

**BVU AUTHORITY TRANSITION  
AGREEMENT**

This agreement made and entered into this \_\_\_\_ day of October, 2009, by and between The City of Bristol, Virginia, in its general capacity, hereinafter "City General" and Bristol Virginia Utilities, a separately managed and budgeted division of the City of Bristol, Virginia, hereinafter "BVU;"

**I. THE PREMISES**

- A. The City Council of the City of Bristol, Virginia and the Board of Directors of BVU have agreed that conversion of BVU to an authority to be known as the BVU Authority is in the best interests of the City General and of the ratepayers of BVU, and
- B. The City Council has passed an ordinance asking the General Assembly of the Commonwealth of Virginia to pass an act creating such an authority, converting BVU into that authority, and to transfer the assets and City debts attributable to BVU to the authority.
- C. When the General Assembly adopts said act, the parties wish to establish by contract certain continuing relationships between the two political subdivisions of the Commonwealth not properly made a part of the aforementioned act.
- D. BVU and City General will direct its appointees to the Authority Board to execute a duplicate to this contract between the City General and the new Authority.

**II. THE AGREEMENT** In consideration of the of the above premises and the mutual benefits to both parties arising from the creation of the authority and the covenants herein contained, the parties do hereby covenant and agree as follows:

- 1. BVU (and BVU Authority) shall continue to budget \$500,000.00 per fiscal year to pay for economic development projects inside for the City General in accordance with TVA terms in place now.
- 2. BVU (and BVU Authority) shall pay to the City General from Electric Division funds the sum of \$350,000.00 per annum in lieu of taxes for electric system property within the City of Bristol, Virginia (rather than the \$187,000.00 which would be ordinarily payable

under the TVA formula for such in lieu of tax payments.) for as long as it continues to have authority from TVA to continue to do so.

3. BVU (and BVU Authority) shall pay the sum of \$100,000.00 per annum in lieu of tax payment from non electric division funds for ten years commencing July 15, 2010 and continuing for ten consecutive payments ending July 15, 2019.
4. BVU (and BVU Authority) shall pay a BVU OptiNet in lieu of tax payment on all property of that division inside the City of Bristol, Virginia commencing July 30, 2013, based on the same formula TVA uses to figure in lieu of tax payments. The initial projected payment would be around \$100,000.00 per annum.
5. Sale of all or part of Authority
  - a. There shall not be a sale of all or part of the Authority to any third party without the approval of both the Authority Board and the City Council.
  - b. In the event that the all of the Authority is sold to a third party, the net proceeds after payment of all of the Authority debts and liabilities will be the property of the City of Bristol, Virginia and the Authority will be dissolved.
  - c. In the event that the OptiNet division is sold to a third party, the net proceeds after repayment of the OptiNet debt and the equity investment shall be split evenly between the City and the Authority.
  - d. The parties believe that there is no practical legal way to sell the electric division of the Authority, but should that ever occur, the net proceeds after payment of all of the debt of the Authority will be split evenly between the City and the Authority.
6. The Authority will not sell any of its sewer capacity to any other entity without the approval of both the Authority Board and City Council.