

**12. CONSIDERATION OF A RESOLUTION PROVIDING
SOUTHAMPTON COUNTY'S MORAL OBLIGATION PLEDGE
ON A PORTION OF SPSA RESTRUCTURED DEBT**

At its meeting on April 14, the VRA Board of Directors approved the restructuring of certain outstanding bonds of SPSA as proposed by the Chief Administrative Officers of the member communities. The debt restructuring is expected to achieve approximately \$30.4 million in savings to SPSA over the course of two fiscal years (FY 2009 and FY 2010).

The debt restructuring is subject to a general obligation pledge by Portsmouth, Franklin, Isle of Wight and Suffolk and a moral obligation pledge by Southampton County. It is further subject to general obligation guaranties from the Cities of Chesapeake and Norfolk of the working capital lines of credit currently provided by Wachovia Bank. It is also further subject to agreement by the City of Virginia Beach to forbear its rebate under the Ash Disposal Agreement with SPSA in FY 2009 and FY 2010.

It is necessary that each of the member communities take formal action to implement their respective guaranties prior to May 15, 2009. Attached for your consideration, please find a copy of the required resolution which implements your moral obligation guaranty of up to \$4,878,677 of SPSA's restructured debt. The resolution was drafted by our bond counsel, McGuireWoods, LLP.

MOTION REQUIRED:

A motion is required to adopt the attached resolution.