

**AN AUTHORIZING RESOLUTION FOR THE ISSUANCE AND SALE OF UP TO
\$4,000,000 KING GEORGE COUNTY SERVICE AUTHORITY
WATER AND SEWER SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES
2025 AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF**

WHEREAS, the King George County Service Authority (**the “Authority”**) is a public body politic and corporate of the Commonwealth of Virginia; and

WHEREAS, in the judgment of the Board of Directors (**the “Authority Board”**) of the Authority, it is desirable to authorize the issuance of a revenue obligation of the Authority in a principal amount not to exceed Four Million Dollars (\$4,000,000) in the form of a water and sewer system revenue bond anticipation note to provide funds for various water and wastewater system (**the “System”**) improvements in the County of King George, Virginia (**the “County”**), including, but not limited to, upgrades at the Authority’s Dahlgren Wastewater Treatment Plant, some or all of which may be ultimately funded with long term obligations of the Authority, with related legal, consulting and administrative fees (**together, the “Projects”**); and

WHEREAS, the Authority is authorized to acquire, construct, operate and maintain sewer and water systems in the County; and

WHEREAS, the System constitutes a water or waste system within the meaning of Title 15.2, Chapter 51, Section 15.2-5101, of the Code of Virginia, 1950, as amended (**the “Virginia Code”**); and

WHEREAS, the Authority Board desires to issue the revenue bond anticipation note under the provisions of the Virginia Water and Waste Authorities Act, Chapter 51 of Title 15.2 of the Virginia Code (**the “Act”**) of the Virginia Code; and

WHEREAS, the Authority has previously issued certain other water and/or sewer revenue bonds (**as described below, the “Outstanding VRA Bonds”**) and sold the same to the Virginia Resources Authority (“**VRA**”); and

WHEREAS, the Authority will issue its Water and Sewer System Revenue Bond Anticipation Note, Series 2025 (**the “Note”**) to finance the cost of the Projects which will evidence a loan to the Authority from Atlantic Union Public Finance, Inc., a wholly owned subsidiary of Atlantic Union Bank (**the “Bank”**) pursuant to a proposal from the Bank that satisfies the parameters set forth herein.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KING GEORGE COUNTY SERVICE AUTHORITY:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Whenever used in this resolution, unless a different meaning clearly appears from the context:

- (a) **“Act”** shall mean the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia, 1950, as amended).
- (b) **“Additional Bonds”** shall mean any Bonds issued pursuant to Article V and secured on parity with the Note and the Outstanding VRA Bonds, by a pledge of the revenues derived from the ownership or operation of the System.
- (c) **“Authority”** shall mean the King George County Service Authority.
- (d) **“Authority Board”** shall mean the governing body of the Authority.
- (e) **“Bank”** shall mean Atlantic Union Public Finance, Inc., a wholly owned subsidiary of Atlantic Union Bank, as the lender submitting the Loan Proposal selected by the Authority, as purchaser and owner of the Note, and its successors or assigns.
- (f) **“Bonds”** shall mean the Note, the Outstanding VRA Bonds and any Additional Bonds issued hereunder.
- (g) **“Certified copy”** shall mean a copy of a resolution or other paper certified by the Secretary/Treasurer of the Authority Board or by the secretary or clerk of any other body.
- (h) **“County”** shall mean the County of King George, Virginia.
- (i) **“Fiscal year”** shall mean the twelve-month period beginning on July 1 of one year and ending on June 30 of the following year.
- (j) **“Loan Proposal”** shall mean the proposal submitted by the Bank to the Authority for the issuance and sale of the Note in accordance with the parameters set forth in this Resolution and approved by the Authority herein.
- (k) **“Net Income”** shall mean all revenues derived from the ownership or operation of the System, less payments made for Operating Expenses.
- (l) **“Note”** shall mean the Authority’s Water and Sewer System Revenue Bond Anticipation Note, Series 2025 in the amount of up to \$4,000,000.
- (m) **“Note Purchase Agreement”** shall mean that certain Note Purchase Agreement dated August 1, 2025, between the Authority and the Bank.
- (n) **“Noteholder”** shall mean the holder or owner the Note from time to time outstanding, which shall initially be the Bank.

- (o) **“Operating Expenses”** shall mean all current expenses directly attributable to the operation of the System, including, without intending to limit or restrict any proper definition of such expenses under any applicable laws or generally accepted accounting principles, reasonable and necessary usual expenses of administration, operation, maintenance and repair costs for billing and collecting the rates, fees and charges for the use of or the services furnished by the System, insurance and surety bond premiums, legal, engineering and auditing expenses, the expenses and compensation of any paying agents for Bonds, and any other expenses properly and directly attributable to the operation of the System and payable by the Authority, but shall not include any allowance for depreciation, payments on the Bonds or expenditures for capital improvements and extensions to the System.
- (p) **“Outstanding VRA Bonds”** shall mean the outstanding, unrefunded portions of the Authority’s obligations sold to VRA, as more specifically set forth in the Note Purchase Agreement.
- (q) **“Revenues”** shall mean (a) all rates, fees, rentals, charges, income and money received by or on behalf of the Authority that are properly allocable to the System under generally accepted accounting principles or that result from the Authority’s ownership or operation of the System and all rights to receive the same, whether now existing or hereafter coming into existence, exclusive of user and other deposits subject to refund until such deposits have become the Authority’s property, (b) the proceeds of insurance, if any, covering business interruption loss relating to the System, (c) interest on any money or securities related to the System held by or on behalf of the Authority except as otherwise provided by the terms of the Outstanding VRA Bonds, and (d) any other money from other sources pledged or specifically made available by or on behalf of the Authority, including but not limited to the monies received pursuant to the Support Agreement and related to the System.
- (r) **“Secretary/Treasurer of the Authority Board”** shall mean the person holding such office of the Authority.
- (s) **“Subordinate Bonds”** shall mean any bonds, notes or other evidence of indebtedness of the Authority received by a pledge of Revenues expressly made subordinate to the pledge of Revenues securing the Bonds.
- (t) **“Support Agreement”** shall mean that certain Support Agreement dated August 1, 2025, between the Authority and the County relating to the Note.
- (u) **“System”** shall mean the existing water and sewer system operated by the Authority, all additions, extensions and enlargements thereof, and any water or sewer project or projects that may be duly authorized by the Authority and made a part of the System.

- (v) “**VRA**” shall mean the Virginia Resources Authority.
- (w) “**VRA Financing Agreements**” shall mean each of the financing agreements between the Authority and VRA executed in connection with the Outstanding VRA Bonds.

Section 1.2 Other Definitions. Words defined elsewhere in this resolution shall have the meanings therein provided.

Section 1.3 Rules of Construction. Unless the context clearly indicates to the contrary, words importing the singular number shall include the plural number and vice versa.

ARTICLE II

AUTHORIZATION, FORM, EXECUTION, DELIVERY AND REGISTRATION OF NOTE

Section 2.1 Authorization of Note. There is hereby authorized to be issued a water and sewer system revenue bond anticipation note of the Authority in the aggregate principal amount of up to Four Million and 00/100 Dollars (\$4,000,000.00) to provide funds to finance the Projects. The Note shall be designated the “King George County Service Authority Water and Sewer System Revenue Bond Anticipation Note, Series 2025.”

Section 2.2 Details of the Note. The Note shall be a fully registered bond (registered as to principal and interest) without coupons, shall consist of one Note, numbered N-1 in the denomination of up to \$4,000,000 and shall be dated as of the closing date, shall bear interest from such date on the unpaid principal balance at a rate of 3.700%, payable on each April 1 and October 1, beginning April 1, 2026 with principal due thereunder at maturity no later than April 1, 2030.

Installments of principal and interest shall be payable in lawful money of the United States of America, but only from the revenues pledged to the payment thereof as hereinafter provided, including but not limited to the Support Agreement. The Note shall be on a parity basis with the Outstanding VRA Bonds and the pledge of revenues of the System therefor. Installments shall be payable by check or draft mailed to the Bank as registered owner of the Note, at its address as it appears on the registration books, except that the final installment shall be payable upon presentation and surrender of the Note at the office of the Registrar.

Section 2.3 Execution of the Note. The Note shall be signed by the manual signature of the Chairman or Vice Chairman of the Authority Board of the Authority and countersigned by the Secretary/Treasurer of the Authority Board and the Authority seal shall be affixed thereto.

Section 2.4 Form of the Note. The Note shall be in substantially the following form, with such changes, or modifications as may be approved by the Chairman, whose execution thereof shall be conclusive evidence of such appraisal:

No. N-1

\$4,000,000.00

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

KING GEORGE COUNTY SERVICE AUTHORITY

Water and Sewer System Revenue Bond Anticipation Note, Series 2025

Interest Rate: [3.700%]

Maturity Date: [April 1, 2030]

Registered Holder:

The King George County Service Authority, a public body politic and corporate of the Commonwealth of Virginia (**the “Authority”**) for value received, hereby promises to pay, solely from the revenues hereinafter described and pledged to the payment thereof, to the Registered Holder, or registered assigns, a sum equal to the principal amount hereunder:

FOUR MILLION AND 00/100 DOLLARS
(\$4,000,000.00)

and to pay to the registered Holder hereof interest on the unpaid principal from the date hereof until payment of the entire principal sum at the rate of _____ percent [(3.700%)] per year, payable monthly on each April 1 and October 1, beginning April 1, 2026 (**each an “Interest Payment Date”**) through and on the Maturity Date. The Principal Sum (specified above) or such lesser sum as may be outstanding hereunder shall be paid in full on the Maturity Date. Installments of both principal and interest shall be payable in lawful money of the United States of America by check or draft mailed to the registered Holder at its address as it appears on the registration books kept for that purpose at the office of the Secretary/Treasurer of the Authority who was appointed as Registrar. This Note shall be registered as to principal and interest. The final installment of principal shall be payable upon presentation and surrender hereof at the office of the Registrar.

This Note has been authorized by a resolution adopted by the Authority on July __, 2025 (**the “Note Resolution”**), and is issued pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia, 1950, as amended) (**the “Act”**), to provide funds

for various water and wastewater system (**the “System”**) improvements in the County of King George, Virginia (**the “County”**), including, but not limited to, upgrades at the Authority’s Dahlgren Wastewater Treatment Plant, some or all of which may be ultimately funded with long term obligations of the Authority, with related legal, consulting and administrative fees. Copies of the Note Resolution are on file at the office of the Authority. Reference is hereby made to the Note Resolution and any amendments thereto for the provisions, among others, describing the pledge and covenants securing the Note, the nature and extent of the security, the terms and conditions upon which the Note is issued, and the rights and obligations of the Authority and the rights of the Noteholder(s).

Both principal of and interest on this Note are payable solely from the Revenues (as defined in the Note Resolution) pledged thereto as herein set forth including, but not limited to payments under the Support Agreement between the Authority and the County (**the “Support Agreement”**), and nothing herein or in the Note Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth, including the Authority and the County. The lien on Revenues of the System securing this Note is on parity with the similar liens on such Revenues securing the Authority’s Outstanding VRA Bonds (as defined in the Note Resolution).

THIS NOTE IS A LIMITED OBLIGATION OF THE AUTHORITY AND IS PAYABLE SOLELY FROM CERTAIN REVENUES TO BE DERIVED FROM THE OWNERSHIP OR OPERATION OF THE AUTHORITY’S WATER AND SEWER SYSTEM AS THE SAME MAY FROM TIME TO TIME EXIST, WHICH REVENUES HAVE BEEN PLEDGED PURSUANT TO THE NOTE RESOLUTION TO SECURE THE PAYMENT THEREOF, INCLUDING, BUT NOT LIMITED TO PAYMENTS UNDER THE SUPPORT AGREEMENT. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTE OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES PLEDGED THEREFOR, AND 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 NOTE OR OTHER COSTS INCIDENT THERETO. THE AUTHORITY HAS NO TAXING POWER.

The Note (or portions of the principal amount thereof) shall be subject to redemption or prepayment at the option of the Authority at any time, in whole or in part, at five (5) days written notice to the Bank, without premium or penalty.

Additional Bonds (as defined in the Note Resolution) secured equally and ratably with this Note and the Outstanding VRA Bonds may be issued from time to time under the conditions, limitations and restrictions set forth in the Note Resolution.

Transfer of this Note may be registered upon books maintained for that purpose by the Registrar. Prior to due presentment for registration of transfer, the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest 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 Note have happened, exist and have been performed.

IN WITNESS WHEREOF, the Authority has caused this Note to be signed by its Chairman or Vice Chairman, to be countersigned by its Secretary/Treasurer, its seal to be affixed hereto and this Note to be dated as of July 15, 2025.



Chairman,

King George County Service Authority

COUNTERSIGNED:

(SEAL)



Secretary/Treasurer,
King George County Service Authority

CERTIFICATE OF AUTHENTICATION

This Note is the Note described in the within mentioned Note Resolution.



Secretary/Treasurer

TRANSFER OF NOTE

Transfer of this Note may be registered by the registered owner or his duly authorized attorney upon presentation hereof to the Registrar who shall make note of such transfer in its books kept by her for that purpose and in the registration blank below:

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 2.5 Registration and Exchange of Note. The Secretary/Treasurer of the Authority Board is hereby appointed Registrar. Transfer of the Note and advances of principal on the Note may be registered upon books maintained for that purpose at the office of the Registrar. Prior to due presentment for registration of transfer, the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

Section 2.6 Delivery of the Note. The Chairman or Vice Chairman and Secretary/Treasurer are hereby authorized and directed to have the Note prepared and executed in accordance with the terms thereof and to deliver the Note to the Bank upon payment therefor. The Chairman or Vice Chairman and Secretary/Treasurer are further authorized and directed to agree to and comply with, on behalf of the Authority, any and all further conditions and requirements of the Bank in connection with its purchase of the Note, including, but not limited to, the Note Purchase Agreement.

Section 2.7 Replacement of Mutilated, Lost or Destroyed Bonds. Should a Note become mutilated or be lost or destroyed, the Authority shall cause to be executed and delivered a new Note of like date, number, series and tenor in exchange and substitution for, and upon cancellation of, such mutilated Note or in lieu of and in substitution for such lost or destroyed Note. Such new Note shall be executed and delivered only when the owner has paid all reasonable expenses and charges in connection therewith and, in the case of a lost or destroyed Note, has filed with the Authority and its Secretary/Treasurer evidence satisfactory to them that such Note was lost or destroyed and that he was the owner thereof and the owner has furnished to the Secretary/Treasurer of the Authority indemnity satisfactory to him.

ARTICLE III

PREPAYMENT OF NOTE

Section 3.1 Prepayment Provision. The Note (or portions of the principal amount thereof) shall be subject to redemption or prepayment, in whole or in part, at five (5) days written notice to the Bank, without premium or penalty or upon such other terms as may be approved by the Chairman or Vice-Chairman.

ARTICLE IV

ADDITIONAL BONDS

Section 4.1 Issuance of Additional Bonds. At any time while the Authority is not in default in payment of principal of or interest on the Bonds or in the performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, or in this Note Resolution, the Authority shall have the right to issue Additional Bonds secured on a parity with the Bonds then outstanding by a pledge of the Revenues derived from the ownership or operation

of the System, within the limitations of and in compliance with the provisions of the Outstanding VRA Bonds and the VRA Financing Agreements.

ARTICLE V

DISBURSEMENT OF NOTE PROCEEDS

Section 5.1 Disbursement of Note Proceeds. All proceeds from the issuance and sale of the Note shall be drawn to pay the issuance costs thereof and to pay costs of the Projects from time to time, in accordance with the Note Purchase Agreement.

ARTICLE VI

REVENUES, PLEDGE AND PAYMENT

Section 6.1 Revenue Covenant. The Authority covenants that so long as any of the Bonds are outstanding it will fix, charge and collect such rates, fees and other charges for the use of and for the services furnished by the System and will from time to time revise such rates, fees and other charges so as to produce in each fiscal year an amount that will be equal to the aggregate amount required to pay all Operating Expenses which shall accrue or become payable during the then current fiscal year and all amounts required to be paid on the Bonds and any other obligations of the Authority during the then current fiscal year.

Section 6.2 Free Service; Enforcement of Charges.

(a) So long as any Bonds are outstanding the Authority shall not permit connections to or use of the System or provide any services of the System without making a charge therefor.

(b) If any rates, fees or charges for the use of and for the services furnished by the System shall not be paid within sixty days after the same shall become due and payable, or within such shorter time as may be determined by the Authority, the Authority shall at the expiration of such period disconnect the premises from the System or otherwise suspend service to such premises until such delinquent rates, fees or charges and any interest, penalties or charges for reconnection shall have been paid in full; provided, however, that such services shall not be suspended if the State Health Commissioner, upon application of the board of health or the health officer of the County, as the case may be, shall have found and shall certify to the Authority that suspending such services will endanger the health of the persons occupying such premises or the health of others.

(c) The Authority shall take all such action as may be necessary to perfect liens upon real estate for the amount of any unpaid fees, rents or charges described in paragraph (b) above or any unpaid connection charges or other charges so that such liens will be binding upon subsequent bona fide purchasers for valuable consideration without actual notice thereof.

Section 6.3 Annual Budget.

(a) The Authority covenants that on or before July 1 of each year it will adopt a budget for the ensuing fiscal year relating to the System. The Authority further covenants that it will adopt a budget for the period from the date of the delivery of the Note until the following June 30 unless a budget shall have been adopted to include such period. Each such budget is referred to in this Note Resolution as the Annual Budget.

(b) The Annual Budget shall be prepared in such manner as to show in reasonable detail the gross revenues estimated to be derived from, and the operating expenses estimated to be incurred in connection with, the ownership or operation of the System during such fiscal year. No expenditures for the operating expenses of the System shall be made in any fiscal year in excess of the amounts provided therefor in the Annual Budget. The Annual Budget shall be filed in the office of the Authority's General Manager prior to the beginning of the fiscal year for which it is prepared.

(c) If an Annual Budget has not been adopted within the time required by paragraph (b) above, the last previously adopted Annual Budget shall be deemed to provide for and regulate and control expenditures during such fiscal year until an Annual Budget for such fiscal year shall have been adopted.

(d) The Authority may at any time prior to or during any fiscal year amend the Annual Budget. Copies of all such amendments shall be filed in the office of the Authority's General Manager no later than the first day of the next succeeding month.

Section 6.4 Payment of Bonds and Operating Expenses. The Authority shall pay installments of principal and interest on the Bonds as the same become due. Each month the Authority shall pay all Operating Expenses for the then current month in accordance with the purposes and amounts provided in the Annual Budget.

Section 6.5 Pledge. Subject to the Authority's right to apply Revenues to the payment of Operating Expenses the Revenues are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Note and the payment and performance of the Authority's obligations under this Resolution on a parity with the pledge securing the Outstanding VRA Bonds. The Revenues, as received by the Authority, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. Except as stated herein, the lien of this pledge shall have priority over all other obligations and liabilities of the Authority, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the Authority regardless of whether such parties have notice of this pledge. Until the occurrence and continuation of an Event of Default, the Authority may, after the application each month of Revenues to the payment of the Operating Expenses and debt service on the Bonds, use the Revenues for any lawful purpose. Additionally, revenues or appropriations from the County pursuant to the Support Agreement are hereby pledged to the payment of the principal of and interest on the Bonds, subject only to the right to make application thereof to other purposes as provided herein. Both principal and interest on the Note are payable solely from the Revenues pledged hereby, and nothing in this Note Resolution or in the Note shall be deemed to create or constitute an indebtedness of or a pledge of the faith and

credit of the Commonwealth of Virginia, the Authority, the County, or any county, city, town or other political subdivision of the Commonwealth. The Note is issued and shall be secured on a parity basis with the Outstanding VRA Bonds and the pledge of Revenues of the System therefor. The lien and trust hereby created are for the benefit of the Noteholder and for its additional security until the Note has been paid.

Section 6.6 Subordinate Bonds. The Authority shall have the right to issue Subordinate Bonds at any time without the consent of, or notice to, any holder of the Bonds or any Additional Bonds.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENTS OF FUNDS

Section 7.1 Security for Deposits. All moneys on deposit with any bank or trust company shall be secured for the benefit of the Authority and the Noteholder in the manner required by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia of 1950, as amended).

Section 7.2 Investment of Funds. All Revenues not immediately necessary for the purposes set forth in Section 5.1 may be invested by the Authority in securities and deposits which are authorized by the laws of the Commonwealth of Virginia for public funds, all of which shall mature or be subject to redemption or withdrawal by the holder or depositor thereof at the option of such holder or depositor when required for the purposes of the aforesaid funds. Any such investments shall be considered a part of such funds and the accounts therein and income thereon and any profit or loss on the sale thereof shall be credited to or charged against such funds and accounts. The Authority may determine with the assistance of its financial advisor that it is in the Authority's best interest to participate in the State Non-Arbitrage Program ("SNAP") sponsored by the Treasury Board of the Commonwealth of Virginia in connection with investment of the proceeds of the Note pending application to cost of the Regional Jail. The Chairperson, Vice Chairperson and Secretary/Treasurer of the Authority are authorized to enter into such contracts and agreements with SNAP as may be necessary to provide for the deposit, periodic withdrawal and accounting of the proceeds of the Note and earnings thereon.

Section 7.3 Investment of Surplus Funds. The Authority shall provide for the investment of all moneys not immediately necessary for the Authority's purposes so that all idle moneys may be invested at interest for the benefit of the Noteholder.

ARTICLE VIII

PARTICULAR COVENANTS

Section 8.1 General. The Authority hereby particularly covenants and agrees with the owners of the Note and makes provisions which shall become a part of its contract with such Noteholder as set forth in the following sections of this Article.

Section 8.2 Payment of Note. The Authority shall pay promptly, as provided herein, the principal of and interest on the Note issued pursuant to this Note Resolution, but such principal and interest shall be payable solely from the revenues pledged herein, and nothing in the Note or in this Note Resolution shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth.

Section 8.3 Reserved.

Section 8.4 Operation and Maintenance. The Authority shall establish and enforce reasonable rules and regulations governing the use and services of the System, maintain and operate the System in an efficient and economical manner pursuant to the Annual Budget, maintain the same in good repair and sound operating condition and make all necessary repairs, replacements and renewals. All compensation, salaries, fees and wages paid by it in connection with the operation, maintenance and repair of the System shall be reasonable. The Authority shall observe and perform all the terms and conditions contained in the Act and comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or the Authority.

Section 8.5 Competition. The Authority shall not operate or assent to the operation of any sewer or water service in competition with the System.

Section 8.6 Reserved.

Section 8.7 Sale or Encumbrance. Neither the System nor any integral part thereof shall be sold, encumbered or otherwise disposed of; provided, however, that the Authority may grant easements, licenses or permits across, over or under parts of the System for streets, roads and utilities as will not adversely affect the use of the System and provided, further, that the Authority may sell or otherwise dispose of any property constituting a part of the System that is no longer needed or useful for such purpose, and any proceeds therefrom not used to replace such property so sold or otherwise disposed of shall be considered to be Revenues and may be used by the Authority for any lawful purpose related to the System.

Section 8.8 Creation of Liens. The Authority shall not create or suffer to be created any lien or charge upon the System or any part thereof or any lien or charge upon the revenues pledged herein ranking equally with or prior to the lien and charge of the Note secured hereby, except as provided herein. The Authority shall pay or cause to be discharged, or shall make adequate provision to satisfy and discharge, all lawful claims and demands for labor, materials or supplies within sixty days after the same shall accrue and all governmental charges when the same become due, which, if unpaid, might by law become a lien upon the System or any part thereof; provided, however, that nothing contained in this Section shall require the Authority to pay or cause to be discharged or make provision for any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 8.9 Title to Lands. The Authority shall make no contract requiring payment for labor or to contractors, builders or materialmen on account of the construction or

reconstruction of any part of the System unless such part is located on lands to which title in fee simple or over which perpetual easement, in either case sufficient for the purposes of the System, is owned or can be acquired by the Authority, or unless such part is lawfully located in public street or highway or is a main, conduit, pipeline, main connection or outfall located on land in which a right or interest less than a fee simple or perpetual easement has been acquired and such lesser right or interest has been approved by written opinion of counsel for the Authority as sufficient for the purposes of the Authority.

Section 8.10 Insurance. The Authority shall maintain insurance as follows:

(a) The Authority shall keep insured all above-ground structures forming a part of the System, as well as all other insurable portions of the System of a type that are customarily insured by other publicly owned systems, against loss by fire, including extended coverage, tornado and windstorm, to such extent as may be necessary to provide for a full recovery whenever an insured loss does not exceed eighty percent (80%) of the full insurable value of the property damaged. All proceeds of such insurance shall be applied promptly to the repair or replacement of the property damaged or destroyed.

(b) The Authority shall carry public liability insurance relating to the operation of the System with limits of not less than \$1,000,000 to protect the Authority from claims for bodily injury, or damage to property of others which may arise from the ownership or operation of the System.

(c) The Authority shall carry workers' compensation insurance in such amounts and upon such terms so that it will not be considered a self-insurer of its liability to its employees under the Virginia Workers' Compensation Act.

(d) All policies of insurance, accompanied by receipts showing payment of premiums in full, shall be deposited in the office of the Authority.

(e) The Authority shall obtain surety bonds on all of its officers and employees who may handle funds appertaining to the System, such bonds to be in such amounts as are customarily carried by public bodies owning and operating similar systems.

All such insurance shall be taken out and maintained with generally recognized insurance companies and may be written (with deductible amounts comparable to those on similar policies carried by other public bodies owning and operating similar systems).

Notwithstanding anything herein to the contrary, the Authority may self-insure or associate with a self-insurance association or entity as it may deem reasonable and necessary for the coverage referred to herein following the provision of a certificate or opinion from an independent insurance consultant that such self-insurance or association is reasonable for similar localities.

Section 8.11 Records and Reports. The Authority shall keep proper books of record and accounts, separate from any of its other records and accounts, showing complete and correct

entries of all transactions relating to the System, and the Noteholder shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto. The Authority shall also cause an annual audit of its books and accounts to be made by an independent certified public accountant at the end of each fiscal year. No later than two hundred and forty days after the end of each fiscal year, copies of the audit report, certified by such accountant, reflecting in reasonable detail the financial condition and record of operation of the System, including specifically the rates charged, the number of connections served, and the tap fees collected for new connections, shall be filed in the office of the Authority's General Manager and shall be mailed to any Noteholder who may have requested the same in writing.

Section 8.12 Reserved.

Section 8.13 Covenant as to Other Bonds. The Authority covenants that as of the date of this Note Resolution there are no outstanding bonds, notes or other revenue bond obligations concerning the System other than the Outstanding VRA Bonds.

Section 8.14 Reserved.

Section 8.15 Tax Exempt Bond Covenants; Reimbursement. The Authority hereby covenants that it will not use or invest, or permit the use or investment of any proceeds of the Note, in a manner that would cause the Note to be subjected to treatment under Section 148 of the Code and the regulations adopted thereunder as "arbitrage bonds," and to that end the Authority shall comply with applicable regulations adopted under said Section 148 of the Code.

The Authority covenants to comply with the Code provisions requiring that any issuance of "governmental bonds," as defined therein, be subject to certain requirements as to rebate and timing and type of payments to be paid for from the proceeds of such bonds, as well as other additional requirements.

This Resolution shall constitute an "official declaration of intent to reimburse original expenditures with proceeds of an obligation" pursuant to Section 1.150-2 of the U.S. Treasury Regulations. Costs related to the Projects advanced no earlier than sixty days prior to the date of adoption hereof may be reimbursed from the proceeds of the Note and the maximum amount of costs to be reimbursed related to the Projects is not expected to exceed the total amount of the Note.

Section 8.16 Further Action. The officers of the Authority are hereby authorized and directed to execute, deliver and file all certificates and documents and to take all such further action as they may consider necessary or desirable in their sole and absolute discretion in connection with the issuance and sale of the Note and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Note.

ARTICLE IX

REMEDIES OF NOTEHOLDER

Section 9.1 Event of Default Defined. Each of the following events is hereby declared an “Event of Default”:

- (a) if payment of any installment of principal and interest on the Note shall not be made when the same shall become due and payable, either at maturity or by proceedings for prepayment or otherwise; or
- (b) if the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder; or
- (c) if the System or any substantial part thereof shall be destroyed or damaged to the extent of impairing its efficient operation or adversely affecting its gross revenues and for any reason shall not be promptly repaired, replaced or reconstructed; or
- (d) if an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of the System or any part thereof or the revenues thereof, or if such order or decree, having been entered without the acquiescence or consent of the Authority, shall not be vacated or discharged or stayed on appeal within sixty days after the entry thereof; or
- (e) if any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues of the System; or
- (f) if the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Note Resolution and to be performed by it, and such default shall have continued for thirty days after written notice, specifying such default and requiring the same to be remedied, shall have been filed with the Authority by the holders of not less than twenty percent in principal amount of the Bonds then outstanding, or if such default is susceptible to cure, for such reasonable time as may be necessary or appropriate so long as the Authority is diligently pursuing the cure of such default.

Section 9.2 Remedies upon Default. Upon the happening of an event of default, the Noteholder shall have no further obligation to make advances under the Note, and shall have the following rights and remedies:

- (a) The Noteholder may, by written notice filed with the Authority, declare the principal of the Note then outstanding to be immediately due and payable, and upon such declaration such Note shall become and be immediately due and payable, anything in the Note or in this Note Resolution to the contrary notwithstanding. If, however, the Authority shall thereafter make good such default and any other default hereunder (except default in payment of principal of the Note so declared payable) the Noteholder shall, by notice in writing filed with

the Authority, rescind and annul such declaration and all its consequences, but no such rescission or annulment shall affect any subsequent default or right relative thereto.

(b) The Noteholder may proceed to protect and enforce the rights of the Noteholder by a suit, action or special proceeding in equity or at law, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as may be deemed most effectual to protect and enforce such rights, including, without limitation, the fixing of rates and the collection and proper application of the revenues from the System, and in addition shall be entitled to and shall have, regardless of the sufficiency of any security or the availability of any remedy, the appointment of a receiver having full power to administer and operate the System. Nothing herein contained shall be construed to give any Noteholder authority to compel a foreclosure or sale of the System or any part thereof.

Section 9.3 Restoration of Rights After Proceeding. If any proceeding shall be undertaken by Noteholder and thereafter shall be discontinued or abandoned, the Authority and the Noteholder shall be restored to their former positions and rights as if no proceeding had taken place.

Section 9.4 Delay and Waiver. No delay or omission on the part of the Noteholder to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of a default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder by the Noteholder shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 9.5 Remedies Cumulative. No remedy conferred hereby is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing in equity, at law or by statute.

ARTICLE X

AMENDMENTS

Section 10.1 Amendments Without Consent. The Authority shall have the right, from time to time, without the consent of the Noteholder to adopt resolutions supplemental hereto, not inconsistent with the terms and provisions hereof:

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Note Resolution or in any supplemental resolution;

(b) to grant to or confer upon the Noteholder any additional lawful right, remedy, power, authority or security;

(c) to add conditions, limitations, and restrictions on the issuance of Additional Bonds; and

(d) to add other covenants and agreements to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority.

No such supplemental resolution shall become effective until certified copies have been filed in the office of the Authority's General Manager within thirty days after its adoption.

Section 10.2 Amendment by Unanimous Consent. Notwithstanding any other provisions herein, the Authority may amend any term or provision of this Note Resolution or any supplemental resolution upon adoption of a supplemental resolution and the filing of certified copies of such supplemental resolution, together with the written consent thereto of the Noteholder.

ARTICLE XI

DISCHARGE UPON PAYMENT

Section 11.1 Discharge Upon Payment of the Note. If the Note shall have become due and payable at maturity or shall have been duly called for prepayment and the full amount of the principal, interest and premium, if any, so due and payable upon the Note then outstanding shall have been paid at the time and in the manner provided therein and in this Note Resolution, then the right, title and interest of the Noteholder in the Revenues and the other moneys, funds and securities pledged under this Note Resolution and all covenants, agreements and other obligations of the Authority to Noteholder under this Note Resolution shall cease, terminate and be void and the Authority shall be discharged from its obligations hereunder. In such event all moneys and securities not required for the payment of the principal, interest and prepayment premium, if any on the Note, may be used by the Authority for any lawful purpose.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Contract with Noteholder. The provisions of this Note Resolution shall constitute a contract between the Authority and the Noteholder for so long as any of the Note and interest thereon is outstanding.

Section 12.2 Authority Officers and Agents. The officers and agents of the Authority shall do all acts and things required of them by this Note Resolution, the Note and the Act for the complete and punctual performance of all the terms, covenants and agreements therein and to do all acts and things and execute all documents, agreements and certificates, with such changes, insertions or omissions as they shall approve or as required in connection with the financing of the Projects and the issuance of the Note. Execution and delivery by the officers and agents of the Authority of such documents, agreements and certificates shall be evidence of the approval

of the party signing. The Chairman and Vice Chairman of the Authority, or either of them, are authorized to execute the Note Purchase Agreement and the Support Agreement in the forms presented to this meeting, which are approved, with such changes, insertions or omissions as they shall approve not inconsistent with this Resolution.

Section 12.3 Successors and Assigns. All the covenants, stipulations, promises and agreements of the Authority contained in this Note Resolution shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 12.4 Limitation of Rights. Nothing expressed or mentioned in or to be implied from this Note Resolution or the Note is intended or shall be construed to give to any person or company other than the parties hereto and the owner of the Note any legal or equitable rights, remedy or claim under or in respect to this Note Resolution or any covenants, conditions and agreements herein contained; this Note Resolution and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the owner of the Note as herein provided.

Section 12.5 Limitation of Liability of Members of the Authority Board, etc., of Authority. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of a present or future member of the Authority Board, officer, employee or agent of the Authority in his individual capacity, and neither the members of the Authority Board of the Authority nor any officer thereof executing the Note shall be liable personally on the Note or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.6 Notice. Any provision in this Note Resolution for the giving, filing, mailing or delivery of notice or other papers shall be deemed fully complied with if and when such notice or other papers are sent by registered or certified mail, return receipt requested, to the Authority, addressed to the Chairman of the Authority, 10459 Courthouse Drive, Suite 201, King George, Virginia 22485.

Section 12.7 Headings. Any headings in this Note Resolution are solely for convenience of reference and shall not constitute a part of the Note Resolution nor shall they affect its meaning, construction or effect.

Section 12.8 Conditions Precedent. Upon the issuance of any Note all acts, conditions, and things required by the Constitution and statutes of the Commonwealth of Virginia or this Note Resolution to have happened, exist and to have been performed precedent to or in the issuance of such Note shall have happened, exist and have been performed.

Section 12.9 Severability. The provisions of this Note Resolution are hereby declared to be severable. If any court of competent jurisdiction shall hold any provision of this Note Resolution to be invalid and unenforceable, such holding shall not affect any other provision hereof.

Section 12.10 Effective Date. This Note Resolution shall take effect immediately. The Secretary/Treasurer of the Authority Board is hereby authorized and directed to file a certified copy of this resolution in the Clerk's Office of the Circuit Court of King George County, Virginia in accordance with Section 15.2-5126 of the Act.

The members of the Authority Board voted as follows on the adoption of this Note Resolution:

Ayes

4

Nays

1

Absent

0

Abstentions

0

CERTIFICATE

I, RANDY R. JONES, the undersigned Secretary/Treasurer of the King George County Service Authority (**the “Authority”**), hereby certify that attached hereto is a true and correct copy of a Resolution adopted by the Authority on July 15, 2025, which Resolution has not been amended, modified or repealed as of the date hereof.



Secretary/Treasurer
King George County Service Authority