RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SOUTHAMPTON (THE "COUNTY") AUTHORIZING THE GUARANTY BY THE COUNTY OF THE TIMELY PAYMENT OF A PORTION OF PRINCIPAL OF AND INTEREST ON CERTAIN GUARANTEED SUBORDINATED REVENUE BONDS AND SENIOR SUBORDINATED REVENUE BONDS ISSUED BY THE SOUTHEASTERN PUBLIC SERVICE AUTHORITY OF VIRGINIA

WHEREAS, the Southeastern Public Service Authority of Virginia ("SPSA") was created pursuant to the Virginia Water and Sewer Authorities Act by its member jurisdictions (the "Owner Communities"), which are the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach, and the Counties of Isle of Wight and Southampton;

WHEREAS, SPSA is currently indebted to the Virginia Resources Authority ("VRA") in the amount of approximately $140.7 million on bonds, consisting of guaranteed subordinated revenue bonds and senior subordinated revenue bonds, issued to finance and refinance various capital expenditures (collectively, the "SPSA Local Bonds"), including $71,985,000 in SPSA Local Bonds (the "2009 SPSA Local Bonds") purchased by VRA on June 17, 2009 to restructure and refund certain outstanding SPSA Local Bonds as well as certain SPSA bonds not held by VRA;

WHEREAS, SPSA has entered into a purchase and sale agreement with Wheelabrator Technologies, Inc. ("Wheelabrator") in connection with the potential sale (the "WTE Sale") of SPSA's RDF Plant and Power Plant (collectively, the "WTE Facilities");

WHEREAS, a portion of the proceeds of the WTE Sale are expected to be applied to the prepayment of a portion of the SPSA Local Bonds;

WHEREAS, Section 6.1(b) of the Financing Agreement entered into by VRA and SPSA in connection with the 2009 SPSA Local Bonds (the "Financing Agreement") provides that SPSA may not sell, exchange, lease (as lessor), pledge, encumber, cease to operate, enter into a management agreement to operate or otherwise dispose of or alienate in whole or in part either the Disposal System (including the RDF Plant) or the Power Plant System (including the SPSA Power Plant, all as defined in the Financing Agreement) without the prior written consent of VRA subject to certain limited exceptions not pertinent to this Resolution;

WHEREAS, as a condition to VRA's consent to the WTE Sale, VRA has required that the timely payment of principal of and interest on the SPSA Local Bonds remaining after the WTE Sale (the "Remaining SPSA Local Bonds") be severally guaranteed by a moral obligation pledge of the County and the general obligation pledge of the other Owner Communities;

WHEREAS, the terms of such guarantees are set forth in a Guaranty Agreement between the Owner Communities, U.S. Bank National Association, as trustee (the "Trustee") and SPSA (the "Guaranty Agreement"), the form of which has been presented to this meeting; and

WHEREAS, the Board of Supervisors of the County (the "Board") has determined that it is advisable to severally guaranty the timely payment of a portion of the principal of and interest

on the Remaining SPSA Local Bonds, subject to appropriation by the Board of sufficient funds therefor, pursuant to the Guaranty Agreement.

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

1. Authorization of Guaranty. The Board hereby determines that it is advisable and in the best interest of the County to severally guaranty the timely payment of a portion of the principal of and interest on the Remaining SPSA Local Bonds, subject to the provisions of Sections 2 and 3 below, in the maximum amount of $1,050,000 pursuant to the Guaranty Agreement; provided, however, the principal amount of the Remaining SPSA Local Bonds shall not exceed $50,000,000.

2. Annual Appropriations and Payments. The County hereby agrees to pay to the Trustee pursuant to the Guaranty Agreement, subject to appropriation by the Board, sufficient funds for SPSA to make timely payment of a portion of the principal of and interest on the Remaining SPSA Local Bonds, all as set forth in the Guaranty Agreement between the Owner Communities, the Trustee and SPSA, the form of which has been presented to this meeting. The County's pledge and all payments to be made pursuant thereto shall be subject to and are expressly conditioned upon funds being appropriated for such purpose by the Board and shall not at any time constitute a legal obligation of the County with respect to the Remaining SPSA Local Bonds or for the payment of money.

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

Nothing in this Resolution is or shall be deemed to be a pledge of the faith and credit or the taxing power of the County.

3. Conditions to Guaranty. The guaranty authorized in Section 1 above is expressly conditioned upon the following:

(a) Timely participation by VRA with SPSA, prior to the WTE Sale closing, in seeking a closing agreement with the Internal Revenue Service to protect the existing tax status of the Remaining SPSA Local Bonds and all other SPSA indebtedness not retired by the WTE Sale;

(b) Timely participation by VRA with SPSA, prior to the WTE Sale closing, in requesting an allocation of volume cap in such amount as is required to preserve the tax status of the interest on the Remaining SPSA Local Bonds and all other SPSA indebtedness not retired by the WTE Sale;

(c) Unanimous approval and execution by all Owner Communities of the Guaranty Agreement;

(d) Release of Chesapeake and Norfolk from their existing guaranties of Wachovia Bank, National Association debt under that certain Guaranty Agreement among SPSA, Chesapeake and Norfolk dated May 15, 2009 (the "Wachovia Guaranty") and concurrent termination of the Wachovia Guaranty Agreement;

(e) Release of the County, Franklin, Portsmouth, Suffolk and Isle of Wight from their existing guaranties of the 2009 SPSA Local Bonds under that certain Guaranty Agreement among SPSA, U.S. Bank National Association, the County, Franklin, Portsmouth, Suffolk and Isle of Wight dated June 1, 2009 (the "2009 VRA Guaranty Agreement") and concurrent termination of the 2009 VRA Guaranty Agreement;

(f) Application of the proceeds from the WTE Sale to pay off and satisfy all amounts owed by SPSA to Virginia Beach (the "VB Repayment") under that certain Forbearance Agreement among SPSA and Virginia Beach dated as of May 15, 2009 (the "Forbearance Agreement") and the concurrent termination of the Forbearance Agreement; and

(g) Application of the proceeds from the WTE Sale remaining after the VB Repayment exclusively to pay down existing indebtedness of SPSA, including the SPSA Local Bonds.

4. Approval of Guaranty Agreement. The Guaranty Agreement, the form of which has been presented to this meeting, is hereby approved, and the County Administrator of the County (the "County Administrator") and the Chairman of the Board (the "Chairman"), or either of them, are authorized and directed to execute and deliver the Guaranty Agreement with such completions, omissions, insertions and changes as may be approved by the County Administrator and the Chairman, or either of them, such execution and delivery to conclusively evidence such approval.

5. Further Actions. The County Administrator, the Chairman and such officers and agents of the County as either of them may designate are authorized and directed to take such further action as they deem necessary regarding the execution and delivery of the Guaranty Agreement, and all such actions previously taken by such officers and agents are ratified and confirmed.

6. Effective Date. This resolution shall take effect immediately.