

INTRODUCED: September 12, 2016

A RESOLUTION No. 2016-R070

To authorize the issuance of public utility revenue refunding bonds of the City of Richmond, Virginia in the maximum principal amount of up to \$484,000,000 to refund portions of certain public utility revenue and refunding bonds previously issued by the City, and to authorize the Director of Finance, with the approval of the Chief Administrative Officer, for and on behalf of the City, to sell such refunding bonds for such purposes, providing for the form, details and payment of the such bonds and approving the form of the supplemental indenture of trust, and to authorize the issuance of taxable bonds in the same maximum principal amount and payable over the same period as such public utility revenue refunding bonds.

\_\_\_\_\_  
Patron – Mayor Jones

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: SEPT 26 2016 AT 6 P.M.

WHEREAS, the Public Finance Act of 1991, Sections 15.2-2600 et seq. of the *Code of Virginia* of 1950, as amended (the “Public Finance Act”), permits the issuance of bonds, when authorized by the Council of the City (the “Council”) of Richmond, Virginia (the “City”), at one time or from time to time, in order to finance the cost of capital improvement projects and to refund bonds previously issued for such purposes; and

AYES:            9            NOES:            0            ABSTAIN: \_\_\_\_\_

ADOPTED: SEPT 26 2016    REJECTED: \_\_\_\_\_    STRICKEN: \_\_\_\_\_

WHEREAS, the City previously issued its Public Utility Revenue and Refunding Bonds, Series 2007A, in the original principal amount of \$323,180,000, its Public Utility Revenue Bonds, Series 2009A, in the original principal amount of \$146,495,000, and its Public Utility Revenue Bonds, Series 2013B, in the original principal amount of \$22,160,000 (collectively, the “Prior Bonds”) pursuant to ordinances and resolutions duly adopted by the Council; and

WHEREAS, the Council has determined that current market conditions will enable the City to achieve debt service savings by refunding certain portions of the Prior Bonds; and

WHEREAS, the Council desires to provide that all or a portion of the public utility revenue refunding bonds authorized by this resolution may be issued as taxable bonds (the “Taxable Bonds”); and

WHEREAS, such refunding will be accomplished through the issuance of one or more new series of public utility revenue refunding bonds of the City, the proceeds of which will be used to pay the principal of, premium, if any, and accrued interest on portions of the Prior Bonds to be refunded; and

WHEREAS, it is the consensus of the Council that the City should authorize the issuance and sale of either tax-exempt or taxable public utility revenue refunding bonds or both in the maximum principal amount of \$484,000,000 (the “Bonds”) to refund all or certain portions of the Prior Bonds, to satisfy certain reserve fund requirements and to pay the costs of issuing such bonds and related costs; and

WHEREAS, there have been presented to this meeting a draft of a Supplemental Indenture of Trust (the “Supplemental Indenture of Trust”) between the City and U.S. Bank National Association, as trustee (the “Trustee”), providing for the issuance, security and form of the Bonds, pursuant to a Master Indenture of Trust dated as of April 1, 1998, between the City

and U.S. Bank National Association (successor Trustee to Crestar Bank and SunTrust Bank), as trustee, as previously supplemented and amended (the “Master Indenture” and together with the Supplemental Indenture of Trust, the “Indenture of Trust”); and

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

§ 1. The issuance and sale of the Bonds, as either tax-exempt or taxable, in the maximum amount of \$484,000,000 is authorized for the purpose of (a) refunding selected maturities or portions of maturities of the Prior Bonds, (b) satisfying certain reserve fund requirements and (c) paying the costs incurred in connection with issuing the Bonds and related costs.

§ 2. The City elects to issue the Bonds under the Indenture of Trust pursuant to the terms of the Public Finance Act and the City Charter, to the extent required by the Public Finance Act. The Bonds shall be designated “Public Utility Revenue Refunding Bonds” or as “Public Utility Revenue Refunding Bonds (Federally Taxable)”, as appropriate, and may be combined with the issuance of public utility revenue bonds and designated “Public Utility Revenue and Refunding Bonds” and shall contain an appropriate series designation and may also include such other term or terms as part of their designation as determined by the officers charged herein with issuing the Bonds. The Bonds shall be secured by Net Revenues of the System (both as defined in the Master Indenture) equally and ratably and on a parity basis with the outstanding principal amount of the City’s public utility revenue bonds previously issued and currently outstanding under the Master Indenture and supplements thereto, and any other obligations secured by a senior pledge of such Net Revenues. The Bonds shall be limited obligations of the City, the principal of, premium, if any, and interest on which shall be paid

solely from Net Revenues and from other funds that are or may be pledged for such purpose under the Indenture of Trust, and nothing in the Bonds or the Indenture of Trust 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 political subdivision thereof, including the City.

§ 3. The Director of Finance of the City (the “Director of Finance”) is authorized and directed to select the principal maturities of the Prior Bonds or portions of such maturities to be refunded and to cause to be called for optional redemption any such maturity or portion thereof to be redeemed prior to its stated maturity and to fix the redemption date therefor and provide notice thereof in accordance with the provisions of such bonds and as contemplated by the Master Indenture. Such selections shall be based upon levels of debt service savings as the Director of Finance deems to be sufficient in his opinion to warrant refunding, and may also be selected for the purpose of restructuring debt service payments whether or not any savings are achieved from such restructuring; provided the Director of Finance determines such restructuring will achieve other efficiencies in the management or timing of the servicing of the City’s debt. In connection with the refunding herein authorized, the Director of Finance is authorized to retain the services of independent consultants to provide verification reports (the “Verification Agent”) on aspects of the refunding to the extent useful and customary in similar transactions and is further authorized to retain the services of one or more escrow agents (the “Escrow Agent”) to the extent needed to hold portions of the proceeds of such Bonds and other funds as needed pending their application to refund the portions of the Prior Bonds selected to be refunded.

§ 4. The Bonds shall be in registered form and shall be designated by title, date and series, bear interest from their date, be payable on the payment dates, and mature at such time or

times not exceeding 40 years from their date and in amounts as either serial or term bonds, or both, with sinking fund payments, if any, all as determined by the Director of Finance, with the approval of the Chief Administrative Officer of the City (the “Chief Administrative Officer”) and provided for in the Supplemental Indenture of Trust.

§ 5. The Bonds may be subject to redemption prior to maturity at the option of the City on or after dates, if any, determined by the Director of Finance, with the approval of the Chief Administrative Officer. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized and directed to approve such optional redemption provisions for the Bonds as such officer or officers determine to be in the best interest of the City.

Any term bonds may be subject to mandatory sinking fund redemption as determined by the Director of Finance, with the approval of the Chief Administrative Officer.

§ 6. The Council hereby approves the following terms of the sale of the Bonds. The Bonds may be sold all at one time in a single transaction or in two or more separate sales transactions as may be determined by the Director of Finance, with the approval of the Chief Administrative Officer. The Bonds shall be sold by competitive bid or by negotiation with one or more underwriters or other purchasers, who need not be the same if the Bonds are sold in separate sales transactions, as the Director of Finance may determine pursuant to the Public Finance Act, at such prices as the Director of Finance, with the approval of the Chief Administrative Officer, shall determine to be in the best interest of the City, provided that in no event shall (i) the net interest cost of the Bonds, after taking into account any premium or discount on the Bonds, exceed 8% per year; (ii) the sale price of the Bonds to the underwriters, excluding any original issue discount, be less than 97% of the aggregate principal amount

thereof, and (iii) the final maturity of the Bonds be later than 40 years from their dated date. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized to enter into a line of credit with a bank, which line of credit may provide for a maximum amount not in excess of the amount herein authorized which may be drawn down and repaid from time to time by the City; provided, however, that the interest rate on any line of credit borrowing will not exceed the then current prime rate as quoted by the bank providing such line of credit; and to negotiate and acquire credit enhancement for the Bonds, the line of credit or other Bond anticipation financing or a portion thereof. The Director of Finance, with the approval of the Chief Administrative Officer, is also authorized to enter into contracts with respect to the Bonds, including those commonly known as interest rate swap agreements and contracts providing for payments based on levels of, or changes in, interest rates, for the purpose of placing the Bonds on the interest rate, cash flow or other basis desired by such officers, to the extent and in the manner permitted by Section 15.2-2626 of the Public Finance Act; provided that the form of such contract or arrangement shall have been previously approved by resolution or resolutions hereafter adopted by the Council. This resolution is intended to grant to the Director of Finance and the Chief Administrative Officer full and complete authority to finalize the terms of the Bonds and to provide for their issuance under the Indenture of Trust consistent with the requirements of this resolution, the Public Finance Act, the Charter and the Constitution and other laws of the Commonwealth of Virginia. The Director of Finance is authorized to negotiate, execute and deliver one or more bond purchase agreements with the underwriters or other purchasers of the Bonds if the Bonds are sold by negotiation, including agreements contemplating the then current sale coupled with a future or forward delivery of all or certain of the Bonds if the Director of Finance deems any such arrangement advantageous to the City. A

copy of any such purchase agreement shall be filed with the City Clerk. If the Bonds are sold by competitive bid, the Director of Finance shall file a certificate following the award of the Bonds setting forth the final terms of the Bonds with the City Clerk. In connection with the obtaining of any credit line, credit enhancement, interest rate swap or similar agreements, the Director of Finance, with the approval of the Chief Administrative Officer, is authorized to include in the borrowing the cost of obtaining such credit line, credit enhancement, interest rate swap or similar agreements. The actions of the Director of Finance in selling the Bonds, together with the approvals herein required of the Chief Administrative Officer, shall be conclusive, and no further action shall be necessary on the part of the Council.

§ 7. The Supplemental Indenture of Trust in substantially the form attached to this Resolution and marked Exhibit A is hereby approved. The Director of Finance, with the approval of the Chief Administrative Officer, is hereby authorized to execute one or more Supplemental Indenture of Trusts in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Director of Finance, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Bonds shall be issued and sold to the underwriters for the Bonds in accordance with the conditions of issuance set forth in the Master Indenture of Trust and the Supplemental Indenture of Trust.

§ 8. The Bonds shall be prepared in accordance with the Master Indenture of Trust and the Supplemental Indenture of Trust, shall be signed by the manual or facsimile signatures of the Chief Administrative Officer and the Director of Finance. The City's seal shall be affixed thereto or a facsimile to be printed thereon and attested by the manual or facsimile signature of the City Clerk and delivered to the Trustee for authentication in accordance with the terms of the

Master Indenture and the Supplemental Indenture. The Bonds so executed and authenticated are to be delivered to the underwriters for the Bonds upon payment therefor.

§ 9. The Director of Finance, with the approval of the Chief Administrative Officer, is authorized to negotiate and acquire credit enhancement for the Bonds or a portion thereof and to acquire a surety bond or other form of insurance to satisfy any reserve fund requirements. In connection with the obtaining of any credit enhancement, surety bond or other form of insurance, the Director of Finance, with the approval of the Chief Administrative Officer, is authorized to pay the cost of obtaining such credit enhancement, surety bond or other form of insurance from proceeds of the Bonds.

§ 10. The Director of Finance is authorized and directed to execute one or more escrow deposit agreements (the “Escrow Agreement”) between the City and an Escrow Agent, appointed by the Director of Finance with the approval of the Chief Administrative Officer, providing for the deposit and investment of a portion of the Bond proceeds, together with other funds to the extent needed, for the refunding of the Prior Bonds selected for redemption or payment at maturity. The Escrow Agreement shall be in form approved by the Director of Finance in collaboration with the City Attorney. The execution thereof by the Director of Finance shall constitute conclusive evidence of the Director of Finance’s approval of such agreement. The Escrow Agreement shall provide for the irrevocable deposit of a portion of the Bond proceeds thereunder, together with other funds to the extent needed, which shall be sufficient, when invested in obligations that are permissible investments for public sinking funds pursuant to Section 2.2-4500 of the *Code of Virginia* of 1950, as amended, together with interest earnings thereon, to provide for payment of principal of and premium, if any, and interest on the Prior Bonds being redeemed or paid at maturity; provided, however, to the extent that the Bonds are



not issued as Taxable Bonds, that such Bond proceeds shall be invested in such manner that none of the Bonds will be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the “Code”).

§ 11. The Chief Administrative Officer and the Director of Finance are authorized and directed to have prepared and distributed, in accordance with standard practices of municipal securities, one or more Preliminary Official Statements of the City describing the Bonds as authorized herein. The Director of Finance shall make such completions, omissions, insertions and changes in such Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement. The City shall arrange for the delivery to the underwriters for the Bonds of a reasonable number of copies of the final Official Statement, within seven business days after the date the Bonds have been sold, for delivery to each potential investor requesting a copy of the final Official Statement and to each person to whom such underwriter and members of the underwriting group initially sell the Bonds.

§ 12. The Director of Finance is authorized, on behalf of the City, to deem such Preliminary Official Statement and such Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), except for the omission in such Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to the Rule. The distribution of such Preliminary Official Statement and such Official Statement in final form shall be conclusive evidence that each has been deemed final as of its date by the City, except for the omission in such Preliminary Official Statement of such pricing and other information.

§ 13. The City covenants that it shall not permit the proceeds of the Bonds or the facilities to be financed or refinanced with the proceeds of the Bonds to be used in any manner

that would result in (a) 5% or more of such proceeds or facilities being finance or refinanced being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or facilities being financed or refinanced 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 (c) 5% or more of such proceeds or facilities being financed or refinanced being 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; provided, however, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income for Federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenant. This Section shall not apply to Taxable Bonds.

§ 14. The Director of Finance is hereby authorized and directed to execute a continuing disclosure agreement setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary to assist the underwriters for the Bonds in complying with the provisions of the Rule promulgated by the SEC. Such continuing disclosure agreement shall be in the form approved by the Director of Finance, in collaboration with the City Attorney and the City's bond counsel, the execution thereof by the Director of Finance to constitute conclusive evidence of the Director of Finance's approval of such continuing disclosure agreement.

§ 15. All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the refunding or redemption of the portions of the Prior Bonds are approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to

take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds and the refunding or redeeming of the Prior Bonds, including, but not limited to, (a) entering into contracts and arrangements to provide credit enhancement, a surety bond, or insurance for all or a portion of the Bonds and for the investment of the proceeds of the Bonds, (b) performance of the City's obligations under the Escrow Agreement, and (c) entering into any arrangements as required or appropriate with a Verification Agent and paying all costs related to any of the activities herein authorized. The authorization granted herein to the Director of Finance, the Chief Administrative Officer and the City Attorney shall apply equally to any person serving in such capacity on an interim basis pending a permanent appointment to any such office.

§ 16. The City Clerk, with the assistance of the City Attorney, is authorized and directed to see to the immediate filing of a certified copy of this resolution in the Circuit Court of the City of Richmond and is directed to make a copy of this resolution continuously available for inspection by the general public during normal business hours at the City Clerk's office from the date of adoption hereof through the date of the issuance of the Bonds.

§ 17. This resolution shall be in force and effect upon adoption, and any and all resolutions in conflict with the provisions hereof are repealed.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST

AUG 8 2016
4-5495
Chief Administration Office
City of Richmond

O&R REQUEST

DATE: August 8, 2016

Edition: 1

TO: The Honorable Members of City Council

THROUGH: Dwight C. Jones, Mayor

[Handwritten signature]

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer

[Handwritten initials]

THROUGH: Lenora G. Reid, Deputy CAO, Finance and Administration

[Handwritten initials]

THROUGH: Jay A. Brown, Director of Budget and Strategic Planning

[Handwritten initials]

THROUGH: Robert C. Steidel, Director of Public Utilities

[Handwritten signature]

FROM: John B. Wack, Director of Finance

[Handwritten signature]

RE: Authorization for the issuance of Public Utility Revenue Refunding Bonds of the City of Richmond

ORD. OR RES. NO

RECEIVED

AUG 16 2016

OFFICE OF CITY ATTORNEY

PURPOSE:

This request is to authorize the issuance of Public Utility Revenue Refunding Bonds of the City of Richmond, Virginia in a principal amount not to exceed \$484,000,000 to refund all or portions of up to three outstanding Public Utility Revenue bond issues previously issued by the City, and to authorize the Director of Finance, with the approval of the Chief Administrative Officer, to sell such refunding bonds. The new refunding bonds will carry similar principal maturities as the old bonds, and thus not extend the repayment or maturity of this debt.

REASON:

This potential bond refunding will produce annual savings in the future debt service payments paid by the City's Gas, Water, and Wastewater Utilities.

RECOMMENDATION:

The City Administration recommends adoption of this resolution.

BACKGROUND:

The City has previously issued its Series 2007A, 2009A, and 2013B Series' of Public Utility Revenue Bonds. Based on current market conditions and analysis, the Finance Department and its Financial Advisors have identified these bond issues as potential candidates for refunding to enable the City's Gas, Water and Wastewater Utilities to achieve debt service savings. The refunding target will be to achieve approximately 3% or greater Net Present Value savings at the time of the refunding now scheduled for October/November, 2016. The City was already planning to issue new Utility Revenue bond debt this fall to fund ongoing utility capital projects and by combining this

opportunity to refund existing debt at lower interest rates, the City will also be able to save on some of the fixed bond issuance costs by combining the refunding with an existing planned bond issue.

The actual amount of debt service savings to be achieved in the refunding of this debt, if any, will be based on the interest rate environment available at the time of the bond issue, later this fall. Long term interest rates have remained attractive and based on today's interest rate environment, debt service savings for the Utilities can be achieved. This resolution will allow the City to refund either all, some, or none of the three previously identified bond issues based upon market conditions at the time of the bond sale later this fall.

**FISCAL IMPACT:** If current market conditions remain available at the time of the proposed bond sale, now planned for October/November 2016, the refunding would produce savings at or above the three percent (3.0%) Net Present Value targeted threshold established by the City. The actual principal amount of bonds to be refunded, however, and any associated debt service savings, will be determined based on many variables including the interest rate environment at the time of the proposed bond sale in late October/November 2016.

The City plans to structure the new refunding bond debt with a similar maturity schedule, thereby not extending the principal maturities of any of the debt. All costs of issuance including underwriting and legal expenses have been included in the refunding analysis.

**COST TO CITY:** Issuance costs of completing the refunding transaction will be financed together with the costs of approximately \$160.0 million in a new money Utility bond issue that is being targeted for sale this fall. By combining the refunding transaction with a planned new money Utility bond issue, some of the fixed costs of issuance will be spread over a larger bond issue and economic savings realized by handling this as one larger bond issue transaction.

**REVENUE TO CITY:** None.

**DESIRED EFFECTIVE DATE:** Upon adoption.

**REQUESTED INTRODUCTION DATE:** September 12, 2016

**CITY COUNCIL PUBLIC HEARING DATE:** September 26, 2016

**REQUESTED AGENDA:** Consent Agenda

**RECOMMENDED COUNCIL COMMITTEE:** Finance Committee on September 22, 2016

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** None

**AFFECTED AGENCIES:** Finance Department  
Department of Public Utilities  
City Attorney's Office  
Budget Department

**RELATIONSHIP TO EXISTING ORD. OR RES:** None

**REQUIRED CHANGES TO WORK PROGRAM:** None

**ATTACHMENTS:**

**STAFF:** James P. Duval, Jr, Investment/Debt Manager (646-6395)  
T. Wayne Lassiter, Utility Comptroller (646-5237)

**EXHIBIT A**

**FORM  
OF  
[ ] SUPPLEMENTAL INDENTURE OF TRUST**

**between**

**CITY OF RICHMOND, VIRGINIA**

**and**

**U.S. BANK NATIONAL ASSOCIATION  
as Trustee**

**Dated as of \_\_\_\_\_, \_\_\_\_\_**

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**THIS \_\_\_\_\_ SUPPLEMENTAL INDENTURE OF TRUST** dated as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_ (the “\_\_\_\_\_ Supplemental Indenture”), by and between the City of Richmond, Virginia, a political subdivision of the Commonwealth of Virginia (the “City”), and \_\_\_\_\_, as trustee (in such capacity, together with any successor in such capacity, herein called the “Trustee”), provides:

**WHEREAS**, the City and the Trustee have entered into a Master Indenture of Trust dated as of April 1, 1998 (the “Master Indenture of Trust”), as previously supplemented and amended, to provide for financing or refinancing the acquisition, construction, operation, maintenance and extension of the System (as defined in the Master Indenture of Trust) by the issuance of bonds payable solely from Net Revenues (as defined in the Master Indenture of Trust);

**WHEREAS**, the City issued its \$\_\_\_\_\_ Public Utility Revenue Bonds, Series \_\_\_\_\_, (the “Series \_\_\_\_\_ Bonds”), on \_\_\_\_\_, which are currently outstanding in the amount of \$\_\_\_\_\_;

**WHEREAS**, within the limitations of and in compliance with the Master Indenture of Trust, the City is authorized to issue Bonds under the Master Indenture of Trust to finance the costs of expansion and improvements to the System and to refund any outstanding Indebtedness;

**WHEREAS**, the City has determined to issue a Series of Bonds under the Master Indenture of Trust in the aggregate principal amount of \$\_\_\_\_\_ (the “Series \_\_\_\_\_ Bonds”) to [refund \_\_\_\_\_ of the outstanding principal amount of the Series \_\_\_\_\_ Bonds (the “Refunded Bonds”), to fund the [\_\_\_\_\_] and to pay the costs of issuance of the Series \_\_\_\_\_ Bond]; and

**WHEREAS**, the City has taken all necessary action to make the Series \_\_\_\_\_ Bonds, when authenticated by the Trustee and issued by the City, valid and binding limited obligations of the City and to constitute this \_\_\_\_\_ Supplemental Indenture a valid and binding agreement authorizing and providing for the details of the Series \_\_\_\_\_ Bonds.

**NOW THEREFORE**, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree, as follows:

**ARTICLE I**  
**\_\_\_\_\_ SUPPLEMENTAL INDENTURE**

**Section 101. Authorization of \_\_\_\_\_ Supplemental Indenture.**

This \_\_\_\_\_ Supplemental Indenture is authorized and executed by the City and delivered to the Trustee pursuant to and in accordance with Articles III and X of the Master Indenture of Trust. All terms, covenants, conditions and agreements of the Master Indenture of Trust shall apply with full force and effect to the Series \_\_\_\_\_ Bonds and to the holders thereof, except as otherwise provided in this \_\_\_\_\_ Supplemental Indenture.

**Section 102. Definitions.**

Except as otherwise defined in this \_\_\_\_\_ Supplemental Indenture, terms defined in the Master Indenture of Trust are used in this \_\_\_\_\_ Supplemental Indenture with the meanings assigned to them in the Master Indenture of Trust. In addition, the following words as used in this \_\_\_\_\_ Supplemental Indenture shall have the following meanings unless a different meaning clearly appears from the context:

“\_\_\_\_\_ **Supplemental Indenture**” shall mean this \_\_\_\_\_ Supplemental Indenture of Trust between the City and the Trustee, which supplements and amends the Master Indenture of Trust.

[“**Letter of Representations**” shall mean the Blanket Letter of Representations dated November 9, 1995, from the City to the Securities Depository and any amendments thereto or successor agreements between the City and any successor Securities Depository, relating to a book-entry system to be maintained by the Securities Depository with respect to the Series \_\_\_\_ Bonds. Notwithstanding any provision of the Master Indenture of Trust, including Article X regarding amendments, the Trustee may enter into any such amendment or successor agreement without the consent of Bondholders.]

[“**Rebate Amount Certificate**” shall have the meaning set forth in Section 703 of this \_\_\_\_\_ Supplemental Indenture.]

[“**Reserve Fund Bond**” shall mean the reserve fund bond issued by \_\_\_\_\_ guaranteeing certain payments into the Series \_\_\_\_ Debt Service Reserve Account with respect to the Series \_\_\_\_ Bonds as provided therein and subject to the limitations set forth therein.]

“**Securities Depository**” shall mean The Depository Trust Company, a corporation organized and existing under the laws of the State of New York, whose nominee is Cede & Co., and any other securities depository for the Series \_\_\_\_ Bonds appointed pursuant to Section 204, and their successors.

[“**Series \_\_\_\_ Arbitrage Rebate Fund**” shall mean the Arbitrage Rebate Fund established in Section 701.]

“**Series \_\_\_\_ Bonds**” shall mean the City’s \$\_\_\_\_\_ Public Utility Revenue Refunding Bonds, Series \_\_\_\_\_, authorized to be issued pursuant to this \_\_\_\_\_ Supplemental Indenture.

[“**Series \_\_\_\_ Cost of Issuance Account**” shall mean the Series \_\_\_\_ Cost of Issuance Account of the Construction Fund established in Section 501 of this \_\_\_\_\_ Supplemental Indenture.]

[“**Series \_\_\_\_ Debt Service Reserve Account**” shall mean the Series \_\_\_\_ Debt Service Reserve Account of the Debt Service Reserve Fund established in Section 503 of this \_\_\_\_\_ Supplemental Indenture.]

["Series \_\_\_\_ Debt Service Reserve Requirement" for the Series \_\_\_\_ Bonds shall be an amount equal to the least of (a) the maximum principal and interest due on the Series \_\_\_\_ Bonds in the current or any future Fiscal Year, (b) 10% of the original stated principal amount of the Series \_\_\_\_ Bonds (or 10% of the issue price of the Series \_\_\_\_ Bonds if required by the Code) or (c) 125% of the average annual principal and interest due on the Series \_\_\_\_ Bonds in the current and each future Fiscal Year.]

**Section 103. Reference to Articles and Sections.**

Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this \_\_\_\_\_ Supplemental Indenture.

**ARTICLE II  
AUTHORIZATION, DETAILS AND FORM OF SERIES \_\_\_\_ BONDS**

**Section 201. Authorization of Series \_\_\_\_ Bonds.**

Pursuant to Resolution No. \_\_\_\_\_, adopted by the City Council on \_\_\_\_\_, there are hereby authorized to be issued a series of public utility revenue refunding bonds of the City in the aggregate principal amount of \$\_\_\_\_\_ to (a) [refund, redeem and defease] the Series \_\_\_\_\_, [(b) fund the Series \_\_\_\_ Debt Service Reserve Requirement,] [and (c) finance certain costs of issuing the Series \_\_\_\_ Bonds]. The Series \_\_\_\_ Bonds shall be issued pursuant to the Master Indenture of Trust and this \_\_\_\_\_ Supplemental Indenture.

**Section 202. Details of Series \_\_\_\_ Bonds.**

The Series \_\_\_\_ Bonds shall be designated "Public Utility Revenue Refunding Bonds, Series \_\_\_\_\_," [Federally Taxable] shall be dated \_\_\_\_\_, \_\_\_\_\_, shall be issuable only as fully registered bonds [in denominations of \$5,000 and multiples thereof, shall be numbered R-1 upward and shall bear interest at rates, payable semiannually on \_\_\_\_\_ and \_\_\_\_\_, beginning \_\_\_\_\_, \_\_\_\_\_, until their final payment or maturity, and shall mature on \_\_\_\_\_ in years and amounts, as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate]</u>
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[Each Series \_\_\_\_ Bond shall bear interest (a) from its date, if such Series \_\_\_\_ Bond is authenticated prior to the first interest payment date, or (b) otherwise from the interest payment date that is, or immediately precedes, the date on which such Series \_\_\_\_ Bond is authenticated; provided, however, that if at the time of authentication of any Series \_\_\_\_ Bond payment of

interest is in default, such Series \_\_\_\_ Bond shall bear interest from the date to which interest has been paid.

Principal of and premium, if any, on the Series \_\_\_\_ Bonds shall be payable to the registered owners upon the surrender of Series \_\_\_\_ Bonds at the principal corporate trust office of the Trustee. Interest on the Series \_\_\_\_ Bonds shall be payable by check or draft mailed to the registered owners at their addresses as they appear on the [fifteenth] day of the month preceding the interest payment date on the registration books kept by the Trustee; provided, however, if the Series \_\_\_\_ Bonds are registered in the name of a Securities Depository or its nominee as registered owner or at the option of a registered owner of at least \$1,000,000 of Series \_\_\_\_ Bonds, payment shall be made by wire transfer pursuant to the wire instructions received by the Trustee from such registered owner. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.]

### **Section 203. Form of Bonds.**

The Series \_\_\_\_ Bonds shall be in substantially the form set forth in **Exhibit A**, with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture of Trust and this \_\_\_\_\_ Supplemental Indenture.

### **[Section 204. Securities Depository Provisions.**

Initially, one Series \_\_\_\_ Bond certificate for each maturity of the Series \_\_\_\_ Bonds will be issued and registered to the Securities Depository, or its nominee. The City and the Trustee have entered into a Letter of Representations relating to a book-entry system to be maintained by the Securities Depository with respect to the Series \_\_\_\_ Bonds.

In the event that (a) the Securities Depository determines not to continue to act as a securities depository for the Series \_\_\_\_ Bonds by giving notice to the Trustee and the City discharging its responsibilities hereunder, or (b) the City in its sole discretion determines (1) that beneficial owners of Bonds shall be able to obtain certificated Series \_\_\_\_ Bonds or (2) to select a new Securities Depository, then the Trustee shall, at the direction of the City, attempt to locate another qualified securities depository to serve as Securities Depository or authenticate and deliver certificated Series \_\_\_\_ Bonds to the beneficial owners or to the Securities Depository participants on behalf of beneficial owners substantially in the form provided for in **Exhibit A**; provided, however, that such form shall provide for interest on the Series \_\_\_\_ Bonds to be payable (i) from \_\_\_\_\_, \_\_\_\_\_, if it is authenticated prior to \_\_\_\_\_, \_\_\_\_\_, or (ii) otherwise from the interest payment date that is, or immediately precedes, the date on which it is authenticated (unless payment of interest thereon is in default, in which case interest on such Series \_\_\_\_ Bonds shall be payable from the date to which interest has been paid). In delivering certificated Series \_\_\_\_ Bonds, the Trustee shall be entitled to rely conclusively on the records of the Securities Depository as to the beneficial owners or the records of the Securities Depository participants acting on behalf of beneficial owners. Such certificated Series \_\_\_\_ Bonds will be registrable, transferable and exchangeable as set forth in Section 204 of the Master Indenture of Trust.

So long as there is a Securities Depository for the Series \_\_\_\_ Bonds (A) it or its nominee shall be the registered owner of the Series \_\_\_\_ Bonds, (B) notwithstanding anything to the contrary in this \_\_\_\_\_ Supplemental Indenture, determinations of persons entitled to payment of principal, premium, if any, and interest, transfers of ownership and exchanges and receipt of notices shall be the responsibility of the Securities Depository and shall be effected pursuant to rules and procedures established by such Securities Depository, (C) the City and the Trustee shall not be responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants, (D) references in this \_\_\_\_\_ Supplemental Indenture to registered owners of the Series \_\_\_\_ Bonds shall mean such Securities Depository or its nominee and shall not mean the beneficial owners of the Series \_\_\_\_ Bonds, and (E) in the event of any inconsistency between the provisions of this \_\_\_\_\_ Supplemental Indenture, other than those set forth in this paragraph and the preceding paragraph, and the provisions of the Letter of Representations such provisions of the Letter of Representations shall control.]

**Section 205. Delivery of Series \_\_\_\_ Bonds.**

The Trustee shall authenticate and deliver the Series \_\_\_\_ Bonds when there have been filed with or delivered to it all items required by Section 303 of the Master Indenture of Trust.

**ARTICLE III  
[REDEMPTION OF SERIES \_\_\_\_ BONDS]**

**Section 301. [Redemption Dates and Prices.**

The Series \_\_\_\_ Bonds may not be called for redemption by the City except as provided below:

(a) [Optional Redemption. Series \_\_\_\_ Bonds maturing on or after \_\_\_\_\_, \_\_\_\_\_, are subject to redemption prior to maturity at the option of the City on or after \_\_\_\_\_, \_\_\_\_\_, in whole or in part at any time, upon payment of the following redemption prices (expressed as a percentage of principal amount of Series \_\_\_\_ Bonds to be redeemed) plus interest accrued to the redemption date:

<b><u>Redemption Period</u></b> <b><u>(Both Dates Inclusive)</u></b>	<b><u>Price]</u></b>
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(b) [Mandatory Redemption. Series \_\_\_\_ Bonds maturing on \_\_\_\_\_, \_\_\_\_\_, are required to be redeemed on \_\_\_\_\_ in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<b><u>Year</u></b>	<b><u>Amount]</u></b>
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[Series \_\_\_\_ Bonds maturing on \_\_\_\_\_, \_\_\_\_\_, are required to be redeemed on \_\_\_\_\_ in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
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The amount of Series \_\_\_\_ Bonds to be redeemed pursuant to this Section may be reduced in accordance with the provisions of Section 604 of the Master Indenture of Trust.]

**Section 302. [Selection of Series \_\_\_\_ Bonds for Redemption.]**

[If less than all of the Series \_\_\_\_ Bonds are called for redemption, they shall be called in such order of maturity as the City may determine. If less than all of the Series \_\_\_\_ Bonds of any maturity date are called for redemption, the Series \_\_\_\_ Bonds to be redeemed shall be selected by the Securities Depository or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof. In selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If a portion of a Series \_\_\_\_ Bond shall be called for redemption, a new Series \_\_\_\_ Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon the surrender thereof.]

**Section 303. [Notice of Redemption.]**

[Notice of redemption of Series \_\_\_\_ Bonds shall be given in the manner set forth in Section 402 of the Master Indenture of Trust.]

**ARTICLE IV  
APPLICATION OF PROCEEDS OF SERIES \_\_\_\_ BONDS**

**Section 401. Application of Proceeds of Series \_\_\_\_ Bonds; Application of Related Amounts.**

The proceeds of the Series \_\_\_\_ Bonds in the amount of \$\_\_\_\_\_ shall be applied as follows:

- (1) [\$\_\_\_\_\_, representing accrued interest on the Series \_\_\_\_ Bonds, shall be transferred to the Trustee and deposited in the Series \_\_\_\_ Interest Subaccount.]

(2) [\$ \_\_\_\_\_ shall be transferred to \_\_\_\_\_ and deposited in the Series \_\_\_\_ Escrow Fund and used to redeem the Refunded Bonds.]

(3) [\$ \_\_\_\_\_ shall be [wired to \_\_\_\_\_ to pay the premium of \$ \_\_\_\_\_ and \$ \_\_\_\_\_ for the bond insurance policy and Reserve Policy, respectively.]

(4) [\$ \_\_\_\_\_ shall be deposited in the Series \_\_\_\_ Costs of Issuance Account and used to pay costs of issuance.]

## ARTICLE V ESTABLISHMENT OF ACCOUNTS

### Section 501. [Series \_\_\_\_ Cost of Issuance Account.

The City shall establish a Series \_\_\_\_ Costs of Issuance Account. The portion of the proceeds of the Series \_\_\_\_ Bonds specified in Section 401(a)(4) shall be deposited in the Series \_\_\_\_ Costs of Issuance Account and used to pay costs of issuance related to the Series \_\_\_\_ Bonds. Any balance remaining in the Series \_\_\_\_ Costs of Issuance Account upon payment of such costs of issuance shall be disposed of in accordance with the provisions of \_\_\_\_\_ of the Master Indenture of Trust.]

### Section 502. [Series \_\_\_\_ Interest Subaccount and Series \_\_\_\_ Principal Subaccount.

(a) The City shall establish within the Bond Fund a Series \_\_\_\_ Principal Subaccount and a Series \_\_\_\_ Interest Subaccount.

(b) In accordance with Section 604(a) of the Master Indenture, Net Revenues shall be deposited in the Series \_\_\_\_ Interest Subaccount on the first business day of each month, commencing \_\_\_\_\_ 1, \_\_\_\_\_, in an amount equal to 1/6 of the interest due and payable on the Series \_\_\_\_ Bonds on the next succeeding interest payment date.

(c) In accordance with Section 604(a) of the Master Indenture, Net Revenues shall be deposited in the Series \_\_\_\_ Principal Subaccount on the first business day of each month, commencing \_\_\_\_\_ 1, \_\_\_\_\_, in an amount equal to 1/12 of the principal due and payable on the Series \_\_\_\_ Bonds on the next succeeding principal payment date or mandatory sinking fund payment date.]

### Section 503. [Series \_\_\_\_ Debt Service Reserve Account.

There shall be established within the Debt Service Reserve Fund a Series \_\_\_\_ Debt Service Reserve Account. The Series \_\_\_\_ Debt Service Reserve Account shall be funded at the time of the delivery of the Series \_\_\_\_ Bonds [with the Reserve Fund Bond.] [in an amount equal to the Series \_\_\_\_ Debt Service Reserve Requirement pursuant to Section 606 of the Master Indenture of Trust.] If at any time the Series \_\_\_\_ Debt Service Reserve Account is funded with

cash or investments, money in the Series \_\_\_\_ Debt Service Reserve Account shall be used in accordance with the provisions of Section 606 of the Master Indenture of Trust.]

**ARTICLE VI  
SECURITY FOR SERIES \_\_\_\_ BONDS**

**Section 601. Security for Series \_\_\_\_ Bonds.**

The Series \_\_\_\_ Bonds shall be equally and ratably secured under the Master Indenture of Trust with any other Senior Debt issued pursuant to Article III of the Master Indenture of Trust, without preference, priority or distinction of any Senior Debt over any other Senior Debt, as provided in the Master Indenture of Trust.

**ARTICLE VII  
[ARBITRAGE REBATE FUND**

**Section 701. Arbitrage Rebate Fund.**

There is hereby established the City of Richmond Public Utility Revenue Refunding Series \_\_\_\_ Arbitrage Rebate Fund to be held by the City. The City shall deposit in the Series \_\_\_\_ Arbitrage Rebate Fund from legally available moneys from time to time for payment of the rebate obligations under the Code (the "Rebate Amount"). Notwithstanding anything in this \_\_\_\_\_ Supplemental Indenture to the contrary, the Series \_\_\_\_ Arbitrage Rebate Fund is not pledged to the payment of the Series \_\_\_\_ Bonds and shall not be used to pay the Series \_\_\_\_ Bonds.

**Section 702. Rebate Requirement.**

Except with respect to earnings on funds and accounts qualifying for exceptions to the rebate requirement of Section 148 of the Code, the City shall pay, but solely from amounts in the Series \_\_\_\_ Arbitrage Rebate Fund, the Rebate Amount to the United States of America, as and when due, in accordance with Section 148(f) of the Code, as provided in this Article, and shall retain records of all such determinations until six years after payment of the Series \_\_\_\_ Bonds.

**Section 703. Calculation and Payment of Series \_\_\_\_ Rebate Obligation.**

(a) The City selects \_\_\_\_\_ as the end of the bond year with respect to the Series \_\_\_\_ Bonds pursuant to Treasury Regulation Section 1.148-1.

(b) Within 30 days after the initial installment computation date, which is the last day of the \_\_\_\_\_ bond year (\_\_\_\_\_, \_\_\_\_), unless such date is changed by the City prior to the date that any amount with respect to the Series \_\_\_\_ Bonds is paid or required to be paid to the United States of America as required by Section 148 of the Code, and at least once every five years thereafter, the City shall cause the Rebate Amount to be computed and shall



deliver a copy to the Trustee. Prior to any payment of the Rebate Amount to the United States of America as required by Section 148 of the Code, such computation (the "Rebate Amount Certificate") setting forth the Rebate Amount shall be prepared or approved by (1) a person with experience in matters of governmental accounting for Federal income tax purposes, (2) a bona fide arbitrage rebate calculation reporting service or (3) Bond Counsel.

(c) Not later than 60 days after the initial installment computation date, the City shall pay solely from amounts in the Series \_\_\_\_ Arbitrage Rebate Fund to the United States of America at least 90% of the Rebate Amount as set forth in the Rebate Amount Certificate prepared with respect to such installment computation date. At least once on or before 60 days after the installment computation date that is the \_\_\_\_\_ anniversary of the initial installment computation date and on or before 60 days every \_\_\_\_\_ anniversary date thereafter until final payment of the Series \_\_\_\_ Bonds, the City shall pay to the United States of America not less than the amount, if any, by which 90% of the Rebate Amount set forth in the most recent Rebate Amount Certificate exceeds the aggregate of all such payments theretofore made to the United States of America pursuant to this Section. On or before 60 days after final payment of the Series \_\_\_\_ Bonds, the City shall pay to the United States of America the amount, if any, by which 100% of the Rebate Amount set forth in the Rebate Amount Certificate with respect to the date of final payment of the Series \_\_\_\_ Bonds exceeds the aggregate of all payments theretofore made pursuant to this Section. All such payments shall be made solely from amounts in the Series \_\_\_\_ Arbitrage Rebate Fund or from any legally available moneys of the City.

(d) Notwithstanding any provision of this Article to the contrary, no such calculation or payment shall be made if the City receives and delivers to the Trustee an opinion of Bond Counsel to the effect that (1) such payment is not required under the Code in order to prevent the Series \_\_\_\_ Bonds from becoming "arbitrage bonds" within the meaning of Section 148 of the Code or (2) such payment should be calculated and paid on some alternative basis under the Code, and the City complies with such alternative basis.

**Section 704. Reports by Trustee.**

The Trustee shall provide the City within 10 days after each month end and within 10 days after the final payment of the Series \_\_\_\_ Bonds with such reports and information with respect to earnings of amounts held under the Master Indenture of Trust and this \_\_\_\_\_ Supplemental Indenture as may be requested by the City in order to comply with the provisions of this Article.

**Section 705. Disposition of Balance in Series \_\_\_\_ Arbitrage Rebate Fund.**

After each payment required in Section 703 is made and any additional amount necessary to pay the full Rebate Amount is retained, the remaining amount in the Series \_\_\_\_ Arbitrage Rebate Fund shall be transferred to the Bond Fund for the payment of principal or interest on the next payment date and credited against the next succeeding payment of principal or interest.]

**ARTICLE VIII  
[RESERVED]**

**ARTICLE IX  
MISCELLANEOUS**

**Section 901.      Limitations on Use of Proceeds.**

[The City covenants with the holders of the Series \_\_\_\_ Bonds as follows:

(a)      The City shall not take or omit to take any action or approve the Trustee's taking any action or making any investment or use of the proceeds of any Series \_\_\_\_ Bonds (including failure to spend the same with due diligence) the taking or omission of which would cause the Series \_\_\_\_ Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, including participating in any issue of obligations that would cause the Series \_\_\_\_ Bonds to be part of an "issue" of obligations that are arbitrage bonds, within the meaning of Treasury Regulations Section 1.148-10 or successor regulation, or otherwise cause interest on the Series \_\_\_\_ Bonds to be includable in the gross income of the registered owners under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of law that may require the City at any time to rebate to the United States of America any part of the earnings derived from the investment of gross proceeds of the Series \_\_\_\_ Bonds;

(b)      Barring unforeseen circumstances, the City shall not approve the use of the proceeds from the sale of any Series \_\_\_\_ Bonds otherwise than in accordance with the City's "non-arbitrage" certificate delivered immediately prior to the issuance of the Series \_\_\_\_ Bonds;

(c)      The City shall not permit the proceeds of the Series \_\_\_\_ Bonds to be used in any manner that would result in either (1) 5% or more of such proceeds or 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; and

(d)      The City shall not take any other action that would adversely affect, and shall take all action within its power necessary to maintain, the exclusion of interest on all Series \_\_\_\_ Bonds from gross income for Federal income taxation purposes; provided, however, that if the City receives an opinion of Bond Counsel that compliance with any such covenant is not required to prevent the interest on the Series \_\_\_\_ Bonds from being includable in the gross income of the registered owners thereof under existing law, the City need not comply with such restriction.]

**Section 902. Limitation of Rights.**

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this \_\_\_\_\_ Supplemental Indenture or the Series \_\_\_\_ Bonds is intended or shall be construed to give to any person other than the parties hereto and the holders of Series \_\_\_\_ Bonds any legal or equitable right, remedy or claim under or in respect to this \_\_\_\_\_ Supplemental Indenture or any covenants, conditions and agreements herein contained since this \_\_\_\_\_ Supplemental Indenture and all of the covenants, conditions and agreements hereof are intended to be and are for the sole and exclusive benefit of the parties hereto and the holders of Series \_\_\_\_ Bonds as herein provided.

**Section 903. Severability.**

If any provision of this \_\_\_\_\_ Supplemental Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof and this \_\_\_\_\_ Supplemental Indenture shall be construed and enforced as if such illegal provision had not been contained herein.

**Section 904. Successors and Assigns.**

This \_\_\_\_\_ Supplemental Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 905. Applicable Law.**

This \_\_\_\_\_ Supplemental Indenture shall be governed by the applicable laws of the Commonwealth of Virginia.

**Section 906. Counterparts.**

This \_\_\_\_\_ Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Trustee have caused this \_\_\_\_\_ Supplemental Indenture to be executed in their respective corporate names as of the date first above written.

**CITY OF RICHMOND, VIRGINIA**

By \_\_\_\_\_  
Director of Finance

**U.S. BANK NATIONAL ASSOCIATION,  
as Trustee**

By \_\_\_\_\_

Its \_\_\_\_\_

**EXHIBIT A**

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

**REGISTERED**

**REGISTERED**

R-\_\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA**

**COMMONWEALTH OF VIRGINIA**

**CITY OF RICHMOND, VIRGINIA**

**Public Utility Revenue [and] Refunding Bond  
Series \_\_\_\_\_  
[Federally Taxable]**

**INTEREST RATE**

**MATURITY DATE**

**DATED DATE**

**CUSIP**

\_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**DOLLARS**

The City of Richmond, Virginia (the "City"), for value received, hereby promises to pay upon surrender hereof at the principal corporate trust office of U.S. Bank National Association, Richmond, Virginia, as trustee, or its successor in trust (the "Trustee"), under the Master Indenture of Trust, as hereinafter defined, solely from the source and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay, solely from such source, interest hereon semiannually on each \_\_\_\_\_ and \_\_\_\_\_, beginning \_\_\_\_\_, \_\_\_\_\_, at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months. Interest is payable (a) from \_\_\_\_\_, \_\_\_\_\_, if this bond is authenticated prior to \_\_\_\_\_, \_\_\_\_\_, or (b) otherwise from the interest

payment date that is, or immediately precedes, the date on which this bond is authenticated (unless payment of interest hereon is in default, in which case this bond shall bear interest from the date to which interest has been paid). Interest is payable by check or draft mailed to the registered owner hereof at its address as it appears on the [fifteenth day] of the month preceding each interest payment date on registration books kept by the Trustee; provided, however, that if the Bonds, as hereinafter defined, are registered in the name of a securities depository or its nominee as registered owner or at the option of a registered owner of at least \$1,000,000 of Bonds, payment will be made by wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner. Principal, premium, if any, and interest are payable in lawful money of the United States of America.

Notwithstanding any other provision hereof, this bond is subject to book-entry form maintained by The Depository Trust Company ("DTC"), and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the City's Letter of Representations to DTC.

This bond is one of an issue of \$\_\_\_\_\_ Public Utility Revenue Refunding Bonds, Series \_\_\_\_ [Federally Taxable] (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are issued under a Master Indenture of Trust dated as of April 1, 1998, between the City and the Trustee, as previously supplemented and amended, and as supplemented by a \_\_\_\_\_ Supplemental Indenture of Trust dated as of \_\_\_\_\_, \_\_\_\_ (collectively, the "Indenture"), and are equally and ratably secured on a parity as to the pledge of Net Revenues (as defined in the Indenture) with the outstanding principal balance of the City's [Public Utility Revenue Refunding Bond, Series 1998C, the City's Public Utility Revenue and Refunding Bond, Series 1998D, the City's Public Utility Revenue Bond, Series 2006A, the City's Public Utility Revenue and Refunding Bonds, Series 2007A, the City's Public Utility Revenue Bond, Series 2008A, the City's Public Utility Revenue Bonds, Series 2009A, the City's Public Utility Revenue Bond, Series 2009B, the City's Public Utility Revenue Bond, Series 2010A, the City's Public Utility Revenue Bond, Series 2011A, the City's Public Utility Revenue Bond, Series 2012A, the City's Public Utility Revenue Bonds, Series 2013A, the City's Public Utility Revenue Bonds, Series 2013B, and the City's Public Utility Revenue Bond, Series 2015A] (collectively, the "Parity Bonds"). Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the rights of the holders of the Bonds and the terms upon which the Bonds are issued and secured. Additional bonds and other Senior Debt secured by a pledge of Net Revenues on a parity with the Bonds and the Parity Bonds may be issued under the terms and conditions set forth in the Indenture.

The Bonds and the premium, if any, and the interest thereon are limited obligations of the City payable solely from Net Revenues, except to the extent payable from the proceeds of the Bonds, income from investments, certain reserves and proceeds of insurance, which Net Revenues and other moneys have been pledged as described in the Indenture to secure payment thereof. The Bonds and the premium, if any, and the interest thereon shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City. Neither the Commonwealth of Virginia nor any political

subdivision thereof, including the City, shall be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident thereto except from Net Revenues and other moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the City, is pledged to the payment of the principal of or premium, if any, or interest on the Bonds or other costs incident thereto.

[The Bonds may not be called for redemption by the City except as provided herein and in the Indenture. Bonds maturing on or after \_\_\_\_\_, \_\_\_\_\_, are subject to redemption prior to maturity at the option of the City on or after \_\_\_\_\_, \_\_\_\_\_, in whole or in part at any time, upon payment of the following redemption prices (expressed as a percentage of principal amount of Bonds to be redeemed) plus interest accrued to the redemption date:

<b><u>Redemption Period</u></b> <b><u>(Both Dates Inclusive)</u></b>	<b><u>Redemption</u></b> <b><u>Price]</u></b>
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[The amount of the Bonds to be redeemed may be reduced in accordance with the provisions of Section 604 of the Indenture.]

[Bonds maturing on \_\_\_\_\_, \_\_\_\_\_, are required be redeemed prior to maturity in part in accordance with the sinking fund requirements of the Indenture on \_\_\_\_\_ in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<b><u>Year</u></b>	<b><u>Amount]</u></b>
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[Bonds maturing on \_\_\_\_\_, \_\_\_\_\_, are required be redeemed prior to maturity in part in accordance with the sinking fund requirements of the Indenture on \_\_\_\_\_ in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<b><u>Year</u></b>	<b><u>Amount]</u></b>
--------------------	-----------------------

[If less than all the Bonds are called for redemption, such Bonds shall be redeemed from maturities in such order as determined by the City. If less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, such Bonds shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof. In selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

If any of the Bonds or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, not less than 30 nor more than 60 days prior to the redemption date, by facsimile, registered or certified mail or overnight express delivery, to the registered owner of the Bonds. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture. If a portion of this Bond shall be called for redemption, a new Bond in principal amount equal to the unredeemed portion hereof will be issued to DTC or its nominee upon the surrender hereof, or if the book-entry system is discontinued, to the registered owners of the Bonds.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds are issuable as registered bonds in the denomination of \$5,000 and integral multiples thereof. Upon surrender for transfer or exchange of this Bond at the principal corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver in exchange, a new Bond or Bonds in the manner and subject to the limitations and conditions provided in the Indenture, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate and registered in the name or names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the [fifteenth] day of the month preceding each interest payment date.]



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

This Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Indenture or be valid until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

**IN WITNESS WHEREOF**, the **City of Richmond, Virginia**, has caused this Bond to be executed by the manual or facsimile signatures of its Director of Finance and Chief Administrative Officer, its seal to be affixed hereto or a facsimile to be printed hereon and attested by the manual or facsimile signature of its City Clerk, and this Bond to be dated \_\_\_\_\_  
\_\_\_\_, \_\_\_\_\_.

**ATTEST:**

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Director of Finance

[SEAL]

\_\_\_\_\_  
Chief Administrative Officer

**CERTIFICATE OF AUTHENTICATION**

Date Authenticated: \_\_\_\_\_

This Bond is one of the Bonds described in the within mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

By \_\_\_\_\_  
Authorized Officer

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

\_\_\_\_\_  
: :  
: :  
: :  
\_\_\_\_\_

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_

\_\_\_\_\_, Attorney, to transfer said Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

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

\_\_\_\_\_  
(Signature of Registered Owner  
NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.