

Region 2000 Services Authority

Minutes

October 27, 2021



Attendance:

Susan Adams, Appomattox County
Steve Carter, Nelson County
Frank Rogers, Campbell County
Reid Wodicka, City of Lynchburg

Staff:

Mitch Brigulio, Davenport, LLC
Gary Christie, CVPDC
Ted Cole, Davenport, LLC
Gaynelle Hart, City of Lynchburg
Bill Hefty, Hefty, Wiley and Gore
Tonya Hengali, CVPDC
Clarke Gibson, CVPDC
Rosalie Majerus, CVPDC
Dan Siegel, Sands Anderson

Welcome

Chair Frank Rogers welcomed the committee present and the staff and public participating electronically.

Public Comments

No one signed up in advance or asked to speak at the meeting so there were no public comments.

Minutes from August 25, 2021 meeting

Upon a motion by Susan Adams, seconded by Reid Wodicka, the Authority unanimously approved the minutes of August 25, 2021 as presented.

Financial Report

Rosalie Majerus provided an overview of the September 30, 2021 year to date financials. Tonnage is tracking better than budgeted. Revenues are about \$120,000 more than budgeted. Cost of service is \$29.97 mainly from the additional tonnage.

Expenses are tracking more than budgeted, although some of it may be some mis-coding from a general to a capital item. Overall no surprises or unexpected revenues/expenses through September 30, 2021.

Reid Wodicka asked for a 36 month history of Lynchburg's tonnage.

Excess Revenue

Rosalie reviewed Excess Revenue receipts for the past three years and presented information to the Authority that shows \$4,019,986 in reserves from Excess Revenue collections for FY 19, 20 and 21.

Frank Rodgers made a motion to distribute the excess revenue collected in FY 19, 20 and 21 to Lynchburg and Campbell, seconded by Reid Wodicka. There was no discussion on the motion and the motion failed to secure a majority.

- Adams – No
- Carter – No
- Rogers – Yes
- Wodicks – Yes

Financing for Phase V Landfill Cell at Livestock Road landfill

Mitch Brigulio provided the Authority with background and the bid summary of the proposal received for the financing for the Phase V cell construction at the Livestock Road landfill.

Six responses were received from banks. Collective recommendation is to accept the bid from Blue Ridge Bank at 1.24%. Based on Seth Cunningham's pro forma, this interest rate allows \$1 less cost of service rate than the model discussed in August, fully funds closure/pot closure and the internal loan, and saves \$1,112,040 when compared to the estimated model discussed in August.

Mitch noted that the Authority will have to pay \$45,566 this year in interest. Staff has indicated that those funds could come from the Authority's Operation and Maintenance fund.

Reid Wodicka asked if using banks complicates going to the market later. Mitch responded that no, it should not interfere should the Authority for future financing. Dan Siegel reinforced that opinion.

Reid also asked what are the projections for interest rates in the spring of 2022. Ted Cole responded that taxable rates are trending higher, but they have been volatile. Tax Exempt rates tend to follow taxable rates. However, the fluctuations are not linear, going up and down, so that it is unknown where rates will be in the spring of 2022 and how to time a request for bids during a period of contraction. Ted said that his expectations are that rates will generally be higher.

Susan asked if the rates would be fixed for the entire term of the loan. Ted responded that yes, the rate will be fixed through the life of the loan.

Bill Hefty noted the resolution approves the rate up to 1.6% so that if something happens with Blue Ridge, the Administration will move to the next lowest bidder.

Upon a motion by Reid Wodicka, seconded by Frank Rogers, the Authority unanimously approved the resolution approving the issuance of a solid waste revenue bond in a principal amount not to exceed \$6,800,000.

- Adams: Yes
- Carter: Yes
- Rogers: Yes

Wodicka: Yes

Steve Carter noted that his vote to approve the resolution does not mean that he endorses the pro forma prepared by Seth Cunningham or any of the pro forma's concepts.

Director's Report

Tonnage tracking above this year's budget, and marginally below last year's actual.

Odor Report has 1 complaint in August, 3 in September and 2 in October from 2 addresses.

Current tip fee at Nelson Transfer station

Frank Rogers asked Steve Carter what is the tipping fee at the Nelson County Transfer Station. Steve replied \$55 per ton.

Meeting Schedule

The Authority agreed by consensus to meet March 23, May 25 and October 26, 2022 at 2 p.m. By consensus the March 23, 2022 meeting will be held at the Central Virginia Planning District Commission offices in the Bank of the James Building. Meetings can always be called as needed.

Congratulations to the Authority

Reid noted that the Authority should be proud of the unanimous action taken regarding the financing for the Phase V landfill cell.

Thanks to Rosalie Majerus for service to the Authority

Susan asked the Authority to recognize Rosalie Majerus for her service to the Authority and the region as Rosalie retires from her position in February 2022. By consensus the Authority agreed with Susan's remarks and offered its thanks for Rosalie's good work over the years.

Adjournment

There being no further business, the meeting was adjourned.

**RESOLUTION OF THE REGION 2000 SERVICES AUTHORITY APPROVING ISSUANCE OF
A SOLID WASTE REVENUE BOND IN A PRINCIPAL AMOUNT**

NOT TO EXCEED \$6,800,000

WHEREAS, The Region 2000 Services Authority (**the “Authority”**) and U.S. Bank National Association, as Trustee (**the “Trustee”**), have entered into a Master Trust Agreement, dated as of June 20, 2008 (**the “Master Trust Agreement”**) pursuant to which the Authority may issue from time to time its revenue bonds or notes under supplemental trust agreements, which Master Trust Agreement was authorized by the resolution of the Authority adopted on May 28, 2008; and

WHEREAS, on or about June 20, 2008, the Authority issued its \$10,000,000 Solid Waste Revenue Bond, Series 2008 (**the “Series 2008 Bond”**) pursuant to the Master Trust Agreement and a First Supplemental Agreement of Trust, dated June 20, 2008 between the Authority and the Trustee (**the “First Supplemental Trust Agreement”**), which Series 2008 Bond is no longer outstanding; and

WHEREAS, on or about April 28, 2011, the Authority issued its \$10,000,000 Solid Waste Revenue Bond, Series 2011 (**the “Series 2011 Bond”**) pursuant to the Master Trust Agreement and a Second Supplemental Agreement of Trust, dated as of April 1, 2011 between the Authority and the Trustee (**the “Second Supplemental Trust Agreement”**), which Series 2011 Bond is no longer outstanding; and

WHEREAS, on or about May 28, 2015, the Authority issued its \$9,000,000 Solid Waste Revenue Bond, Series 2015 (**the “Series 2015 Bond”**) pursuant to the Master Trust Agreement and a Third Supplemental Agreement of Trust, dated as of May 1, 2015 between the Authority and the Trustee (**the “Third Supplemental Trust Agreement”**); and

WHEREAS, on or about July 21, 2020, the Authority issued its \$3,929,500 Solid Waste Revenue Refunding Bond, Series 2020 (**the “Series 2020 Bond”**) pursuant to the Master Trust Agreement and a Fourth Supplemental Agreement of Trust, dated as of July 1, 2020 between the Authority and the Trustee (**the “Fourth Supplemental Trust Agreement”**) to refund the Series 2011 Bond; and

WHEREAS, the Authority, to further the purposes of the Authority and to accomplish certain purposes of the Virginia Water and Waste Authorities Act (**the “Act”**), desires to issue, offer and sell its not to exceed \$6,800,000 Solid Waste Revenue Bond, Series 2021 (**the “Series 2021 Bond”**) to finance certain capital projects including, but not limited to, the engineering, design, land acquisition, permitting, construction and installation of solid waste facilities at the Authority's Campbell County Landfill Facility including the construction of a new solid waste landfill cell and related improvements known as the Phase V development thereof (**together, the “Project”**); and

WHEREAS, the Series 2021 Bond shall be secured by the Revenues (as defined in the Master Trust Agreement) on a parity basis with the Series 2015 Bond, the Series 2020 Bond and any other Bonds (as defined in the Master Trust Agreement) that the Authority may issue in accordance with the terms of the Master Trust Agreement; and

WHEREAS, there have been presented to this meeting drafts of the following documents (**the “Documents”**) which the Authority proposes to execute, copies of which shall be filed with the records of the Authority:

- (a) Fifth Supplemental Trust Agreement, between the Authority and the Trustee, dated as of December 1, 2021 (**the “Fifth Supplemental Trust Agreement” and together with the Master Trust Agreement, the “Trust Agreement”**);
- (b) Financing Agreement, between the Authority and the lender to be selected by the Chairman or Vice Chairman of the Authority, dated as of December 1, 2021, (**the “Financing Agreement”**) pursuant to which the Series 2021 Bond is to be issued; and
- (c) A form of the Series 2021 Bond, to be issued pursuant to the Trust Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE REGION 2000 SERVICES AUTHORITY:

1. The Authority finds and determines that the undertaking of the acquisition of the Project for the Authority will be consistent with the purposes of the Act and that the Authority will be able to pay the costs of the design, acquisition, construction, improvement, renovation and expansion of the Project only through the issuance of revenue bonds. Unless otherwise defined herein, words and terms defined in the Trust Agreement shall have the same meaning when used in this Resolution.

2. The Authority hereby authorizes the issuance of the Series 2021 Bond pursuant to the terms and conditions of the Documents and shall use the proceeds from the issuance of the Series 2021 Bond to pay the Cost (as such term is defined in the Trust Agreement) of the Project, including costs of issuance of the Series 2021 Bond. The Series 2021 Bond shall be issued in the original principal amount not to exceed \$6,800,000, shall bear interest at the annual rate not to exceed 1.60% in accordance with the proposal selected by the Chairman or Vice Chairman of the Authority, his or her execution to constitute conclusive evidence of his or her approval thereof, shall be issued as a fully registered bond, without coupons, shall be payable in semi-annual installments of interest on each February 1 and August 1, commencing August 1, 2022 and annual payments of principal commencing February 1, 2024 and ending February 1, 2029, and shall otherwise be in accordance with the terms of the Trust Agreement, the Financing Agreement and form of the Series 2021 Bond approved at this meeting. The Series 2021 Bond shall be subject to redemption as provided in the proposal selected by the Chairman or Vice Chairman of the Authority, his or her execution to constitute conclusive evidence of his or her approval thereof, and otherwise as provided in the Fifth Supplemental Trust Agreement and the Financing Agreement.

3. The Series 2021 Bond is secured by a pledge of Revenues in accordance with the terms of the Trust Agreement, but in all events such pledge and granting of a security interest in the Revenues toward payment of the Series 2021 Bond shall be on a parity basis with the Series 2015 Bond and the Series 2020 Bond and any Bonds (as defined in the Trust Agreement) that the Authority may issue in the future. Such Bonds shall be secured equally and ratably with the Series 2015 Bond, the Series 2020 Bond and the Series 2021 Bond, without preference, priority or distinction, provided, however, that any Bond may have other security

pledged to its payment and not to the payment of other Bonds, including, but not limited to a debt service reserve fund for such series of Bonds.

4. All costs and expenses in connection with the undertaking and issuance of the Series 2021 Bond, including the Authority's expenses and the fees and expenses of Bond Counsel, Authority Counsel, the Financial Advisor, Engineers and Consultants, the lender selected by the Chairman or Vice Chairman as provided in Section 2 hereof (**the "Lender"**) and Lender counsel, if any, shall be paid from the proceeds of the Series 2021 Bond or other funds of the Authority.

5. The Chairman or Vice Chairman of the Authority, or either of them, is hereby authorized and directed to execute the Documents, which shall be in substantially the forms submitted to this meeting, which are approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer executing them, his or her execution to constitute conclusive evidence of his or her approval of any such completions, omissions, insertions and changes, including but not limited to changes in payment dates, principal amortization amounts and maturity date.

6. The Chairman or Vice Chairman of the Authority, either of whom may act, are hereby authorized and directed to execute the Series 2021 Bond by manual or facsimile signature, and the Secretary or Executive Director, either of whom may act, are hereby authorized and directed to affix the seal of the Authority to or print a facsimile thereof on the Series 2021 Bond and attest the same by manual or facsimile signature, and the officers of the Authority are hereby authorized and directed to deliver the Series 2021 Bond to the Lender upon terms provided in the Trust Agreement.

7. 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, sale and delivery of the Series 2021 Bond, and any such action previously taken is hereby approved, ratified and confirmed. Such authorization includes but is not limited to (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Series 2021 Bond to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (**the "Code"**), and regulations thereunder, applicable to "arbitrage bonds," (b) making any elections that such officers deem desirable regarding any provision requiring rebate to the United States of "arbitrage profits" earned on investment of proceeds of the Series 2021 Bond, (c) providing for the Authority to pay any such rebate amount and (d) filing Internal Revenue Service Form 8038-G, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Series 2021 Bond and the undertaking of the Project.

8. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.

9. The Authority designates the Series 2021 Bond as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code and represents and covenants as follows:

- (a) The Authority will in no event designate more than \$10,000,000 of obligations as tax-exempt obligations in calendar year 2021 (excluding any bonds deemed designated pursuant to the provisions of Section 265(b)(3)(D)(ii) of the Code), including the Series

2021 Bond, for the purpose of such Section 265(b)(3);

- (b) The Authority has no “subordinate entities” within the meaning of such Section 265(b)(3) or entities that issue tax-exempt obligations on behalf of the Authority and the Authority has not issued, in the aggregate, more than \$10,000,000 of tax-exempt obligations in calendar year 2021 (not including “private activity bonds” within the meaning of Code Section 141, other than “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code and further not including an obligation issued to refund any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation);
- (c) Barring circumstances unforeseen as of the date of delivery of the Series 2021 Bond, the Authority will not issue tax-exempt obligations if the issuance of such tax-exempt obligations would result in the Authority having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2021 (not including “private activity bonds” within the meaning of Code Section 141, other than “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code and further not including an obligation issued to refund any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation);
- (d) It has no reason to believe that the Authority will issue tax-exempt obligations in calendar year 2021 in an aggregate amount that will exceed such \$10,000,000 limit.

10. The Authority will not take or omit to take any action the taking or omission of which will cause the Series 2021 Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or a “private activity bond” within the meaning of Section 141 of the Code, or otherwise cause interest on the Series 2021 Bond to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Authority will comply with any Code provision that may require the Authority at any time to pay to the United States any part of the earnings derived from the investment of the proceeds of the Series 2021 Bond. The Authority shall pay from its legally available funds any amount required to be rebated to the United States of America pursuant to the Code.

11. All other acts of the officers, directors, agents and representatives of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Series 2021 Bond and the undertaking of the acquisition of the Project, whether such acts occurred before or after the adoption of this Resolution, are hereby approved and ratified. All other Authority resolutions or proceedings, or parts thereof, in conflict with this Resolution are repealed, to the extent of the conflict.

12. In accordance with the requirements of Section 15.2-5126 of the Code of Virginia, a certified copy of this Resolution shall be filed with the clerk of a circuit court having jurisdiction over any of the political subdivisions that are members of the Authority, which is the Circuit Court of Lynchburg, Virginia.

13. This resolution shall take effect immediately.

ADOPTED: This 27th day of October, 2021.

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

Ayes

Nays

Absent

Abstentions

CERTIFICATE

I, Gary F. Christie, the undersigned Secretary of The Region 2000 Services Authority (**the “Authority”**), hereby certify that attached hereto is a true and correct copy of a Resolution adopted by a majority of the members of the Authority during an open meeting held on October 27, 2021, which Resolution has not been amended, modified or repealed as of the date hereof.

Secretary

The Region 2000 Services Authority

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