

**11C. PUBLIC HEARING  
FINANCING OF CERTAIN INFRASTRUCTURE  
IMPROVEMENTS**

This public hearing is held pursuant to Section 15.2-2606 of the Code of Virginia of 1950, as amended, to consider a resolution regarding the proposed financing of costs associated with the construction, renovation, rehabilitation, and equipping of certain County facilities, including the expansion of the Courthouse lobby and installation of security and lighting upgrades, repainting of three County water tanks, replacement of the dining hall and kitchen for inmates at the Southampton County Jail Farm, and related engineering, administrative and financing costs (collectively, "the Project"). The County plans to fund the Project through the issuance of a lease revenue bond to be issued in a principal amount not to exceed \$1,334,000. The Project financing amount is not secured by the general obligation or a general pledge of the taxes of the County.

The Project will be financed through the Virginia Community Capital Bank with terms of 3.35% interest for 10 years. In FY 2016, annual debt service is \$123,009.62 (\$140,000 was included in your budget) and debt service for the next 9 years is roughly \$150,725 each year.

The notice of public hearing was published in the Tidewater News on November 8 and November 15, 2015 as required by law. After conclusion of this public hearing, the Board of Supervisors will consider the comments offered this evening and will proceed to adopt, amend or defer action on the proposed resolution.

**MOTION REQUIRED:**

**If the Board is so inclined, a motion is required to adopt the attached resolution.**

**CERTIFICATE FOR RESOLUTION**

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

1. A meeting of the Board was duly called and held on November 23, 2015 (the "Meeting").

2 Attached hereto is a true, correct and complete copy of a resolution (the "Resolution") of the Board entitled "Resolution of the Board of Supervisors of the County of Southampton, Virginia Authorizing the Issuance and Sale of its Public Facility Bond, Series 2015 and the Execution and Delivery of Certain Documents Prepared in Connection Therewith," as recorded in full in the minutes of the Meeting and duly adopted by a majority of the members of the Board.

3. A summary of the members of the Board present or absent at the Meeting, and the recorded vote with respect to the Resolution, is set forth below:

Member Name	Voting				
	Present	Absent	Yes	No	Abstaining
Dallas O. Jones, Chairman	_____	_____	_____	_____	_____
Ronald M. West, Vice Chairman	_____	_____	_____	_____	_____
Dr. Alan W. Edwards	_____	_____	_____	_____	_____
Carl J. Faison	_____	_____	_____	_____	_____
Glenn H. Updike	_____	_____	_____	_____	_____
S. Bruce Phillips	_____	_____	_____	_____	_____
Barry T. Porter	_____	_____	_____	_____	_____

4. The 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 County of Southampton, Virginia to the above Certificate for Resolution, dated November \_\_\_\_, 2015.

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

(SEAL)

**RESOLUTION  
OF THE  
BOARD OF SUPERVISORS OF THE COUNTY OF SOUTHAMPTON,  
VIRGINIA AUTHORIZING THE ISSUANCE AND SALE OF ITS PUBLIC  
FACILITY BOND, SERIES 2015 AND THE EXECUTION AND  
DELIVERY OF CERTAIN DOCUMENTS PREPARED IN CONNECTION  
THEREWITH**

**WHEREAS**, the Board of Supervisors (the “Board”) of the County of Southampton, Virginia (the “County”), has determined that it is advisable and in the interest of the County to issue certain indebtedness to finance infrastructure improvements of the County; and

**WHEREAS**, the Board, having held a public hearing previously regarding the issuance of indebtedness intends to issue its public facility bond in the maximum amount of \$1,334,000 (the “Bond”) to accomplish such financing; and

**WHEREAS**, the Board has previously submitted an application to the Virginia Municipal League/Virginia Association of Counties’ (VML/VACo) Finance Program in order to obtain funds in order to pay the costs of the construction, renovation, rehabilitation, and equipping of certain County facilities, including the expansion of the courthouse lobby and installation of security and lighting upgrades, repainting of the County water tank, replacement of the dining hall and kitchen for inmates at the Southampton County Jail Farm, and related engineering, administrative and financing costs (the “Project”); and

**WHEREAS**, the County has previously received a proposal from Community Capital Bank of Virginia (the “Bank”) to purchase the Bond, and the Bank has indicated its willingness to purchase such bond and fund the Project in accordance with the terms of a Bond Purchase Agreement between the Bank and the County (the “Agreement”), the form of which has been presented at this meeting; and

**WHEREAS**, the members present at this meeting comprise a majority of the Board;

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

**1. Issuance of Bond and Use of Proceeds.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended, (the "Act"), and without regard to any requirements or restrictions contained in any charter or special act of the County, the Board having held a public hearing now does authorize and approve the issuance and sale of the Bond of the County in a maximum principal amount of \$1,334,000, to provide funds to finance the Project and to pay related costs, including costs incurred in issuing the Bond.

**2. Authorization of Bond Purchase Agreement.** The form of the Agreement submitted at this meeting is hereby approved. The Chairman and the County Administrator,

either of whom may act (each an “Authorized Signatory”), are authorized to execute the Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by such official, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Bond shall be upon the terms and conditions of the Agreement. The proceeds of such Bond shall be applied in the manner set forth in the Agreement. All capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Agreement.

**3. Bond Details.** The Bond shall be issued as a single, fully registered bond, shall be designated “Public Facility Bond, Series 2015”, shall be numbered R-1, and shall be in substantially the form of Exhibit A to this Resolution as hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing such Bond. The Board authorizes the issuance and sale of the Bond on such terms as shall be satisfactory to the Authorized Signatory; provided however, that the Bond (a) shall be in a principal amount not to exceed \$1,334,000, (b) shall mature no later than August 1, 2025 and (c) shall bear interest on the outstanding principal balance thereof at a rate of interest approved by the Authorized Signatory, with such rate to not exceed 3.35% (provided that default interest may be payable at a rate in excess thereof as provided in the Agreement). As set forth in the Agreement, the County agrees to pay any applicable late payment or similar costs and expenses described therein. Subject to the preceding terms, the Board further authorizes the Authorized Signatory to determine the final terms, purchase price, initial interest rate, interest rate adjustment provisions, maturity date, and amortization schedule of the Bond, all of which shall be evidenced by the execution and delivery of the Bond, and no further action shall be necessary on the part of the County so long as such provisions are within the limits prescribed in this Resolution.

**4. Payment and Redemption Provisions.** The principal of and premium, if any, and interest on the Bond shall be payable as set forth in the Bond and the Agreement. The principal of and premium, if any, and interest on the Bond shall be payable in lawful money of the United States of America. Nothing in the Bond, this Resolution, or the Agreement shall be deemed to create or constitute, other than of the County, an indebtedness of the Commonwealth of Virginia or any political subdivision thereof, or a pledge of the full faith and credit of the Commonwealth of Virginia or of any its political subdivisions, including the County. The County may, at its option, redeem, prepay or refund the Bond upon the terms set forth in the Agreement.

**5. Execution and Form of Bond.** The Bond shall be signed by the Chairman and the County’s seal shall be affixed thereon and attested by the Clerk of the Board. The Bond shall be issued as a typewritten bond in substantially the form of the Bond Form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Authorized Signatory, whose approval shall be evidenced conclusively by the execution and delivery of the Bond.

**6. Subject to Appropriation.** The undertaking by the County to make the payments due under the Agreement shall be a limited obligation of the County, payable solely from funds appropriated by the Board from time to time for such purpose and shall not constitute a debt of the County within the meaning of any constitutional or statutory limitation.

**7. Annual Budget.** The Board believes that funds sufficient to make payment of all amounts due under the Agreement can be obtained. While recognizing that it is not empowered to make any binding commitment to make such payments beyond the current fiscal year, the Board hereby states its intent to make annual appropriations for future fiscal years in amounts sufficient to make all such payments and hereby recommends that future Boards do likewise during the terms of the Agreement. The Board directs the County Administrator, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to include in the budget request for each fiscal year during the term of the Agreement an amount sufficient to pay all amounts coming due under the Agreement and the Bond during such fiscal year. As soon as practicable after the submission of the County's annual budget to the Board, the County Administrator is authorized and directed to deliver to the Bank evidence that a request for an amount sufficient to make the payment of all amounts payable under the Agreement has been made. Throughout the term of the Agreement, the County Administrator shall deliver to the Bank within 30 days after the adoption of the budget for each fiscal year, but not later than July 1, a certificate stating whether an amount equal all payments coming due or payable during the next fiscal year has been appropriated by the Board in such budget. If at any time during any fiscal year of the County, the amount appropriated in the County's annual budget is insufficient to pay when due all amounts payable under the Agreement, the Board directs the County Administrator, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to submit to the Board at the next scheduled meeting, or as promptly as practicable but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit.

**8. Pledge and Security.** Notwithstanding any other commitment or authorization contained in this Resolution, the Board authorizes and directs each of the County Administrator or Chief Financial Officer, either of whom may act, to execute on behalf of the County a Depository Account at the Bank for a debt service reserve fund, in which the Bank will hold a security interest to ensure payment under the Agreement and Bond, and in amounts and pursuant to the terms of the Agreement.

**9. Preparation of Printed Bond; Mutilated or Destroyed Bond.** The County shall initially issue the Bond in typewritten form. The printed Bond may be executed by manual or facsimile signature of the Chairman, the County's seal affixed thereto and attested by the Clerk of the Board; provided, however, that if both such signatures are facsimiles, no bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Bond surrendered in any such exchange shall be canceled. If the Bond has been mutilated, lost or destroyed, the County shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the County shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the County in connection therewith and, in the case of a lost or destroyed Bond, (a) has filed with the County an affidavit reasonably satisfactory to the County that such Bond was lost or destroyed and (b) has furnished to the County reasonably satisfactory indemnity.

**10. Registration and Transfer of the Bond.** The County appoints the Treasurer of the County as paying agent and registrar (the "Registrar") for the Bond. Upon surrender of the

Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be reasonably satisfactory to the Registrar, the County shall execute, and the Registrar shall authenticate and deliver in exchange, a new Bond or bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the County, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

**11. Delivery of Bond.** The Chairman of the Board and the County Administrator are authorized and directed to take all proper steps to have the Bond prepared and executed in accordance with its terms and to deliver it to the purchaser or assignee thereof as set forth in the Agreement.

**12. Tax Compliance Documentation.** Each of the County's Chairman and County Administrator is authorized to execute a Tax Compliance Agreement or any related document (the "Tax Documents") setting forth the expected use and investment of the proceeds of the Bond and containing such covenants as may be necessary or desirable 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," so that interest on the Bond will not be included in gross income for federal income tax purposes. The Tax Documents may contain such elections under the Code with respect to the Bond as the officer or officer executing them approves, and such approval shall be evidenced conclusively by the execution and delivery of the Tax Documents. The County covenants that the proceeds from the issuance and sale of the Bond will be invested and expended as set forth in the Tax Documents, to be delivered simultaneously with the issuance and delivery of the Bond, and that the County shall comply with the other covenants and representations contained therein.

**13. Tax and Other Documents.** Each of the County's Chairman and County Administrator is authorized and directed to execute and deliver an IRS Form 8038-G in a form approved by such officer and the County's bond counsel.

**14. Redemption of Refunded Note.** The Authorized Signatory is authorized and directed to call the Refunded Note for redemption on the first respective date on which it may be redeemed at the option of the County.

**15. Contract with Bondholders.** The provisions of this Resolution shall constitute a contract between the County and the bondholder for so long as the Bond is outstanding. In the event of a conflict between the provisions of the Agreement and the provisions of this Resolution, the Agreement shall control.

**16. Limitation of Liability of Officials of County.** No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of an officer, employee, member of the Board, or agent of the County in his or her individual capacity, and no officer of the County or member of the Board executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the

issuance thereof. No officer, employee or agent of the County shall incur any personal liability with respect to any other action taken by him or her pursuant to this resolution provided he or she acts in good faith.

**17. Conditions Precedent.** Upon the issuance of the Bond, all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this Resolution to have happened, exist and to have been performed precedent to or in the issuance of the Bond shall have happened, exist and have been performed.

**18. Other Actions.** All other actions of officials of the County in conformity with the purposes and intent of this Resolution and the Agreement and in furtherance of the issuance and sale of the Bond are ratified, approved and confirmed. The officials of the County are authorized and directed to execute and deliver on behalf of the County such depository or other agreements and other instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Bond or the Agreement, and all of the foregoing, previously done or performed by such officers of the County, are in all respects approved, ratified and confirmed.

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

**20. Severability.** If any court of competent jurisdiction shall hold any provision of this Resolution to be invalid and unenforceable, such holding shall not invalidate any other provision hereof.

**21. Effective Date.** This Resolution shall take effect immediately.

Adopted: November 23, 2015.

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Chairman of the Board of Supervisors  
County of Southampton, Virginia

**ATTEST:**

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Clerk of the Board of Supervisors  
County of Southampton, Virginia

**(Form of Bond)**

*Interest on this bond is intended by the issuer thereof to be excluded from gross income for federal income tax purposes.*

**REGISTERED**

**DATED DATE**

**R-1**

\_\_\_\_\_

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
COUNTY OF SOUTHAMPTON, VIRGINIA**

**\$1,329,000  
PUBLIC FACILITY BOND  
SERIES 2015**

**THE COUNTY OF SOUTHAMPTON, VIRGINIA** (the "County"), for value received, acknowledges itself indebted and promises to pay to the **COMMUNITY CAPITAL BANK OF VIRGINIA** (the "Bank"), and its registered assigns or legal representative, the principal amount of:

**ONE MILLION THREE HUNDRED TWENTY-NINE THOUSAND DOLLARS  
(\$1,329,000)**

on or before August 1, 2025, together with interest on the outstanding principal amount of this Bond. Principal of and interest on this Bond shall be payable in semi-annual installments in the amounts and on the dates set forth in Schedule I attached hereto.

If any installment of principal of and interest on this Bond is not paid to the registered owner of this Bond on its due date, the County shall pay to the registered owner a late payment charge in an amount equal to two and one-half percent (2 1/2%) of the overdue installment. Principal and other sums hereunder are payable in lawful money of the United States.

Subject to the provisions of the Bond Purchase Agreement dated as of November 1, 2015 (the "Agreement"), between the Bank and the County, so long as this Bond is held by the Bank or its registered assigns or legal representative, interest is payable by check or draft mailed to the registered owner of this Bond at the address that appears on file with the Treasurer of the County, who has been appointed registrar and paying agent, or any successor bank or trust company (the "Registrar"). Principal of and premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America. In case any payment date on this Bond shall not be a Business Day (as defined below), then payment of principal, premium, if



any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date. "Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia. If an Event of Default has occurred and is continuing under the Agreement, the unpaid principal amount of this Bond shall bear interest at the rate of 12 percent per annum or the maximum rate permitted under applicable law, whichever is less.

This Bond has been authorized by a resolution adopted by the governing body of the County on November 23, 2015 (the "Bond Resolution"), and is issued pursuant to the terms of the Bond Resolution and the Agreement. Proceeds of this Bond will be used to provide funds to pay the costs of the construction, renovation, rehabilitation, and equipping of certain County facilities, including the expansion of the courthouse lobby and installation of security and lighting upgrades, repainting of the County water tank, replacement of the dining hall and kitchen for inmates at the Southampton County Jail Farm, and related engineering, administrative and financing costs.

Any other provision of the Agreement or this Bond to the contrary notwithstanding, the County's obligation to make payments under this Bond is hereby specifically stated to be subject to annual appropriation therefor by the Board. The County entered into the Agreement in order to obtain financing on a subject to appropriation basis. THIS BOND IS A LIMITED OBLIGATION OF THE COUNTY AND IS PAYABLE SOLELY FROM CERTAIN FUNDS TO BE DERIVED FROM THE OPERATIONS OF THE COUNTY AS SET FORTH PURSUANT TO THE RESOLUTION REFERENCED ABOVE AND AS THE SAME MAY FROM TIME TO TIME EXIST, WHICH FUNDS HAVE BEEN PLEDGED TO SECURE THE PAYMENT HEREOF. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BOND OR OTHER COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BOND OR OTHER COSTS INCIDENT THERETO.

Notwithstanding anything in this Bond to the contrary, the payments due under this Bond are secured by a debt service reserve fund account, held at the Bank, pursuant to the terms of the Agreement.

Notwithstanding anything in this Bond to the contrary, in addition to the payments of the principal and interest provided for by this Bond, the County shall also pay such additional amounts, if any, which may be necessary to provide for payment in full of all amounts due under the Agreement.

This Bond may be redeemed at the option of the County upon the terms and conditions set forth in the Agreement.

Transfer of this Bond may be registered with the Registrar. Prior to due presentment for registration of transfer of this Bond, the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal hereof and the exercise of all other rights and powers of the owner.

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

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

(SEAL)

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Chairman of the Board of Supervisors  
County of Southampton, Virginia

**ATTEST:**

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Clerk of the Board of Supervisors  
County of Southampton, Virginia

**SCHEDULE I**

**COUNTY OF SOUTHAMPTON, VIRGINIA  
PUBLIC FACILITY BOND  
SERIES 2015<sup>1</sup>**

<b>Installment Number</b>	<b>Principal Installment Amount</b>	<b>Interest Installment Amount</b>	<b><u>Due Date</u></b>
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[to be completed at closing]

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November 12, 2015

Mr. Kenneth Folk  
VML/VACo Finance  
Box 2061  
Richmond, VA 23241

Dear Kenneth:

**Re: Southampton County, Virginia  
Commitment Letter for a loan of up to \$1,334,000**

Dear Kenneth:

I am pleased to advise you that Virginia Community Capital, through its banking affiliate, Community Capital Bank (the "Lender"), has approved your request for a term financing ("Financing") as detailed below:

**Borrower:** Southampton County, Virginia

**Loan Type and Amounts:** Tax Exempt, Bank Qualified Financing in an amount of up to \$1,334,000

**Purpose:** "Moral Obligation", subject to annual appropriation, bond to finance courthouse security upgrades project, jail kitchen and dining hall project, and water town painting and repairs

**Interest Rate:** 3.35%

**Loan Origination Fee:** \$6,670, \$3,335 of which is payable upon acceptance of this commitment, and the balance of which is due and payable upon closing of the Financing.

**Payments/Maturity:** Fully amortizing over term with level annual debt service, payable semi-annually on 2/1 and 8/1 each year, commencing 2/1/16

Final maturity 8/1/25

The Financing may be prepaid without penalty on or after 2/1/21.

**Collateral:** Moral obligation pledge of Borrower to annually allocate funds within its budget that are sufficient to fully cover principal and interest due

A deposit account will be established with and pledged to the Lender to serve as a Debt Service Reserve Account. The required reserve amount will be \$312,745 for the first 3 years after closing and \$156,373 for the remaining loan term.

**Minimum Financial Reporting Requirements:**

Audited financial statements (CAFR) will be required to be delivered to the Lender within 120 days of each fiscal year end

Borrower will covenant to have Director of Finance include each fiscal year's debt service on this debt included in proposed budget submitted to County Board of Supervisors for approval. A copy of the budget of the Borrower, including a line item specifying debt service for this Financing, will be required to be delivered annually, within 15 days of adoption/approval by the Borrower's Board of Supervisors.

**Conditions Precedent To Closing and Other Conditions:**

- The Financing will be subject to standard Bank documentation requirements, including execution of a comprehensive Loan or Bond Purchase Agreement.
- Borrower's counsel will be required to issue a satisfactory opinion relative to authorization of the incurrence of the debt associated with this Financing, as well as the authorization of signers
- Bond counsel will be required to issue a satisfactory opinion relative to the validity and tax exempt nature of the interest associated with the Financing.

*Payment of all costs and expenses associated with this Loan, including but not limited Lender and Borrower legal counsel, will be the responsibility of the Borrower, regardless of whether or not the Loans are closed and funded.*

**Acceptance; Termination:** This Commitment shall terminate automatically without notice at 5:00 pm Eastern Standard Time on November 30, 2015 unless before that time Borrower has accepted it by delivering a signed original of this letter along with a check in the amount of \$3,335.00. If all the conditions of this Commitment have not been satisfied; or if the Lender and Borrower are unable to agree on and reduce to writing all of the Loan Documents in a manner satisfactory to both by December 15, 2015; or if there has been any misrepresentation or any material error in anything submitted to Lender regarding the Loans or pursuant to any other provision hereof, the Lender shall have the option to terminate this Commitment. The commitment fee is non-refundable.

**THE LOAN DOCUMENTS WILL REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.**

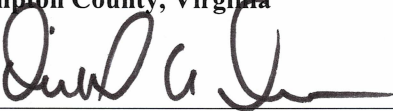
Very Truly Yours,

**Community Capital Bank**

By: \_\_\_\_\_  
Martha D. Shifflett  
Senior Loan Officer

*The undersigned accepts and agrees to all of the terms and conditions of the foregoing Commitment.*

**Southampton County, Virginia**

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

Name: Michael W. Johnson

Title: County Administrator

Date: 11/13/2015

## VML/VACo Finance

County of Southampton, Virginia  
Moral Obligation Bond, Series 2015

## Total Issue Sources And Uses

Dated 11/25/2015 | Delivered 11/25/2015

	Courthouse	Jail Kitchen	Water Tank	Summary
<b>Sources Of Funds</b>				
Par Amount of Bonds	\$814,600.00	\$208,900.00	\$305,500.00	\$1,329,000.00
County Contribution to Debt Service Reserve Fund	191,706.00	49,149.00	71,890.00	312,745.00
VLGFC Contribution toward Closing Costs	3,065.00	786.00	1,149.00	5,000.00
<b>Total Sources</b>	<b>\$1,009,371.00</b>	<b>\$258,835.00</b>	<b>\$378,539.00</b>	<b>\$1,646,745.00</b>
<b>Uses Of Funds</b>				
Costs of Issuance	17,574.00	4,506.00	6,590.00	28,670.00
Deposit to Project Construction Fund	800,000.00	205,100.00	300,000.00	1,305,100.00
Deposit to Debt Service Reserve Fund	191,706.00	49,149.00	71,890.00	312,745.00
Rounding Amount	91.00	80.00	59.00	230.00
<b>Total Uses</b>	<b>\$1,009,371.00</b>	<b>\$258,835.00</b>	<b>\$378,539.00</b>	<b>\$1,646,745.00</b>

## VML/VACo Finance

County of Southampton, Virginia  
Moral Obligation Bond, Series 2015  
Courthouse Project (Fund 300)

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/25/2015	-	-	-	-	-
02/01/2016	67,800.00	3.350%	5,154.61	72,954.61	-
06/30/2016	-	-	-	-	72,954.61
08/01/2016	33,700.00	3.350%	12,647.89	46,347.89	-
02/01/2017	34,100.00	3.350%	12,209.86	46,309.86	-
06/30/2017	-	-	-	-	92,657.75
08/01/2017	34,900.00	3.350%	11,436.43	46,336.43	-
02/01/2018	35,300.00	3.350%	11,028.42	46,328.42	-
06/30/2018	-	-	-	-	92,664.85
08/01/2018	36,100.00	3.350%	10,254.05	46,354.05	-
02/01/2019	36,500.00	3.350%	9,805.90	46,305.90	-
06/30/2019	-	-	-	-	92,659.95
08/01/2019	37,300.00	3.350%	9,031.25	46,331.25	-
02/01/2020	37,800.00	3.350%	8,542.28	46,342.28	-
06/30/2020	-	-	-	-	92,673.53
08/01/2020	38,500.00	3.350%	7,809.24	46,309.24	-
02/01/2021	39,100.00	3.350%	7,235.85	46,335.85	-
06/30/2021	-	-	-	-	92,645.09
08/01/2021	39,900.00	3.350%	6,459.31	46,359.31	-
02/01/2022	40,400.00	3.350%	5,883.20	46,283.20	-
06/30/2022	-	-	-	-	92,642.51
08/01/2022	41,200.00	3.350%	5,106.81	46,306.81	-
02/01/2023	41,800.00	3.350%	4,486.02	46,286.02	-
06/30/2023	-	-	-	-	92,592.83
08/01/2023	42,600.00	3.350%	3,708.84	46,308.84	-
02/01/2024	43,300.00	3.350%	3,040.91	46,340.91	-
06/30/2024	-	-	-	-	92,649.75
08/01/2024	44,000.00	3.350%	2,274.52	46,274.52	-
02/01/2025	44,800.00	3.350%	1,546.14	46,346.14	-
06/30/2025	-	-	-	-	92,620.66
08/01/2025	45,500.00	3.350%	766.36	46,266.36	-
06/30/2026	-	-	-	-	46,266.36
<b>Total</b>	<b>\$814,600.00</b>	<b>-</b>	<b>\$138,427.89</b>	<b>\$953,027.89</b>	<b>-</b>



## VML/VACo Finance

County of Southampton, Virginia

Moral Obligation Bond, Series 2015

Jail Farm Kitchen Project (Fund 300)

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/25/2015	-	-	-	-	-
02/01/2016	18,900.00	3.350%	1,321.87	20,221.87	-
06/30/2016	-	-	-	-	20,221.87
08/01/2016	8,600.00	3.350%	3,217.86	11,817.86	-
02/01/2017	8,700.00	3.350%	3,105.97	11,805.97	-
06/30/2017	-	-	-	-	23,623.83
08/01/2017	8,900.00	3.350%	2,908.80	11,808.80	-
02/01/2018	9,000.00	3.350%	2,804.62	11,804.62	-
06/30/2018	-	-	-	-	23,613.42
08/01/2018	9,200.00	3.350%	2,607.31	11,807.31	-
02/01/2019	9,300.00	3.350%	2,493.00	11,793.00	-
06/30/2019	-	-	-	-	23,600.31
08/01/2019	9,500.00	3.350%	2,295.71	11,795.71	-
02/01/2020	9,600.00	3.350%	2,171.10	11,771.10	-
06/30/2020	-	-	-	-	23,566.81
08/01/2020	9,800.00	3.350%	1,984.91	11,784.91	-
02/01/2021	9,900.00	3.350%	1,838.93	11,738.93	-
06/30/2021	-	-	-	-	23,523.84
08/01/2021	10,100.00	3.350%	1,642.20	11,742.20	-
02/01/2022	10,300.00	3.350%	1,496.48	11,796.48	-
06/30/2022	-	-	-	-	23,538.68
08/01/2022	10,500.00	3.350%	1,298.60	11,798.60	-
02/01/2023	10,600.00	3.350%	1,140.34	11,740.34	-
06/30/2023	-	-	-	-	23,538.94
08/01/2023	10,800.00	3.350%	943.21	11,743.21	-
02/01/2024	11,000.00	3.350%	773.92	11,773.92	-
06/30/2024	-	-	-	-	23,517.13
08/01/2024	11,200.00	3.350%	579.22	11,779.22	-
02/01/2025	11,400.00	3.350%	393.81	11,793.81	-
06/30/2025	-	-	-	-	23,573.03
08/01/2025	11,600.00	3.350%	195.38	11,795.38	-
06/30/2026	-	-	-	-	11,795.38
<b>Total</b>	<b>\$208,900.00</b>	<b>-</b>	<b>\$35,213.24</b>	<b>\$244,113.24</b>	<b>-</b>

## VML/VACo Finance

County of Southampton, Virginia

Moral Obligation Bond, Series 2015

Water Tank Project (Fund 500)

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/25/2015	-	-	-	-	-
02/01/2016	27,900.00	3.350%	1,933.14	29,833.14	-
06/30/2016	-	-	-	-	29,833.14
08/01/2016	12,500.00	3.350%	4,701.46	17,201.46	-
02/01/2017	12,700.00	3.350%	4,539.10	17,239.10	-
06/30/2017	-	-	-	-	34,440.56
08/01/2017	13,000.00	3.350%	4,251.19	17,251.19	-
02/01/2018	13,100.00	3.350%	4,099.06	17,199.06	-
06/30/2018	-	-	-	-	34,450.25
08/01/2018	13,400.00	3.350%	3,811.58	17,211.58	-
02/01/2019	13,600.00	3.350%	3,645.32	17,245.32	-
06/30/2019	-	-	-	-	34,456.90
08/01/2019	13,900.00	3.350%	3,356.82	17,256.82	-
02/01/2020	14,000.00	3.350%	3,174.46	17,174.46	-
06/30/2020	-	-	-	-	34,431.28
08/01/2020	14,300.00	3.350%	2,902.85	17,202.85	-
02/01/2021	14,500.00	3.350%	2,689.90	17,189.90	-
06/30/2021	-	-	-	-	34,392.75
08/01/2021	14,800.00	3.350%	2,401.82	17,201.82	-
02/01/2022	15,000.00	3.350%	2,188.22	17,188.22	-
06/30/2022	-	-	-	-	34,390.04
08/01/2022	15,300.00	3.350%	1,899.90	17,199.90	-
02/01/2023	15,600.00	3.350%	1,669.42	17,269.42	-
06/30/2023	-	-	-	-	34,469.32
08/01/2023	15,800.00	3.350%	1,379.45	17,179.45	-
02/01/2024	16,100.00	3.350%	1,131.78	17,231.78	-
06/30/2024	-	-	-	-	34,411.23
08/01/2024	16,400.00	3.350%	846.81	17,246.81	-
02/01/2025	16,700.00	3.350%	575.31	17,275.31	-
06/30/2025	-	-	-	-	34,522.12
08/01/2025	16,900.00	3.350%	284.65	17,184.65	-
06/30/2026	-	-	-	-	17,184.65
<b>Total</b>	<b>\$305,500.00</b>	<b>-</b>	<b>\$51,482.24</b>	<b>\$356,982.24</b>	<b>-</b>

## BOND PURCHASE AGREEMENT

**Between:**            **Community Capital Bank of Virginia (the “Purchaser”)**  
**110 Peppers Ferry Road NW**  
**Christiansburg, VA 24073**  
**Attention: Martha D. Shifflett, Senior Vice President & Senior Loan Officer**  
**Telephone: (804) 344-5484**

**And:**                **County of Southampton, Virginia (the “Issuer”)**  
**P.O. Box 400**  
**26022 Administration Center Drive**  
**Courtland, VA 23837**  
**Attention: Lynette C. Lowe, Deputy County Administrator/Chief Financial Officer**  
**Telephone: (757) 653-3006**

**Dated:**            **November 1, 2015**

This Bond Purchase Agreement (the “Agreement”) is entered into as of the date set forth above, between Community Capital Bank of Virginia (the “Purchaser”) and the County of Southampton, Virginia (the “Issuer”). For and in consideration of the premises hereinafter contained, Issuer hereby agrees to issue and sell to Purchaser, and Purchaser agrees to purchase and accept, the Bond, as defined below, on the terms set forth herein. Pursuant to this Agreement, the Purchaser has determined to provide funds for the Financing (as defined below), for the benefit of the Issuer, to finance all or a portion of the costs of the Project (as defined below), and to pay related costs and expenses.

### ARTICLE I.    DEFINITIONS

As used in this Agreement, the following terms will have the meanings indicated below unless the context clearly requires otherwise:

“**Agreement**” means this Bond Purchase Agreement executed by Issuer and Purchaser, including all exhibits, schedules and attachments attached hereto, and any amendments hereof.

“**Authorizing Statute**” means the Public Finance Act of the Code of Virginia of 1950, as amended and such other applicable authority under the Code of Virginia of 1950, as amended.

“**Bond**” means the Issuer’s “\$1,329,000 Public Facility Bond, Series 2015,” as identified in the Resolution and in the form substantially as attached hereto as Attachment 1.

“**Bond Counsel**” means Spotts Fain PC.

“**Code**” is defined in Section 3.1(c).

“**Debt Service Reserve Fund**” means that account at the Purchaser’s institution in which certain funds of the Issuer are held and in which the Purchaser has a security interest for the payment of the Bond, as more fully described in Section 4.3.

“**Event of Default**” is defined in Section 6.1.

“**Financing**” means the lending by the Purchaser of the proceeds of the Bond to the Issuer, for repayment under the terms and conditions of this Bond Purchase Agreement.

“**Issue Date**” is November 25, 2015.

“**Issuer**” means the County of Southampton, Virginia and its permitted successors and assigns.

“**Paying Agent**” means Issuer’s duly qualified and serving Treasurer.

“**Project**” means the Financing of the costs of the construction, renovation, rehabilitation, and equipping of certain Issuer facilities, including the expansion of the courthouse lobby and installation of security and lighting upgrades, repainting of the Issuer’s water tank, replacement of the dining hall and kitchen for inmates at the Southampton County Jail Farm, and related engineering, administrative and financing costs.

“**Purchaser**” means Community Capital Bank of Virginia and its successors and assigns.

“**Resolution**” means the resolution of the Board of Supervisors of the Issuer authorizing the execution and delivery of this Agreement and the issuance of the Bond.

“**State**” means the Commonwealth of Virginia.

## ARTICLE II. PURCHASE OF BOND

Section 2.1 **Purchase and Form of Bond.** On the terms, and subject to the conditions set forth in this Agreement, Purchaser hereby agrees to purchase the Bond from the Issuer at a price of 100 percent of the par amount on the Issue Date. The principal amount of the Bond shall be \$1,329,000. The form of the Bond is attached hereto as Attachment 1. The Bond is issued pursuant to the Authorizing Statute.

Section 2.2 **Interest; Installments.** The Bond shall bear interest at the rate of 3.35% per annum, calculated on an actual/360-day basis, from the Issue Date until August 1, 2025. Issuer will repay the Bond in semiannual installments, including principal and interest on each February 1 and each August 1, beginning February 1, 2016, and with all payments ending August 1, 2025. Payments shall be made consistent with the Schedule I affixed to the Bond, which by this reference is incorporated and made a part of this Agreement.

Section 2.3 **Application.** Any payments by Issuer to Purchaser shall be applied first to pay accrued interest, and second to pay principal.

Section 2.4 **Issuer’s Option to Prepay.** Issuer shall have the option to prepay in whole the principal plus accrued interest of the Bond, without prepayment penalty, on any scheduled payment date after February 1, 2021.

## ARTICLE III. COVENANTS AND CONDITIONS

Section 3.1 **Covenants of the Issuer.** As of the Issue Date, Issuer represents, covenants and warrants for the benefit of Purchaser as follows:

- (a) Issuer is a public body corporate and governmental instrumentality duly organized and existing under the constitution and laws of the State with full power and authority to issue the Bond, and to enter into this Agreement and the transactions contemplated thereby and to perform all of its obligations thereunder and hereunder.
- (b) Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence. To the extent Issuer should merge with another entity under the laws of the State, Issuer agrees that as a condition to such merger it will require that the remaining or resulting entity shall be assigned Issuer’s rights and shall assume Issuer’s obligations on the Bond and under this Agreement.
- (c) Issuer has been duly authorized to issue the Bond and to execute and deliver this Agreement by proper action by its governing body, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of the Bond and this Agreement. On the Issue Date, Issuer shall cause to be delivered an opinion of counsel, as to the due authorization, validity and enforceability of the Bond, the federal and state tax exemption of interest on the Bond, the Bond is a qualified tax-exempt obligation under Section 265(b)(3) under the Internal Revenue Code of 1986, as amended (the “Code”), with such changes therein as may be approved by Purchaser.

- (d) Issuer will provide to Purchaser its current financial statements and budgets and such other financial information of Issuer as requested, in such form and times and containing such information as may be requested, within thirty (30) days of each fiscal quarter end. Further, Issuer will provide to Purchaser its annual, certified audited financial statements not later than 120 days of its fiscal year end. Notwithstanding this, Issuer shall notify the Purchaser at all times while this Agreement is in effect, and at a minimum within fifteen (15) days of notification to or discovery by the Issuer, of any material adverse change in the condition of the Issuer and of any actual or threatened litigation which might substantially affect the condition of the Issuer.
- (e) All permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of the delivery of this Agreement have been obtained for (i) the issuance of the Bond and the execution and delivery of this Agreement, (ii) the acquisition, construction, equipping, occupation, operation and use of the Project. The Issuer knows of no reason why any such required permits or approvals not obtained as of the date hereof cannot be obtained as needed.
- (f) Issuer will expend the proceeds of the Bond on costs and expenses of the Project for which the Issuer may expend Bond proceeds under the Authorizing Statute and shall pursue completion of the Project expeditiously and shall complete the Project and place the Project in service within three years of the date of this Agreement.
- (g) The Issuer shall not permit the proceeds of the Bond to be used in any manner that would result in either (1) 5% or more of such proceeds or the facilities being financed with such proceeds being considered as having been used in any trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the Code, (2) 5% or more of such proceeds or the facilities being financed with such proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4) of the Code, or (3) 5% or more of such proceeds or the facilities being financed with such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit, as provided in Section 141(c) of the Code.
- (h) Issuer will comply with all applicable provisions of the Code, including Sections 103 and 148 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest on the Bond. Issuer covenants and agrees that it will use the proceeds of the Bond as soon as practicable and with all reasonable dispatch for the purpose for which the Bond has been issued, and that no part of the proceeds of the Bond shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Bond, would have caused the Bond or related Bonds of the Project to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Bond. In furtherance of the covenant contained in the preceding sentence, the Issuer agrees to comply with the tax compliance certificate delivered at the Issue Date and the provisions of Section 141 through 150 of the Code, as applicable.
- (i) The Issuer designates the Bond as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code. The Issuer represents and covenants as follows:
  - i. The Issuer will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in calendar year 2015, including the Bond, for the purpose of such Section 265(b)(3);
  - ii. The Issuer, all its "subordinate entities," within the meaning of such Section 265(b)(3), and all entities which issue tax-exempt obligations on behalf of the Issuer and its subordinate entities have not authorized, in the aggregate, more than \$10,000,000 of tax- exempt obligations to be issued in calendar year 2015 (not including "private activity bonds," within the meaning of Section 141 of the Code, other than "qualified 501(c)(3) bonds," within the meaning of Section 145 of the Code), including the Bond;

- iii. Barring circumstances unforeseen as of the date of delivery of the Bond, the Issuer will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the Issuer and such other entities in calendar year 2015, result in the Issuer and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2015 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Bond; and
- iv. The Issuer has no reason to believe that the Issuer and such other entities will issue tax-exempt obligations in calendar year 2015 in an aggregate amount that will exceed such \$10,000,000 limit;

provided, however, that if the Issuer receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (i) or (iii) above is not required for the Bond to be a qualified tax-exempt obligation, the Issuer need not comply with such covenant.

- (j) The issuance of the Bond and the execution, delivery and performance of the Agreement and compliance with the provisions thereof by Issuer does not conflict with or result in a violation or breach or constitute a default under, any resolution, bond, agreement, indenture, mortgage, note, lease or other instrument to which Issuer is a party or by which it is bound by any law or any rule, regulation, order or decree of any court, governmental agency or body having jurisdiction over Issuer or any of its activities or properties resulting in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any property or assets of Issuer or to which it is subject.

Section 3.2 **Conditions.** Purchaser's obligation to purchase the Bond on the Issue Date is subject to satisfaction of the following conditions:

- (a) Purchaser shall have received a certified copy of the duly authorized Resolution;
- (b) Purchaser shall have received an original of this Agreement and the Bond, duly executed by Issuer in accordance with the Resolution;
- (c) Purchaser shall have received an opinion of Bond Counsel, in form and substance satisfactory to Purchaser's counsel, to the effect that:
  - i. the Resolution, this Agreement, and the Bond are valid and legally binding obligations of Issuer, enforceable against Issuer in accordance with their terms, except to the extent that enforceability may be limited by or rendered ineffective by (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (B) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (C) common law and statutes affecting the enforceability of contractual obligations generally; and (D) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as Issuer;
  - ii. the interest payable on the Bond is excludable from gross income under the Code and is exempt from income taxation in the State;
  - iii. the Bond is not a "private activity bond" within the meaning of Section 141 of the Code; and
  - iv. the Bond is a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code.
- (d) Purchaser shall have received the certificate of a duly authorized representative of Issuer to the effect that:
  - i. there is no action, suit, proceeding, or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of Issuer, threatened against Issuer to restrain or enjoin the adoption of the Resolution or the execution and delivery of this Agreement or the issuance of the Bond, or the collection and application of funds as contemplated

by this Agreement and the Bond, which in the reasonable judgment of Issuer, would have a material and adverse effect on the ability of Issuer to pay amounts due under the Bond, and

- ii. the adoption of the Resolution and the execution and delivery of this Agreement and the Bond do not and will not conflict in any material respect with or constitute on the part of Issuer a breach of or default under any law, charter provision, court decree, administrative regulation, resolution, ordinance, or other agreement or instrument to which Issuer is a party or by which it is bound.
- (e) Purchaser shall have received such additional legal opinions, certificates, proceedings, instruments, or other documents as Purchaser or Bond Counsel may reasonably request to evidence compliance by Issuer with the legal requirements for adoption of the Resolution, execution and delivery of this Agreement, issuance of the Bond, acquisition and construction of the Project and the due performance or satisfaction by Issuer of all agreements then to be performed and all conditions then to be satisfied by Issuer.
- (f) Issuer shall have satisfied all other of the Purchaser's required conditions precedent to closing.

#### **ARTICLE IV. PAYMENT AND SECURITY**

##### **Section 4.1 Payment of Bond.**

- (a) Issuer shall promptly pay the principal of, and interest and premium, if any, on the Bond, exclusively from legally available funds, in lawful money of the United States of America, in such amounts and on such dates as described in this Agreement and the Bond. Issuer and Purchaser acknowledge and agree that Paying Agent shall serve as Registrar of the Bond and that Issuer shall direct the Paying Agent to make payments directly to the Purchaser. Paying Agent shall credit the account of Issuer for payments made on its books and records and shall make same available for Issuer or Purchaser, or its successors or assigns, upon the reasonable request thereof. Issuer shall pay a charge on any delinquent payments in an amount sufficient to cover all additional costs and expenses incurred by the Purchaser due to such delinquent payment. In addition, Issuer shall pay a late charge of two and one-half percent (2.5%) per annum or the highest rate amount permitted by applicable law, whichever is lower, on all delinquent payments of principal of and interest and premium, if any, on the Bond, from the date such amounts were due until paid at the Default Rate as described in Section 6.2.
- (b) Payments received from the Issuer through a draw on the Debt Service Reserve Fund will be credited against the Issuer's payment obligation under this Agreement. Notwithstanding the foregoing, the Issuer is obligated to effect payment of all outstanding amounts under the terms of this Agreement, as provided in this Article IV.

##### **Section 4.2 Annual Appropriation and Issuer's Moral Obligation.** The following covenants and agreements of the Issuer are herein referred to collectively as the "Issuer's Moral Obligation":

- (a) No later than April 1 of each year beginning April 1, 2016, the County Administrator of the Issuer shall notify the Purchaser, in writing, of the amount (the "Annual Deficiency Amount") by which the sum of (a) the principal of and interest on the Bond, and (b) any other amounts due to be paid by the Issuer under this Agreement during the Issuer's next ensuing fiscal year, is expected to exceed the total of the revenues, grants and appropriations to be received during such next ensuing fiscal year that will be available to pay the amounts described in (a) and (b) above. In such event the County Administrator shall also, as soon as practicable, deliver to the Issuer's Board of Supervisors (the "Board") a certificate stating the Annual Deficiency Amount accompanied by a request that the Board appropriate and pay to the Purchaser from funds of the Issuer an amount sufficient to cure the deficiency, or to include the Annual Deficiency Amount in the annual budget submitted to the Board for the Issuer's next ensuing fiscal year.
- (b) The County Administrator shall promptly present such request to the Board, and the Board shall consider such request, at its next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify the Purchaser whether the amount so requested was appropriated. If the Board shall fail to make any such appropriation, the County Administrator shall add the amount of such requested appropriation to the Annual Deficiency

Amount and shall make a similar request for funding of the aggregate Deficiency Amount at each following meeting of the Board until the aggregate Deficiency Amount has been paid. Within ten (10) days after the adoption of each budget, but not later than July 1 of each year, the County Administrator shall deliver to the Purchaser a certificate stating whether the Board has appropriated an amount equal to the Annual Deficiency Amount to or on behalf of the Purchaser for such purpose in the Issuer's annual budget adopted for such fiscal year.

- (c) The Issuer shall pay to the Purchaser the amount of any annual or supplemental appropriation made pursuant to this Section. The Issuer acknowledges that any amounts appropriated pursuant to this Section shall be deemed to be pledged to secure the payment of the principal of and interest on the Bond and the other obligations of the Issuer under this Loan Agreement.
- (d) The Board hereby undertakes a non-binding obligation to appropriate, as a current expense of the Issuer, such amounts as may be requested from time to time pursuant to subsections (a) through (b) above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the State. 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 intention to make such appropriations in future fiscal years, and hereby recommends that future Boards do likewise.
- (e) Nothing contained in this Section or elsewhere in this Agreement is or shall be deemed to be a lending of the credit or taxing or borrowing power of the Issuer to the Purchaser, or to any other person. Nothing contained in this Section shall bind or obligate the Board to appropriate funds for the purposes described herein.

**Section 4.3 Debt Service Reserve Fund.** As of the Issue Date, Issuer shall have caused an account to be held at the Purchaser's institution, called "2015 Bond Debt Service Reserve Fund," as security for the payment of all sums due under the Bond. Issuer acknowledges and agrees that Purchaser, without notice and at any time Issuer does not make timely and full payment of sums due under this Agreement and under the Bond, may, as partial or whole satisfaction for receiving such sums due, transfer monies from the Debt Service Reserve Fund to its own accounts. As of the Issue Date, Issuer shall have caused the sum of \$312,745 to be transferred into such Debt Service Reserve Fund. At the third anniversary of the Issue Date, Issuer may reduce the amount in the account to \$156,373, which balance shall be maintained at all times for the remainder of the loan. The Parties further acknowledge and agree that the Debt Service Reserve Fund is yield restricted to the extent that no funds in the account may be invested above the arbitrage yield rate of 3.401209%.

**Section 4.4 Nature of Obligations.**

- (a) The undertaking by the Issuer to make the payments due under this Agreement and the Bond shall be a limited obligation of the Issuer, payable solely from funds appropriated by the Board from time to time for such purpose and shall not constitute a debt of the Issuer.
- (b) Nothing in this Agreement or the Bond shall constitute a pledge of the full faith and credit nor taxing power of the State or of any political subdivision, including the Issuer. Any other provision of this Agreement or the Bond to the contrary notwithstanding, the Issuer's obligation to make payments under this Agreement is specifically stated to be subject to annual appropriation therefor by the Board.
- (c) To the extent permitted by law, the obligations of Issuer to make the payments required under the Bond and this Agreement and to perform and observe the other agreements on its part contained in the Bond and this Agreement shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever while any portion of the Bond remains unpaid regardless of any contingency, act of God, event or cause whatsoever. Issuer shall pay absolutely net the amounts required to be paid hereunder, regardless of any rights of set-off, recoupment, abatement or counterclaim that Issuer might otherwise have against Purchaser, its successors or assigns, or any other party or parties.

**Section 4.5 Agreement to Survive.** The provisions of this Agreement will survive the issuance of the Bond and the payment of the purchase price therefor. This Agreement will terminate upon the payment in full of all



amounts due under the Bond and this Agreement, provided that Section 5.3 of this Agreement will survive its termination.

## ARTICLE V. ASSIGNMENT; RISK OF LOSS

Section 5.1 **Assignment by Purchaser.** Purchaser's right, title and interest in, to and under the Bond and the Agreement may be assigned and reassigned in whole without the necessity of obtaining the consent of Issuer. Issuer agrees to execute all documents, including notices of assignment that may be reasonably requested by Purchaser or any assignee to evidence any such assignment or reassignment, including without limitation the issuance of a new Bond of like tenor registered in the name of the assignee upon surrender of the old Bond. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to Issuer, and Issuer shall execute and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen, upon receipt of a written indemnity from Purchaser reasonably satisfactory to Issuer.

Section 5.2 **Assignment by Issuer.** NONE OF ISSUER'S OBLIGATIONS UNDER THE BOND OR THIS AGREEMENT MAY BE ASSIGNED BY ISSUER FOR ANY REASON, WITHOUT THE PRIOR WRITTEN CONSENT OF PURCHASER.

Section 5.3 **Risk of Loss Covenants.** Issuer shall not be required to indemnify or hold Purchaser harmless against liabilities arising from this Agreement. However, as between Purchaser and Issuer, and to the extent permitted by law, Issuer shall bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Bond or this Agreement, including, but not limited to, the loss of federal tax exemption of the interest on the Bond, except that Issuer shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from the gross negligence or willful misconduct of the Purchaser.

## ARTICLE VI. DEFAULT

Section 6.1 **Events of Default Defined.** Any of the following shall constitute an "Event of Default" under this Agreement:

- (a) Failure by Issuer to make any payment of principal of, or interest or premium on, the Bond, or other payment required to be paid under this Agreement, at the time specified therein;
- (b) Failure by Issuer to observe and perform any covenant, condition or agreement on its part to be observed or performed with respect to the Bond or this Agreement, including but not limited to failure to comply with any of the Borrower's Moral Obligation provisions, after the expiration of any applicable cure periods set forth in this Agreement;
- (c) Any statement, representation or warranty made by Issuer in this Agreement or the Bond shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (d) Issuer shall default on any of its indebtedness issued whether or not on a parity basis with the Bond, which indebtedness remains uncured after any applicable cure period permitted by such indebtedness;
- (e) Issuer shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Issuer, or of all or a substantial part of the assets of Issuer, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Issuer in any bankruptcy, reorganization or insolvency proceeding; or
- (f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Issuer or of all or a substantial part of the assets of Issuer, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days.

Section 6.2 **Remedies on Default.** If an Event of Default shall have occurred, Purchaser may proceed to enforce its rights under Section 4.3 of this Agreement and may proceed against the Issuer and its agents, officers and employees to protect and enforce the rights of Purchaser under the Bond and this Agreement by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond or in this Agreement, or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as Purchaser may deem most effectual to protect and to enforce its rights under the Bond or this Agreement, or to enjoin any act or thing which may be unlawful or in violation of any right of Purchaser under the Bond or this Agreement, or to require Issuer to act as if it were the trustee of an express trust, or any combination of such remedies. While any Event of Default exists, the unpaid principal amount of the Bond shall bear interest at the rate of twelve percent (12%) per annum, or the maximum rate permitted by applicable law, whichever is less (the "Default Rate").

Section 6.3 **No Remedy Exclusive.** No remedy conferred upon or reserved to Purchaser in this Agreement or the Bond is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or the Bond now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power nor shall such delay or omission be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Purchaser to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 6.4 **Costs and Attorney Fees.** Upon the occurrence of an Event of Default by Issuer in the performance of any term of this Agreement or the Bond, Issuer agrees to pay to Purchaser or reimburse Purchaser for, in addition to all other amounts due hereunder, all of Purchaser's respective costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Issuer, and shall bear interest at the Default Rate. In the event suit or action is instituted to enforce any of the terms of this Agreement or the Bond, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

## ARTICLE VII. MISCELLANEOUS

Section 7.1 **Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party), to any assignee at its address.

Section 7.2 **Further Assurances.** Issuer agrees to execute such other and further documents and to take all such action as may be necessary or appropriate, from time to time, in the reasonable opinion of Purchaser, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement.

Section 7.3 **Binding Effect.** This Agreement and the Bond shall inure to the benefit of and shall be binding upon Purchaser and Issuer and their respective successors and permitted assigns.

Section 7.4 **Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.5 **Waiver of Jury Trials.** Issuer and Purchaser hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the Bond or this Agreement or the actions of Purchaser or Issuer in the negotiation, administration, performance or enforcement thereof.

Section 7.6 **Amendments, Changes and Modifications.** This Agreement may only be amended in writing by Purchaser and Issuer.

Section 7.7      **Execution in Counterparts.** This Agreement hereunder may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.8      **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 7.9      **Captions.** The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, Purchaser and Issuer have caused the Bond Purchase Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

<b>Purchaser: Community Capital Bank of Virginia</b>
By:
Name: Martha D. Shifflett
Title: Senior Vice President & Senior Loan Officer

<b>Issuer: County of Southampton, Virginia</b>
By:
Name: Michael W. Johnson
Title: County Administrator

Address for Notice:  
110 Peppers Ferry Road NW  
Christiansburg, VA 24073  
Phone: (804) 344-5484  
Attention: Martha D. Shifflett  
Senior Vice President &  
Senior Loan Officer

Attest:
By:
Name:
Title:

Address for Notice:  
P.O. Box 400  
26022 Administration Center Drive  
Courtland, VA 23837  
Attention: Lynette C. Lowe, Deputy County  
Administrator/Chief  
Financial Officer  
Telephone: (757) 653-3006

Form of Bond

[See Transcript Tab 3]

## PROJECT NO. 1 - COURTHOUSE SECURITY IMPROVEMENTS

### Description:

1. **Main Entrance Lobby Expansion** – the lobby will be enlarged by expanding it outward under the existing covered colonnade. The enlarged lobby will accommodate a single security checkpoint for all persons entering the facility. The checkpoint will offer limited separation of ingress and egress and include a duty station for two (2) security officers, a metal detector, an X-ray machine and standard exit turnstile and wheelchair accessible turnstile.
2. **Security Equipment** - other security equipment including an x-ray machine and metal detector will be purchased and installed in the expanded lobby.
3. **Closed Circuit TV System** – a new CCTV system will be installed with both interior and exterior cameras. All cameras will be digital high-resolution color cameras with video stored on a digital video recorder. Monitoring will occur at the existing emergency communications center, located next-door to the Courthouse.
4. **Bullet-Resistant Glass** - the expanded lobby will be enclosed with bullet resistant glass and the existing windows in the Commonwealth Attorney's and Clerk of the Circuit Court's offices will be replaced with bullet resistant glass.
5. **Emergency Power** - an electrical generator will be installed to provide auxiliary power for the entire Courthouse complex.
6. **ADA compliance** - handicapped ramps will be installed to access the Judges bench(es) in the General District and Circuit Courtrooms.
7. **Lighting Improvements** - additional lighting will be installed in the Courthouse parking lot.

Anticipated Cost:           \$1,052,500

Construction Admin.	10,000
Building Alterations	434,800
Security Equipment*	230,000
Emergency Power*	225,000
Bullet resistant glass	65,700
ADA - District Court	10,000
ADA - Circuit Court	23,500
Contingency	50,000
Financing Fee	3,500
	<hr/>
	1,052,500

Anticipated Sources:       \$ 252,500 (Cash on hand - Courthouse Security Fees)  
                                      800,000 (to be financed)  
                                      \$1,052,500

**Table 1 - Budget Worksheet**

## Southampton County Courthouse Security Upgrades

	Aug-15		
	Quantity	Unit Cost	Subtotal
General Conditions	3	\$15,000	\$45,000
Overhead	3	\$7,500	\$22,500
Demolition	1	\$20,000	\$20,000
Asbestos	1	\$11,000	\$11,000
Colonnade Infill-front entry	650	\$200	\$130,000
Brick Infill	320	\$50	\$16,000
Concrete slabs	800	\$5	\$4,000
New ceilings	1200	\$3	\$3,600
New HVAC	1	\$10,000	\$10,000
New interior walls finish	50	\$200	\$10,000
New column surrounds	4	\$750	\$3,000
New storefront	200	\$40	\$8,000
New lobby doors (glass)	5	\$1,000	\$5,000
New brick at ramp and entry vestibule	200	\$25	\$5,000
New railings	4	\$800	\$3,200
Front steps	1	\$3,500	\$3,500
New door to Clerk's/Comm Attny	1	\$2,500	\$2,500
Counters at lobby	25	\$500	\$12,500
Finishes	1	\$12,000	\$12,000
Restore finishes	1	\$10,000	\$10,000
New door to Original Courthouse	1	\$10,000	\$10,000
Parking lot lighting	1	\$15,000	\$15,000
New door hardware - electrified	1	\$20,000	\$20,000
New door hardware - non electrified	1	\$5,000	\$5,000
New bullet resistant glass system at lobby	240	200	48000
Subtotal for Construction			\$434,800
Contingency			50000
Total Budget for Building Construction			\$484,800
Security Systems Equipment			\$175,000
x ray machine			\$50,000
metal detector			\$5,000
Total budget for Security System Equipment			\$230,000
Emergency Power rewiring			\$125,000
Emergency Generator			\$100,000
Total Budget for Emergency Power			\$225,000

**PROJECT NO. 2 - SOUTHAMPTON COUNTY JAIL FARM KITCHEN & DINING HALL**

Description:

The project will include construction of a new 30' x 80' pre-engineered metal building for use as a dining hall and kitchen for inmates at the Southampton County Jail Farm. The existing facility is nearing the end of its useful life.

The Southampton County Jail Farm is a 100 bed minimum security facility located at 19458 Camp 20 Drive, Capron, Virginia. It houses non-violent male offenders who are eligible to work regular jobs within the community in order to gain the financial means to pay court cost, child support, restitution, and/or send money home to support a family.

Anticipated Cost:           \$339,312

<b><u>PART I - NEW CONSTRUCTION</u></b>	
BUILDING COST	183,500
SITWORK	<u>12,250</u>
<b>NEW CONSTRUCTION COST SUBTOTAL:</b>	<b>195,750</b>
<b><u>PART II - PROJECT CONSTRUCTION COSTS</u></b>	
RELOCATION OF UTILITY POLES	2,750
SEPTIC INSTALLATION	<u>9,250</u>
<b>PROJECT CONSTRUCTION COSTS SUBTOTAL</b>	<b>12,000</b>
<b><u>PART III - OTHER PROJECT COSTS</u></b>	
A/E FEES RENOVATION	16,400
VALUE MANAGEMENT ANALYSIS	0
FIXTURES, FURNISHINGS & EQUIPMENT	82,243
TESTING/SPECIAL INSPECTIONS	2,500
SURVEY, TOPO, ENVIRONMENTAL & UTILITY LOG	2,500
PRINTING, REPRODUCTION & ADVERTISING	1,500
PERMITS, FEES & CONNECTION CHARGES	<u>2,500</u>
<b>OTHER COSTS SUBTOTAL:</b>	<b>107,643</b>
<b>CONTINGENCY (8%)</b>	<b>23,919</b>
(Total cost less A/E fees)	
<b>TOTAL PROJECT COST:</b>	<b>339,312</b>

Anticipated Sources:       \$ 84,828 (Virginia DOC Cost-Share)  
                                      49,384 (Cash on hand - Sheriff's Funds)  
                                      205,100 (to be financed)  
                                      \$ 339,312





SOUTHAMPTON COUNTY  
JAIL FARM

New Kitchen  
& Dining Hall

© 2015 Google

Google earth

## Mike Johnson

---

**Subject:** New Jail Farm Kitchen/Dining Building

**From:** Sheriff Jack Stutts [<mailto:stutts@shso.org>]  
**Sent:** Thursday, September 17, 2015 1:30 PM  
**To:** Casey, Robert (VADOC)  
**Cc:** Mike Johnson  
**Subject:** RE: New Jail Farm Kitchen/Dining Building

Mr. Casey, Wonderful news. Thank you for all your assistance with this project and all required reports and documents will be forthcoming. Jack Stutts

---

**From:** Casey, Robert (VADOC) [<mailto:Robert.Casey@vadoc.virginia.gov>]  
**Sent:** Thursday, September 17, 2015 9:28 AM  
**To:** Sheriff Jack Stutts <[stutts@shso.org](mailto:stutts@shso.org)>  
**Subject:** RE: New Jail Farm Kitchen/Dining Building

Sheriff Stutts,

Good News! The Board of Corrections approved the Kitchen/Dining Building project yesterday. The approval recognizes a total eligible cost of **\$339,312.00**, of which up to 25% or **\$84,828.00** will be eligible for reimbursement. A copy of the approved staff analysis is attached for your files. I've also attached a copy of what is required for a reimbursement package. Please let me know if you have any questions.

Thanks,  
Bob Casey

SOUTHAMPTON COUNTY JAIL FARM KITCHEN/DINING BUILDING  
COST ANALYSIS

\*\*\*\*\*

9/1/2015  
REC

**VADOC PART I - FORMULA DATA**

MEANS COSTS (2015 SF Cost Data)  
MARSHALL & SWIFT MULTIPLIER (Lynchburg) x .91  
INFLATION to MID POINT CONSTRUCTION (3.5%)  
TOTAL PROJECT SQ FT  
MEDIAN CONSTRUCTION COST:

\*\*\*\*\*

<b>PLANNING STUDY PROJECT ESTIMATE</b> (Exclusive of Bonds or Financing)	<b>LOCALITY REQUESTED COST</b>	<b>VADOC ELIGIBLE COST</b>
<b><u>PART I - NEW CONSTRUCTION</u></b>		
BUILDING COST	183,500	183,500
SITework	<u>12,250</u>	<u>12,250</u>
<b>NEW CONSTRUCTION COST SUBTOTAL:</b>	<b>195,750</b>	<b>195,750</b>
<b><u>PART II - PROJECT CONSTRUCTION COSTS</u></b>		
RELOCATION OF UTILITY POLES	2,750	2,750
SEPTIC INSTALLATION	<u>9,250</u>	<u>9,250</u>
<b>PROJECT CONSTRUCTION COSTS SUBTOTAL:</b>	<b>12,000</b>	<b>12,000</b>
<b><u>PART III - OTHER PROJECT COSTS</u></b>		
A/E FEES RENOVATION	16,400	16,400
VALUE MANAGEMENT ANALYSIS	0	0
FIXTURES, FURNISHINGS & EQUIPMENT	82,243	82,243
TESTING/SPECIAL INSPECTIONS	2,500	2,500
SURVEY, TOPO, ENVIRONMENTAL & UTILITY LOCATOR	2,500	2,500
PRINTING, REPRODUCTION & ADVERTISING	1,500	1,500
PERMITS, FEES & CONNECTION CHARGES	<u>2,500</u>	<u>2,500</u>
<b>OTHER COSTS SUBTOTAL:</b>	<b>107,643</b>	<b>107,643</b>
<b>CONTINGENCY (8%)</b>	<b>23,919</b>	<b>23,919</b>
(Total cost less A/E fees)		
<b>TOTAL PROJECT COST:</b>	<b>339,312</b>	<b>339,312</b>

Eligible cost per bed based on 90 beds is \$3,770

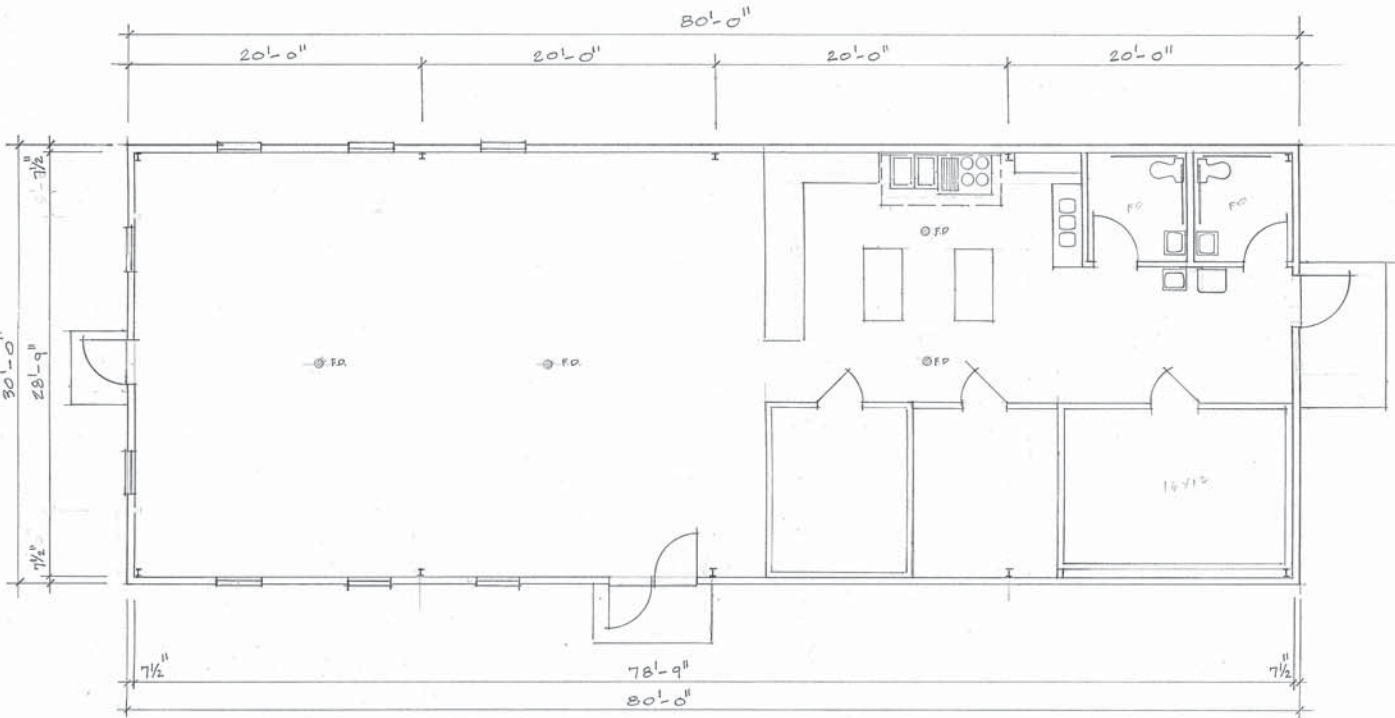
Funding for reimbursement is suggested in the amount of **\$84,828** which is 25% of \$339,312

REVISIONS	BY

Verebely & Associates,  
Architects  
Chesapeake  
Virginia



ALL DIMENSIONS SPECIFIED UNLESS OTHERWISE NOTED.  
PROJECT TO BE CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODES AND ALL APPLICABLE REGULATIONS.  
CONTRACTOR TO VERIFY ALL DIMENSIONS AND CONDITIONS IN THE FIELD.  
1/2" = 1'-0" SCALE UNLESS OTHERWISE NOTED.



**FLOOR PLAN**  
SCALE: 1/4" = 1'-0"

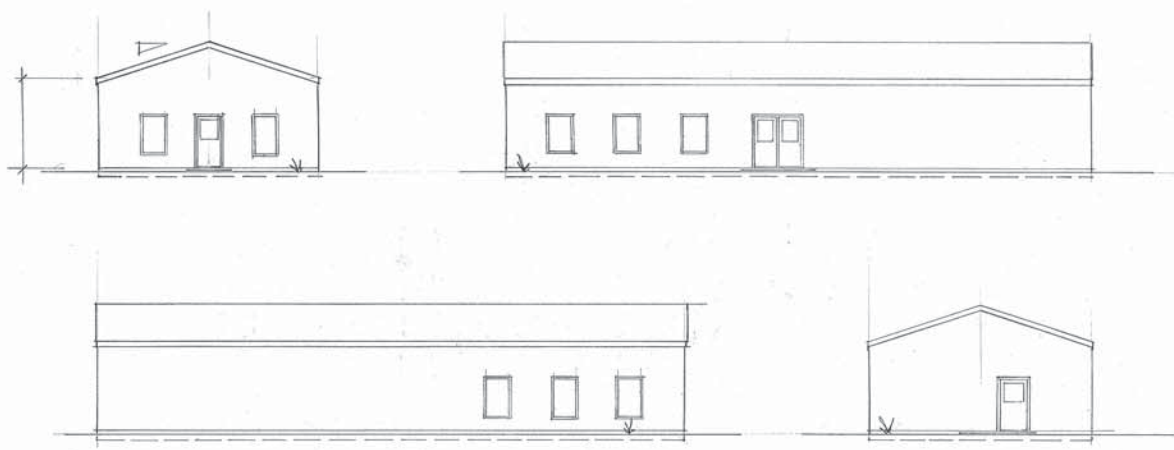
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REVISIONS	BY

**Verobely & Associates,  
Architects**  
Chesapeake  
Virginia



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**PROJECT NO. 3 - WATER TANK PAINTING**

Description:

The project will include inspection, rehabilitation, repair, washout, and repainting of three (3) water tanks:

- Newsoms - 200,000 gallon elevated tank
- Agri-Business Park - 150,000 gallon elevated tank
- Branchville - 100,000 gallon ground storage tank

The Newsoms and Agri-Business Park tank(s) were both erected in 1995-96. They have not been repainted since originally constructed. The Branchville ground storage tank has not been repainted since 1990. The condition of the Newsoms and Agri-Business Park tanks is currently rated "Fair." The Branchville tank is rated "Poor."

Please see attached assessment reports for each tank.

Anticipated Cost:                 \$300,000

Anticipated Sources:             300,000 (to be financed)  
  \$ 300,000