cause the 2012B Bond to be delivered to or at the direction of VRA. An authorized representative or other designee of VRA shall enter the amount and date of each principal advance as provided in the Certificates of Advances attached to the 2012B Bond or to the Original Bond, as amended, if applicable, when the proceeds of such advances are delivered to the County.

6. Registration, Transfer and Exchange. The County appoints the County Administrator as its registrar and transfer agent (the "Registrar") to keep books for the registration and transfer of the 2012B Bond and to make such registrations and transfers on such books under such reasonable regulations as the County may prescribe.

Upon surrender for transfer or exchange of the 2012B Bond at the office of the Registrar, the County shall cause the execution and delivery in the name of the transferee or registered owner, as applicable, of a new 2012B Bond for a principal amount equal to the 2012B Bond surrendered and of the same date and tenor as the 2012B Bond surrendered, subject in each case to such reasonable regulations as the County may prescribe. If surrendered for transfer, exchange, redemption or payment, the 2012B Bond shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Registrar, duly executed by the registered owner or by such owner's duly authorized attorney-in-fact or legal representative.

Any new 2012B Bond delivered upon any transfer or exchange shall be a valid limited obligation of the County, evidencing the same debt as the 2012B Bond surrendered and shall be entitled to all of the security and benefits of this Resolution to the same extent as the 2012B Bond surrendered.

7. Charges for Exchange or Transfer. No charge shall be made for any exchange or transfer of the 2012B Bond, but the Registrar may require payment by the holder of such 2012B Bond of a sum sufficient to cover any tax or any other governmental charge that may be imposed in relation thereto.

8. Mutilated, Lost, Stolen or Destroyed 2012B Bond. If the 2012B Bond has been mutilated, lost, stolen or destroyed, the County shall execute and deliver a new 2012B Bond of like date and tenor in exchange and substitution for, and upon delivery to the Registrar and cancellation of, such mutilated 2012B Bond, or in lieu of and in substitution for such lost, stolen or destroyed 2012B Bond; provided, however, that the County shall execute, authenticate and deliver a new 2012B Bond only if its registered owner has paid the reasonable expenses and charges of the County in connection therewith and, in the case of a lost, stolen or destroyed 2012B Bond (i) has filed with the Registrar evidence satisfactory to him or her that such 2012B Bond was lost, stolen or destroyed and that the holder of the 2012B Bond was its registered owner and (ii) has furnished to the County indemnity satisfactory to the Registrar. If the 2012B Bond has matured, instead of issuing a new 2012B Bond, the County may pay the 2012B Bond without surrender upon receipt of the aforesaid evidence and indemnity.

9. Approval of Financing Agreement. The County Administrator or his designee is authorized to approve the Financing Agreement and to execute and deliver the Financing Agreement and such other documents and certificates as either such officer may consider necessary in connection therewith.

10. Disclosure Documents. The County Administrator and such officers and agents of the County as he may designate, are hereby authorized and directed to prepare, execute and deliver any appropriate disclosure documents regarding the County as may be necessary in connection with the public offering and sale of bonds to be issued by VRA in connection with the Virginia Water Facilities Revolving Fund. The distribution and use by VRA of such

disclosure in connection with such public offering and sale are hereby authorized and approved. The County Administrator or his designee is authorized and directed to take whatever actions with respect to such disclosure documents as are necessary and/or appropriate to ensure compliance with Securities and Exchange Commission Rule 15c2-12.

11. Tax Documents. If requested by VRA, the County Administrator or his designee is authorized to execute a Tax Compliance Agreement or any related document (the "Tax Documents") setting forth the expected use and investment, if any, of the proceeds of the 2012B Bond and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including the provisions of Section 148 of the Code and applicable regulations relating to "arbitrage bonds." The County covenants that the proceeds from the issuance and sale of the 2012B Bond will be invested and expended as set forth in the Tax Documents, to be delivered simultaneously with the issuance and delivery of the 2012B Bond and the County shall comply with the other covenants and representations contained therein.

12. Further Actions; Authorized Representative. The County Administrator and such officers and agents of the County as he may designate are authorized and directed to take such further actions as they deem necessary regarding the issuance and sale of the 2012B Bond and the execution, delivery and performance of the Financing Agreement, including, without limitation, the execution and delivery of closing documents and certificates. All such actions previously taken by such officers and agents are ratified and confirmed. The County Administrator is authorized to designate the County's Authorized Representatives for purposes of the Financing Agreement.

13. Filing of Resolution. The County Attorney is authorized and directed to file a certified copy of this Resolution with the Circuit Court of the County of Southampton, Virginia, pursuant to Sections 15.2-2607 and 15.2-2653 of the Code of Virginia of 1950, as amended.

14. Effective Date. This Resolution shall take effect immediately.

CERTIFICATE OF CLERK

The undersigned Clerk of the Board of Supervisors of Southampton County, Virginia, hereby certifies that:

1. A regular meeting (the "Meeting") of the Board of Supervisors of Southampton County, Virginia (the "Board"), was held on September 24, 2012, at which the following members were present and absent:

PRESENT:

ABSENT:

2. The attached Resolution entitled "A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SOUTHAMPTON, VIRGINIA, AUTHORIZING THE ISSUANCE AND SALE OF ITS WATER AND SEWER SYSTEM REVENUE 2012B BOND AND SETTING FORTH THE FORM, DETAILS AND PROVISIONS FOR THE PAYMENT THEREOF" was duly adopted at the Meeting by the recorded affirmative vote of a majority of all of the members elected to the Board, the vote being recorded in the minutes of the Meeting as shown below:

MEMBER

VOTE

Clerk of the Board of Supervisors of
Southampton County, Virginia

FORM OF 2012B BOND

[ALTERNATIVE FORM MAY BE ISSUED AS AMENDMENT TO SERIES 2012 BOND]

R-1

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
COUNTY OF SOUTHAMPTON
WATER AND SEWER SYSTEM REVENUE BOND,
SERIES 2012B**

INTEREST RATE

0.00%

MATURITY DATE

DATED DATE

**REGISTERED OWNER: VIRGINIA RESOURCES AUTHORITY, AS
ADMINISTRATOR OF THE VIRGINIA WATER
FACILITIES REVOLVING FUND**

PRINCIPAL AMOUNT:

COUNTY OF SOUTHAMPTON, VIRGINIA, a public body politic and political subdivision of the Commonwealth of Virginia (the "County"), for value received, promises to pay, solely from the revenues and other property pledged to the payment of this 2012B Bond, to the registered owner of this 2012B Bond or legal representative, the principal sum stated above as set forth below.

Commencing _____, and continuing semi-annually thereafter on _____ 1 and _____ 1 in each year, the principal of this 2012B Bond shall be payable in [equal] semi-annual installments of principal of \$_____ with a final installment of \$_____ due on _____. If principal advances up to \$230,000 are not made, the principal amount due on this 2012B Bond shall not include the unadvanced amount and shall be reduced as provided in the Financing Agreement (as defined below).

If any installment of principal of this 2012B Bond is not paid to the registered owner of this 2012B Bond within ten (10) days after its due date, the County shall pay to the registered owner of this 2012B Bond a late payment charge in an amount equal to five percent (5%) of the overdue installment.

All amounts due under this 2012B Bond are payable in lawful money of the United States.

The principal balance of this 2012B Bond shall be equal to the sum of the amounts advanced by the registered owner, as shown on the certificate of principal advances appearing at the end of this 2012B Bond, less the aggregate amount of the payments and any prepayments of principal which may have been made on this 2012B Bond. No notation is required to be made

on this 2012B Bond of the payment or prepayment of principal. HENCE, THE FACE AMOUNT OF THIS 2012B BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.

The issuance of this 2012B Bond has been duly authorized by the Board of Supervisors of the County by a resolution adopted September 24, 2012 (the "Resolution"), under the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended. This 2012B Bond is issued pursuant to the terms of the Resolution and a Financing Agreement dated as of _____, 2012 (the "Financing Agreement"), between the County and the Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund. The County will use the proceeds of this 2012B Bond, along with any other available funds, including proceeds of the County's \$880,502 Water and Sewer System Revenue Bond, Series 2012, to pay the costs associated with certain improvements to the County's Boykins Wastewater Treatment Plant, together with related expenses.

This 2012B Bond is a limited obligation of the County and, except to the extent payable from the proceeds of the sale of this 2012B Bond or the income, if any, derived from the investment thereof, is payable exclusively from the Net Revenues Available for Debt Service (as defined in the Financing Agreement), including amounts that may be appropriated from time to time by the Board of Supervisors of the County pursuant to Section 5.5 of the Financing Agreement. **THE LIEN OF THIS PLEDGE IS ON PARITY WITH THE LIEN OF THE PLEDGE SECURING ANY PARITY BONDS AND EXISTING PARITY BONDS, IF ANY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING SOUTHAMPTON COUNTY, VIRGINIA, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THIS 2012B BOND OR THE OTHER COSTS INCIDENT TO IT EXCEPT FROM THE REVENUES AND ANY OTHER MONEY OR PROPERTY PLEDGED FOR SUCH PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING SOUTHAMPTON COUNTY, VIRGINIA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THIS 2012B BOND OR OTHER COSTS INCIDENT TO IT. THE ISSUANCE OF THIS 2012B BOND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING SOUTHAMPTON COUNTY, VIRGINIA, TO LEVY ANY TAXES FOR THE PAYMENT OF THIS 2012B BOND.**

The obligations of the County under this 2012B Bond shall terminate when all amounts due and to become due pursuant to this 2012B Bond and the Financing Agreement have been paid in full.

The lien of the pledge of the Net Revenues Available for Debt Service securing payment of this 2012B Bond is as set forth pursuant to the terms and conditions of the Financing Agreement and such lien is on a parity with the lien securing the Existing Parity Bonds, as defined in the Financing Agreement. The County may issue additional bonds ranking on a parity with this 2012B Bond with respect to the pledge of the Net Revenues Available for Debt Service under the terms of the Financing Agreement.

This 2012B Bond may be prepaid in accordance with the terms of the Financing Agreement.

If an Event of Default (as defined in the Financing Agreement) occurs, the principal of this 2012B Bond may be declared immediately due and payable by the registered owner of this 2012B Bond by written notice to the County, as provided in the Financing Agreement.

This 2012B Bond may be transferred only by an assignment duly executed by the registered owner or such owner's attorney or legal representative in form satisfactory to the County Administrator, as registrar. Such transfer shall be made in the registration books kept by the County Administrator, as registrar, upon presentation and surrender of this 2012B Bond.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this 2012B Bond have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this 2012B Bond is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

[Signature Page Follows]

IN WITNESS WHEREOF, the Board of Supervisors of the County of Southampton, Virginia has caused this 2012B Bond to be signed by the Chairman of the Board of Supervisors and the County's seal to be affixed and attested by the signature of the Clerk of the Board of Supervisors.

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
Chairman, Board of Supervisors

[SEAL]

ATTEST:

Clerk, Board of Supervisors

Certificate of Advances

The principal sum payable under this 2012B Bond, not to exceed \$_____, shall be an amount equal to the aggregate of all principal advances noted below. The aggregate amount of all principal advances under this 2012B Bond shall be certified by an authorized representative of the registered owner of this 2012B Bond.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
\$_____	_____, 2012	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE.)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

this 2012B Bond and does irrevocably constitute and appoint _____, attorney, to transfer this 2012B Bond on the books kept for its registration, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association which is a member of a medallion program approved by The Securities Transfer Association, Inc.)

Registered Owner
(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this 2012B Bond in every particular, without alteration or change.)

**AMENDMENT TO
FINANCING AGREEMENT**

dated as of _____ 1, 2012

BETWEEN

**VIRGINIA RESOURCES AUTHORITY,
as Administrator of the
Virginia Water Facilities Revolving Fund**

AND

COUNTY OF SOUTHAMPTON, VIRGINIA

**Virginia Resources Authority
Virginia Water Facilities Revolving Fund**

Loan No. C-515498-01

THIS AMENDMENT TO FINANCING AGREEMENT (“Amendment”) is dated as of _____ 1, 2012, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia (the “Authority”), as Administrator of the **VIRGINIA WATER FACILITIES REVOLVING FUND**, and the **COUNTY OF SOUTHAMPTON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “Borrower”).

WHEREAS, the Authority and the Borrower entered into a Financing Agreement (the “Financing Agreement”), dated as of March 1, 2012, by which the Authority loaned to the Borrower \$880,502 (the “Loan”) to finance replacement equipment and maintenance at the Boykins Wastewater Treatment Plant, together with related expenses (the “Project”); and

WHEREAS, the Borrower issued its Water and Sewer System Revenue Bond, Series 2012, dated March 6, 2012 (the “2012 Local Bond”), in an amount not to exceed \$880,502 to evidence the Loan; and

WHEREAS, the Project has not been completed, and the Borrower wishes to borrow from the Fund and the Fund wishes to lend to the Borrower an additional \$_____ to complete the Project, to be evidenced by the Borrower’s Allonge to the 2012 Local Bond dated as of _____ 1, 2012 (the “Allonge”), substantially in the form attached hereto as **Exhibit A**, to increase the amount of the 2012 Local Bond by an amount not to exceed \$_____; and

WHEREAS, the Borrower and the Fund accordingly desire to increase the amount of the Loan and to otherwise modify the terms of the Loan contained in Sections 3.1 and 6.1 of the Financing Agreement and Exhibit C thereto; and

WHEREAS, Section 12.2 of the Financing Agreement provides that the Financing Agreement may be amended as provided therein, with the written consent of the Department.

NOW, THEREFORE, for and in consideration of the premises and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Authority agree as follows:

1. The definition of “Local Bond” is hereby amended to read as follows:

“Local Bond” means, collectively, the 2012 Local Bond and the Allonge, in the aggregate amount of \$_____.

2. Section 3.1 of the Financing Agreement is hereby amended to read as follows:

Section 3.1. Loan to Borrower and Purchase of the Local Bond. The Borrower agrees to borrow from the Authority and the Authority agrees to lend to the Borrower, from the Fund, the principal amount equal to the sum of the principal disbursements made pursuant to Section 4.1, but not to exceed \$_____, for the purposes herein set forth. The Borrower’s obligation shall be evidenced by the Local Bond, which shall be in substantially the form of

Exhibit A attached hereto and made a part hereof and delivered to the Authority on the Closing Date. The Local Bond shall be in the original principal amount of the loan and shall mature and be payable as hereinafter provided.

3. Section 6.1 of the Financing Agreement is hereby amended to read as follows:

Section 6.1. Payment of Local Bond. The Local Bond shall be dated the date of its delivery to the Authority and shall not bear interest on the disbursed principal balance thereof. Commencing _____ 1, 20__, and continuing semi-annually thereafter on _____ 1 and _____ 1 in each year, principal due under the Local Bond shall be payable in equal installments of \$_____, with a final installment of \$_____ due and payable on _____ 1, 20__, when, if not sooner paid, all amounts due hereunder and under the Local Bond shall be due and payable in full. If principal disbursements up to the maximum authorized amount of the Local Bond are not made, the principal amount due on the Local Bond shall not include such undisbursed amount. However, unless the Borrower and the Authority agree otherwise in writing, until all amounts due hereunder and under the Local Bond shall have been paid in full, less than full disbursement of the maximum authorized amount of the Local Bond shall not postpone the due date of any semi-annual installment due on the Local Bond, or change the amount of such installment unless the principal amount due under the Local Bond is less than the amount of such installment. If any installment of principal of the Local Bond is not paid within ten (10) days after its due date, the Borrower agrees to pay the Authority a late payment charge in an amount equal to five percent (5.0%) of the overdue installment.

4. Exhibit C to the Financing Agreement is hereby amended to read as follows:

EXHIBIT C

**PROJECT BUDGET
COUNTY OF SOUTHAMPTON, VIRGINIA
C-515498-01**

[To Come]

5. All of the Borrower's representations and warranties contained in Section 2.1 of the Financing Agreement are true and correct as of the date of this Amendment. All other terms of the Financing Agreement are hereby ratified and reaffirmed. The Financing Agreement as modified and amended is ratified and affirmed and shall continue in full force and effect. This Amendment shall not be construed as and is not intended as a novation of the 2012 Local Bond.

6. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

7. This Amendment shall be governed by the laws of the Commonwealth of Virginia.

8. If any clause, provision or section of this Amendment shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Amendment which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Amendment. If any agreement or obligation contained in this Amendment is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Authority and the Borrower, as the case may be, only to the extent permitted by law.

9. This Amendment shall be effective upon its execution and delivery, provided that the Local Bond previously or simultaneously have been executed and delivered. Except as otherwise specified, the Borrower's obligations under the Local Bond and this Amendment shall expire upon payment in full of the Local Bond and all other amounts payable by the Borrower under the Financing Agreement.

10. Any capitalized terms not defined in this Amendment shall have the meaning assigned to such terms in the Financing Agreement.

11. This Amendment 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 agreement.

[Remainder of this page intentionally left blank.]

WITNESS the following signatures, all duly authorized.

**VIRGINIA RESOURCES AUTHORITY, as
Administrator of the Virginia Water Facilities
Revolving Fund**

By: _____
Suzanne S. Long
Executive Director

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
Its: _____

Pursuant to the provisions of the Financing Agreement, the Virginia Department of Environmental Quality hereby consents to the foregoing amendment.

**VIRGINIA DEPARTMENT OF
ENVIRONMENTAL QUALITY**

By: _____
Its: _____

ALLONGE TO THE 2012 LOCAL BOND

[To Be Provided by Borrower's Bond Counsel]

ALLONGE DATED AS OF _____, 2012, ATTACHED TO
THE COUNTY OF SOUTHAMPTON, VIRGINIA
\$880,502 WATER AND SEWER SYSTEM REVENUE BOND,
SERIES 2012, DATED MARCH 6, 2012,
REGISTERED IN THE NAME OF VIRGINIA RESOURCES AUTHORITY,
AS ADMINISTRATOR OF THE VIRGINIA WATER FACILITIES REVOLVING FUND

Pursuant to a resolution of the Board of Supervisors of the County of Southampton, Virginia (the "County") adopted on _____, 2012:

(a) The principal amount of the County's Water and Sewer System Revenue Bond, Series 2012 (the "Bond"), attached hereto, is increased from \$880,502 to \$_____. Any reference in the Bond to the amount of \$880,502 is hereby changed to \$_____.

(b) The second paragraph of this Bond is hereby amended to read as follows:

"Commencing _____ 1, 20__, and continuing semi-annually thereafter on _____ 1 and _____ 1 in each year, the principal of this Bond shall be payable in equal semi-annual installments of principal of \$_____ with a final installment of \$_____ due on _____ 1, 20__. If principal advances up to \$_____ are not made, the principal amount due on this Bond shall not include the unadvanced amount and shall be reduced as provided in the Financing Agreement (as defined below)."

[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Board of Supervisors of the County of Southampton, Virginia has caused this Allonge to be signed by the Chairman of the Board of Supervisors and the County's seal to be affixed and attested by the signature of the Clerk of the Board of Supervisors.

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
Chairman, Board of Supervisors

[SEAL]

ATTEST:

Clerk, Board of Supervisors

Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund and as registered owner of the Bond attached hereto, hereby agrees to the amendments to the Bond set forth in the foregoing Allonge.

APPROVED:

VIRGINIA RESOURCES AUTHORITY, AS
ADMINISTRATOR OF THE VIRGINIA WATER
FACILITIES REVOLVING FUND

By _____
Suzanne S. Long, Executive Director