

11. CONSIDERATION OF A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A REVENUE ANTICIPATION NOTE

Notwithstanding recent growth of our fund balance over the last several years, our practice of collecting taxes only once per year in December continues to present cash flow challenges during the first half of each fiscal year.

Section 15.2-2629 of the Public Finance Act provides that localities may borrow money and issue a note in anticipation of the collection of taxes for the current year provided that the amount of the note may not exceed anticipated revenues.

In order to prepare for potential cash flow challenges, we seek your consideration in reauthorizing participation in the Commercial Paper Program administered by VML/VACo Finance (Virginia Local Government Finance Corporation). The Commercial Paper program provides a low-cost interim financing tool for local governments in Virginia.

Interest rates in this program remain relatively low – all-in rates are currently below 2.8% and there are no associated commitment fees or closing costs other than the cost of bond counsel. Over the past 25 years, Commercial Paper rates have been 2.0-3.0% lower on average than long-term bond rates.

The loan operates like a \$2.5 million line of credit, but we expect to draw down the full amount at closing. Notwithstanding a maturity date of 6/30/2020, I expect it to be fully paid off by the end of November when tax revenues for the current fiscal year begin to roll in.

As you recall from the past seven years, the Board is required to adopt a resolution authorizing the issuance. Draft copies of the Resolution and Note (yellow sheets) and the Financing Agreement (blue sheets) are attached for your reference.

MOTION REQUIRED: A motion is required to adopt the attached resolution.

**RESOLUTION
OF THE BOARD OF SUPERVISORS OF
SOUTHAMPTON COUNTY, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF ITS
REVENUE ANTICIPATION NOTE, SERIES 2019
AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN
DOCUMENTS PREPARED IN CONNECTION THEREWITH**

July 22, 2019

WHEREAS, the Board of Supervisors of Southampton County, Virginia (the "County") has determined that it is necessary and advisable to borrow money and issue its revenue anticipation note in anticipation of the collection of taxes and revenues of the County for fiscal year 2020 pursuant to Section 15.2-2629 of the Code of Virginia of 1950, as amended:

WHEREAS, the County has previously submitted an application to the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (the "Authority"), to obtain financing to pay certain operating costs and expenses to be incurred by the County prior to the anticipated collection of the taxes and revenues of the County, together with related costs and expenses (the "Financing"), through the Virginia Municipal League/Virginia Association of Counties' Commercial Paper Finance Program, and the Authority has indicated its willingness to assist with the Financing using the proceeds of its revenue bonds (the "Authority's Bonds"), in accordance with the terms of a Loan Agreement between the Authority and the County (the "Loan Agreement"), the form of which has been presented to this meeting;

NOW, THEREFORE, BE IT RESOLVED AND ORDAINED by the Southampton County Board of Supervisors:

1. Authorization, Issuance, Use and Sale of the Note. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended, (the "Act"), and without regard to any requirements or restrictions contained in any charter or special act of the County, the Board of Supervisors authorizes the issuance and sale of its revenue anticipation note in the maximum principal amount of \$2,500,000 to the Authority to provide funds for the payment of certain operating costs and expenses to be incurred by the County in anticipation of the collection of taxes and revenues for the year ending not later than 364 days after the date of issuance of the Note (as hereafter defined) and to pay related costs, including costs incurred in issuing the Note.

2. Authorization of Line of Credit; Notes. The Board of Supervisors (the "Board") accepts the proposal of the Authority to purchase the County's Revenue Anticipation Note, Series 2019 (the "Note"). The Chairman of the Board of Supervisors and the County Administrator, either of whom may act, are authorized to arrange for the issuance of the Note in anticipation of the collection of taxes and revenues of the County. The Note shall be issued on the terms set forth in this Resolution and on such additional terms, not inconsistent with this Resolution, as the

Chairman of the Board of Supervisors or the County Administrator may approve, such approval to be evidenced conclusively by the execution and delivery of the Note.

3. Authorization of Loan Agreement. The forms of the Loan Agreement and the Note (collectively, the “Loan Documents”), each of which has been submitted to this meeting, are hereby approved. The County Administrator and the Chairman of the Board are each authorized to execute the Loan Documents in substantially such forms, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the County Administrator or the Chairman of the Board, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Note to the Authority shall be upon the terms and conditions of the Loan Agreement. The proceeds of the Note shall be applied in the manner set forth in the Loan Agreement and related documents. All capitalized terms used but not defined herein shall have the same meaning as set forth in the Loan Agreement.

4. Note Details. The Note shall be issued as a single, registered note, shall be designated “Revenue Anticipation Note, Series 2019”, shall be numbered R-1, and shall be in substantially the form of Exhibit A to this Resolution, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing such Note. The Board authorizes the issuance and sale of the Note on such terms as shall be satisfactory to the County Administrator or the Chairman of the Board; provided however, that the Note (a) shall be in a principal amount not to exceed \$2,500,000, (b) shall mature no later than 364 days after the date of issuance and (c) shall bear interest on the outstanding principal balance thereof at an initial rate of interest approved by the County Administrator or the Chairman of the Board, with such rate to be adjusted periodically in accordance with the terms and conditions of the Loan Agreement and the documents prepared in connection with the issuance of the Authority’s bonds, and shall accrue certain other ongoing costs and expenses upon the terms and conditions described in the Loan Agreement. Subject to the preceding terms, the Board further authorizes the County Administrator or the Chairman of the Board to (1) determine the final principal amount of the Note and (2) to establish the maturity date and principal amortization schedule (including the principal installment dates and amounts, if any) for the Note in such manner as the County Administrator or the Chairman of the Board shall determine to be in the best interest of the County. The County Administrator or the Chairman of the Board’s approval of the final terms, purchase price, initial interest rate, interest rate adjustment provisions, maturity date and amortization schedule of the Note shall be evidenced by the execution and delivery of the Note, and no further action shall be necessary on the part of the County so long as such provisions are within the limits prescribed in this Resolution. As set forth in the Loan Agreement, the County agrees to pay the Program Expenses associated with the Note and the Loan Agreement, together with any applicable late payment or similar costs and expenses described therein. The principal of and premium, if any, and interest on the Note shall be payable in lawful money of the United States of America.

5. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Note shall be payable as set forth in the Note and the Loan Agreement. The County may, at its option, redeem, prepay or refund the Note upon the terms set forth in the Loan Agreement.

6. Preparation of Printed Note; Mutilated or Destroyed Note. Upon the reasonable request of the registered owner and upon presentation of the Note at the office of the Registrar (as

hereinafter defined), the County shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Note in typewritten form in an aggregate principal amount equal to the unpaid principal of the Note of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Note may be executed by manual or facsimile signature of the Chairman of the Board, with the County's seal affixed thereto and attested by the Clerk of the Board; provided, however, that, if both such signatures are facsimiles, no Note shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Note surrendered in any such exchange shall be canceled. If the Note has been mutilated, lost or destroyed, the County shall execute and deliver a new Note of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Note or in lieu of and in substitution for such lost or destroyed Note; provided, however, that the County shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the county in connection therewith and, in the case of a lost or destroyed Note, (a) has filed with the County evidence satisfactory to the County that such Note was lost or destroyed and (b) has furnished to the County satisfactory indemnity.

7. Pledge of Tax Revenues. The Note shall be payable from the collection of the taxes and revenues of the County for fiscal year 2020. In addition, the Note shall be a general obligation of the County for which the full faith and credit of the County is irrevocably pledged for the payment of principal of and interest on the Note. Unless other funds are lawfully available and appropriated for timely payment of the Note, the County Board of Supervisors shall levy and collect an ad valorem tax, over and above all other taxes authorized or limited by law, on all locally taxable property in the County sufficient to pay when due the principal of and interest on the Note and all other payment obligations under the Loan Agreement.

8. Appointment of Note Registrar and Paying Agent; Transfer. The County Treasurer is appointed as Note Registrar and Paying Agent for the Note. The County Administrator may appoint a subsequent registrar and/or one or more paying agents for the Note by giving written notice to the owner of the Note specifying the name and location of the principal office of any such registrar or paying agent. This Note may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in a form satisfactory to the Note Registrar. Such transfer shall be made in the registration books kept by the Note Registrar upon presentation and surrender hereof and the County shall execute, and the Note Registrar shall authenticate, if necessary, and deliver in exchange, a new Note having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rate, and registered in such name as requested by the then registered owner hereof or such owner's attorney or legal representative. Any such exchange shall be at the expense of the County, except that the Note Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The County Administrator may designate a successor Note Registrar and/or Paying Agent, provided that written notice specifying the name and location of the principal office of any such successor shall be given to the registered owner of this Note. Upon registration of transfer of this

Note, the Note Registrar shall furnish written notice to the transferee of the name and location of the principal office of the Note Registrar and/or the Paying Agent.

9. Execution of the Note. The Note shall be signed by the Chairman of the Board, and the County's seal shall be affixed thereon and attested by the Clerk of the Board. The Note shall be issued as a typewritten note in a form sufficient to evidence the County's obligations under the Loan Agreement, consistent with the terms of this Resolution, and approved by the County Administrator or the Chairman of the Board, whose approval shall be evidenced conclusively by the execution and delivery of the Note.

10. Tax Provisions. The County covenants that it shall not take or omit to take any action the taking or omission of which will cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the Note to be includable in the gross income of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the County shall comply with any provision of law that may require the County at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Note, unless the County receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Note from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The County shall pay any such required rebate from legally available funds.

11. Tax and Other Documents. The County Administrator and the Chairman of the Board are each authorized and directed to execute and deliver a Tax Certificate as to Arbitrage, an IRS Form 8038-G and a Program Administration Agreement, each in a form approved by such officers and the County's bond counsel.

12. Other Actions. All other actions of County officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Note are ratified, approved and confirmed. The County officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Note pursuant to this Resolution and the Loan Agreement.

13. Effective Date; Applicable Law. This Resolution shall take effect immediately. The Board of Supervisors elects to issue the Note pursuant to the provisions of the Public Finance Act of 1991, in accordance with Section 15.2-2629 of such Act.

CERTIFICATE

The undersigned Clerk of the Board of Supervisors of the County of Southampton, Virginia (the "Board "), hereby certifies that:

1. A meeting of the Board was duly called and held on July 22, 2019 (the "Meeting").

2 Attached hereto is a true, correct and complete copy of a resolution (the "Resolution") of the Board entitled "Resolution of the Board of Supervisors of the County of Southampton, Virginia, Authorizing the Issuance and Sale of its Revenue Anticipation Note, Series 2019 and the Execution and Delivery of Certain Documents Prepared in Connection Therewith," as recorded in full in the minutes of the Meeting and duly adopted by a majority of the members of the Board present and voting during the Meeting.

3. A summary of the members of the Board present or absent at the Meeting, and the recorded vote with respect to the Resolution, is set forth below:

Member Name	Voting				
	Present	Absent	Yes	No	Abstaining
Dallas O. Jones, Chairman	_____	_____	_____	_____	_____
Ronald M. West, Vice Chairman	_____	_____	_____	_____	_____
Dr. Alan W. Edwards	_____	_____	_____	_____	_____
R. Randolph Cook	_____	_____	_____	_____	_____
Carl J. Faison	_____	_____	_____	_____	_____
S. Bruce Phillips	_____	_____	_____	_____	_____
Barry T. Porter	_____	_____	_____	_____	_____

4. The Resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the County of Southampton, Virginia, dated July ___, 2019.

Clerk of the Board of Supervisors of the
County of Southampton, Virginia

(SEAL)

Exhibit A
Form of Note

Interest on this note is intended by the issuer thereof to be exempt from gross income for federal income tax purposes.

REGISTERED

No. R-1

DATED DATE

August __, 2019

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

SOUTHAMPTON COUNTY

**REVENUE ANTICIPATION NOTE
SERIES 2019**

SOUTHAMPTON COUNTY, VIRGINIA (the "County"), for value received, acknowledges itself indebted and promises to pay to the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF STAFFORD AND THE CITY OF STAUNTON, VIRGINIA** (the "Authority"), its registered assigns or legal representative, the principal amount of

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000)

On or before June 30, 2020, together with interest on the outstanding principal amount advanced under this Note at the rate or rates provided in the Loan Agreement, hereinafter defined. All payments hereunder are payable in lawful money of the United States of America, by check or wire transfer mailed or sent to the registered owner hereof, upon presentation and surrender hereof at the office of the County Treasurer, as Note Registrar. This Note is issued as further evidence of the County's payment obligations under the Loan Agreement dated as of the date thereof (the "Loan Agreement"), between the Authority and the County. All of the terms, conditions and provisions of the Loan Agreement are, by, this reference thereto, incorporated herein as a part of this Note. The obligations of the County under this Note shall be deemed to be amounts payable by the County under the Loan Agreement, and each payment made by the County pursuant to this Note shall be deemed to be a credit against the corresponding obligation of the County under the Loan Agreement.

This Note is registered in the name of the holder hereof on the registration books kept by the County Treasurer, who has been designated as Registrar for this Note and Paying Agent pursuant to the Resolution (as hereinafter defined), which registration has been made in such registration books and endorsed hereon by the Registrar, and no transfer hereof shall be valid unless made on such registration books upon assignment executed by the registered holder hereof, as provided in the Resolution. The Note Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

This Note is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended, in particular Section 15.2-2629, and a resolution adopted by the County Board of Supervisors on July 22, 2019 (the "Resolution"), and is issued in anticipation of the collection of taxes and revenues of the County for the fiscal year ending June 30, 2020.

This Note is subject to prepayment, in whole or in part, prior to maturity at the option of the County on any Interest Payment Date upon payment of 100% of the principal amount of this Note to be prepaid plus interest accrued to the date fixed for prepayment.

The County's taxes and revenues collected for the fiscal year ending June 30, 2020 are irrevocably pledged for the payment of principal of and interest on this Note.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Note have happened, exist and have been performed in due time, form and manner as so required, and the issue of this Note, together with all other indebtedness of the County; is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Board of Supervisors of Southampton County, Virginia, has caused this Note to be signed by the Chairman of the Board of Supervisors, the County's seal to be affixed hereto and attested by the Clerk of the Board of Supervisors and this Note to be dated the date first above written.

SOUTHAMPTON COUNTY, VIRGINIA

(SEAL)

Chairman, Board of Supervisors
Southampton County, Virginia

ATTEST:

County Administrator and Clerk to the
Board of Supervisors, Southampton County, Virginia

CERTIFICATE OF REGISTRATION

**Date of
Registration**

**Name of
Registered Owner**

Signature of Registrar

August 1, 2019 _____

IDA of Stafford and
Staunton, Virginia _____

ASSIGNMENT

The Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (the Authority), hereby irrevocably assigns, without recourse, representation or warranty, the foregoing Revenue Anticipation Note, Series 2019, to U.S. Bank National Association, as Trustee under an Amended and Restated Trust Indenture dated as of June 26, 2008, and as subsequently supplemented (the Indenture), between the Authority and the Trustee, and hereby directs the Southampton County, Virginia (the Borrower), as the maker of the Note, to make all payments of principal of and interest thereon directly to the Trustee at its principal corporate trust office in New York, New York, or at such other place as the Trustee may direct in writing. Such assignment is made as security for the payment of the Authority's Variable Rate Demand Revenue Bonds (VML/VACo Commercial Paper Program), Series 2008A-1, issued pursuant to the Indenture.

Dated: August 1, 2019

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF STAFFORD AND THE
CITY OF STAUNTON, VIRGINIA

By: _____
Chairman

LOAN AGREEMENT

by and between

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF STAFFORD
AND THE CITY OF STAUNTON, VIRGINIA

and

COUNTY OF SOUTHAMPTON, VIRGINIA

Industrial Development Authority of the County of Stafford
and the City of Staunton, Virginia
Variable Rate Demand Revenue Bonds, Series 2008A-1
(VML/VACo Commercial Paper Program)

Dated as of the Loan Commencement Date

Certain rights of the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia, hereunder have been assigned to U.S. Bank National Association, solely in its capacity as trustee and not in its individual capacity (the "Trustee") under an Amended and Restated Trust Indenture dated as of June 26, 2008, between the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia, and the Trustee, and as subsequently supplemented June 1, 2012 and June 4, 2012.

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LOAN AGREEMENT

THIS LOAN AGREEMENT, effective as of the Loan Commencement Date set forth on *Appendix A* attached hereto which is incorporated in its entirety and made a part hereof (this “Agreement” or this “Loan Agreement”), is entered into by and between the INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF STAFFORD AND THE CITY OF STAUNTON, VIRGINIA, a political subdivision duly organized and existing under the Constitution and laws of the Commonwealth of Virginia (the “Issuer”), and COUNTY OF SOUTHAMPTON VIRGINIA, a political subdivision duly organized and existing under the Constitution and laws of the Commonwealth of Virginia (the “Borrower”).

RECITALS

Pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950 (the “Act”), and in accordance with the Amended and Restated Trust Indenture dated as of June 26, 2008 and as supplemented (the “Indenture”), between the Issuer and U.S. Bank National Association, as Trustee (the “Trustee”), the Issuer has determined to issue certain of its Variable Rate Demand Revenue Bonds, Series 2008A-1 (VML/VACo Commercial Paper Program) (the “Bonds”) and has determined to make the proceeds derived therefrom available to the Borrower to finance or refinance all or a portion of the costs described in *Appendix A*, and to pay related costs and expenses. The Borrower has determined to obtain such financing from the Issuer, subject to the terms and conditions of and for the purposes set forth in this Loan Agreement.

Pursuant to the Amended and Restated Letter of Credit and Reimbursement Agreement dated as of June 26, 2008 (the “Reimbursement Agreement”), between the Issuer and Bank of America, N.A. (the “Bank”), the Bank has agreed to issue a letter of credit (the “Letter of Credit”) to provide for the payment of interest on, and principal and purchase price of, the Bonds.

The Bonds are limited obligations of the Issuer and are not a lien or charge upon the funds or property of the Issuer, except to the extent of the herein mentioned pledge and assignment. The principal of and premium, if any, and interest on the Bonds do not constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions (although the Borrower will be obligated to repay the Loan, as hereafter defined, in accordance with the terms and conditions of this Loan Agreement).

Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Issuer, will be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident thereto except from the Designated Revenues (as defined in the Indenture) received by the Issuer. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof is pledged to the payment of the principal of or premium, if any, or interest on the Bonds. Notwithstanding anything in this Agreement or elsewhere to the contrary, the Trustee’s liabilities and obligations herein are strictly limited to the available amount of the Trust Estate.

For and in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 General Definitions. All capitalized terms used herein and not otherwise herein defined shall have the meanings ascribed to them in the Indenture and/or the Reimbursement Agreement. The following additional terms have the meanings indicated below for all purposes of this Loan Agreement unless the context clearly requires otherwise. Additional terms are defined in the preambles or in the Appendices to this Loan Agreement and have the meanings set forth therein.

“*Annual Letter of Credit Fee*” means with respect to the Bonds allocable to the Loan the annual non-refundable Letter of Credit fee of the Bank in the amount set forth in *Appendix A*.

“*Authorized Officer*” means, when used with reference to any act or document (a) in the case of the Issuer, the Chairman, the Vice-Chairman, the Secretary-Treasurer or any other person authorized pursuant to a resolution of the Issuer to perform such act or execute such document; (b) in the case of the Borrower, any person authorized by resolution, ordinance or other official act of the governing body of the Borrower to perform such act or execute such document; and (c) in the case of the Trustee, the Program Administrator, the Remarketing Agent or the Bank, any person authorized to perform such act or execute such document.

“*Bank*” means Bank of America, N.A. and any bank or banks that issue a Substitute Letter of Credit under the Indenture.

“*Bank Rate*” shall have the meaning given such term in the Reimbursement Agreement.

“*Bond Counsel*” means Spotts Fain PC, as bond counsel for the Program, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law who subsequently serves as bond counsel for the Program.

“*Borrower*” means the party to this Loan Agreement identified as such in *Appendix A* and its successors and assigns.

“*Borrowers*” means, collectively, all borrowers who participate in the Program from time to time.

“*Borrower’s Principal Reserve*” or “*Borrower’s Principal Account*” means the reserve account, if any, required to be maintained by the Borrower with the Trustee pursuant to Section 4.6 hereof to provide for principal payments on the Loan.

“*Commitment*” means the maximum portion of the Stated Amount of the Letter of Credit that has been approved by the Bank to secure Bonds allocable to the Loan, as indicated on *Appendix A* attached hereto and made a part hereof.

“*Commitment Expiration Date*” means the expiration date of the Commitment, as specified in *Appendix A*, as the same may be extended if so agreed by the Bank in writing in its sole discretion.

“*Costs*” means all costs (including, but not limited to, Costs of Issuance and certain other costs associated with the making of the Loan) and allowances which the Issuer or the Borrower may properly pay or accrue in connection with the Financing and which constitute costs or expenses for which the Issuer may expend Bond proceeds under the Act.

“*Costs of Issuance*” means all items of expense directly or indirectly payable by or reimbursable to the Issuer or the Borrower related to the authorization, issuance, sale and delivery of the Bonds and reasonably determined by the Program Administrator and Bond Counsel to be allocable to the Loan, in the amounts specified by the respective parties entitled to payment at the time of closing of the Loan in the amounts specified in *Appendix A*.

“*Default*” means any event or condition the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default.

“*Event of Default*” means any occurrence or event specified in Section 6.1 of this Loan Agreement.

“*Extraordinary Program Expenses*” means any Program Expenses (including, without limitation, reasonable attorneys’ fees and expenses) reasonably determined by an Authorized Officer of the Issuer, the Trustee, the Program Administrator, the Remarketing Agent, Bond Counsel or the Bank to be allocable to the Loan that do not constitute Fixed Program Expenses, such as amounts payable in connection with arbitrage or rebate calculations, costs payable in connection with the realization of funds under the transfer of or the amendment of the Letter of Credit, any interest payable to the Bank at the Bank Rate or the Reimbursement Rate, Bond Counsel fees for opinions or approvals requested by the Borrower, the Trustee, the Program Administrator, the Remarketing Agent or the Bank subsequent to the making of the Loan, transaction fees payable to the Bank under the Reimbursement Agreement that are not predetermined or recurring on a regular basis, any fees, costs and expenses incurred by the Issuer, the Trustee or the Bank (including but not limited to attorney’s fees) to compel full and punctual performance of the provisions of the Letter of Credit, this Loan Agreement or the Security Instruments in accordance with the terms thereof or the taking of any reasonable actions following an Event of Default hereunder; provided, however, that under no circumstances shall the Borrower be charged with, or be liable for, any expenses (e.g., interest payable at a default rate) arising solely from the default of another Borrower under the Program.

“*Financing*” means the financing described on *Appendix A*, all or a portion of the Costs of which is provided by the Issuer pursuant to the Indenture and this Loan Agreement.

“*Fiscal Year*” means the twelve month period commencing on July 1 and ending on June 30.

“*Fixed Program Expenses*” means ongoing fixed expenses of the Program related to the Bonds and reasonably determined by the Trustee and approved by the Program Administrator and Bond Counsel to be allocable to the Loan, including the annual fee of the Remarketing Agent, the annual Trustee’s fee, the Annual Letter of Credit Fee, initially as described in *Appendix A*, as such fee may be revised from time to time pursuant to the Reimbursement Agreement, any annual rating agency fee, predetermined transaction fees payable under the Reimbursement Agreement, and any other ongoing predetermined Program Expenses that the Program Administrator and Bond Counsel determine should be included in the borrowing rate applicable to the Loan and paid by the Borrower for deposit in the Borrower’s Program Expense Account.

“*Flexible Mode Interest Reserve Amount*” means the amount, if any, required to be deposited by the Issuer in the Interest Reserve Account of the Series A Bond Fund under the Indenture if the Interest Rate on the Bonds is set at the Flexible Rate with a Flexible Rate Term in excess of 31 days.

“*Letter of Credit*” means the irrevocable letter of credit issued by the Bank upon the issuance and delivery of the Bonds, as supplemented and amended from time to time.

“*Loan*” means the financing made available by the Issuer to the Borrower from proceeds of the Bonds to pay the Costs pursuant to this Loan Agreement, including the Note evidencing the Loan.

“*Loan Agreement*” means this Loan Agreement, including the Appendices attached hereto, as it may be supplemented or amended from time to time in accordance with the terms hereof and of the Indenture.

“*Loan Commencement Date*” means the date of commencement of the term of this Loan Agreement, as specified in *Appendix A*.

“*Loan Documents*” means this Loan Agreement, the Note, any Tax Agreement, any Security Instruments, any guaranty and all other documents, instruments and agreements made for the purpose of evidencing, securing, guarantying or otherwise setting forth the terms and conditions of the Loan, as the same may be amended and supplemented from time to time.

“*Loan Maturity Date*” means the earliest of (a) the date of the last payment set forth on the Periodic Principal Payment Schedule set forth in *Appendix A*, (b) the Commitment Expiration Date, or (c) the date of acceleration of the Loan after the occurrence of an Event of Default.

“*Loan Repayments*” means the amounts payable by the Borrower with respect to principal, interest, and Fixed Program Expenses pursuant to Article IV hereof.

“*Loan Term*” means the term of the Loan beginning on the Loan Commencement Date and ending on the Loan Maturity Date.

“*Local Obligation*” or “*Note*” means the Borrower’s \$2,500,000.00 Revenue Anticipation Note, Series 2019, executed and delivered by the Borrower to the Issuer to evidence the Loan, in the form attached hereto as *Appendix C*.

“*Maximum Loan Amount*” means the maximum principal amount of the Loan set forth on *Appendix A*.

“*Mandatory Prepayment*” means any mandatory prepayment of the Loan, as provided in the attached Appendices and/or in the Security Instruments.

“*Outstanding Principal Balance of the Loan*” means the outstanding principal balance of the Bonds allocable to the Loan, regardless of any payments made by the Borrower to the Trustee for application to the redemption of the Bonds (or to reimbursement of the Bank for any Principal Drawing in connection therewith) or for deposit in the Borrower’s Principal Account, if any, until such time as such redemption is effected, as provided in Section 4.9 hereof.

“*Periodic Principal Redemptions*” has the meaning set forth in Section 4.6 hereof.

“*Pledged Bonds*” means Bonds purchased with the proceeds of a Liquidity Drawing (as defined in the Reimbursement Agreement) under the Letter of Credit and pledged to the Bank as security for the Reimbursement Obligations arising therefrom.

“*Program*” means the Issuer’s variable rate loan program for the issuance of the Bonds and lending of the proceeds thereof to Borrowers to finance a governmental undertaking approved by the governing body of a Borrower for a public purpose, including the refinancing of any indebtedness.

“*Program Administration Agreement*” means the agreement of even date herewith between the Borrower and the Program Administrator, as may be amended, restated or substituted from time to time.

“*Program Administrator*” means Virginia Local Government Finance Corporation, a Virginia nonstock, nonprofit corporation (together with any replacement or successor representative), and its successors and assigns.

“*Program Expenses*” means, collectively, Fixed Program Expenses and Extraordinary Program Expenses.

“*Project Account*” or “*Borrower’s Project Account*” means the Project Account established by the Trustee under the Indenture for deposit of the net proceeds of the Bonds disbursed in connection with the Loan and the Financing.

“*Public Finance Act*” means the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended.

“*Purchase Drawing*” shall have the meaning given such term in the Reimbursement Agreement.

“*Reimbursement Rate*” shall have the meaning given such term in the Reimbursement Agreement.

“*Release Date*” means any date on which the Issuer and the Trustee shall be required to release all of their right, title and interest in this Loan Agreement pursuant to the Indenture upon repayment in full of all Bonds allocable to the Loan from the proceeds of a Drawing or Drawings under the Letter of Credit.

“*Satisfaction Date*” means the date of satisfaction in full of all obligations of the Borrower and all other obligors under the Loan Documents.

“*Security Instruments*” means any collateral security instruments identified in *Appendix A* attached hereto delivered to the Trustee in connection with this Loan Agreement.

“*Tax Agreement*” means any tax regulatory agreement or certificate delivered by the Borrower to Bond Counsel as of the Loan Commencement Date.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, for all purposes of this Loan Agreement (a) words importing the singular number include the plural number and words importing the plural number include the singular number; (b) words of the masculine gender include correlative words of the feminine and neuter genders; (c) words importing persons include any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof; (d) any reference to a particular Article or Section shall be to such Article or Section of this Loan Agreement; and (e) any reference to a particular Appendix shall be to such Appendix to this Loan Agreement and to all sub-Appendices related thereto (e.g., references to *Appendix A* shall include *Appendix A-1*, *Appendix A-2*, etc.). Unless expressly provided to the contrary, the right of any person hereunder to give any consent or approval shall not be unreasonably conditioned, withheld or delayed. The headings and the Table of Contents set forth in this Loan Agreement are solely for convenience of reference and shall not constitute a part of this Loan Agreement or affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

Section 2.1 Representations and Warranties of Borrower. Except to the extent otherwise provided in *Appendix A* or *Appendix B*, the Borrower represents and warrants for the benefit of the Issuer, the Trustee, the holders of the Bonds and the Bank, to the best of its knowledge, and covenants, as follows:

(a) Organization and Authority. The Borrower:

(1) is duly organized and validly existing political subdivision of the Commonwealth of Virginia; and

(2) has all requisite power and authority to own and operate its properties and to carry on its activities as now conducted and as presently proposed to be conducted.

(b) Full Disclosure. There is no fact known to the Borrower which has not been specifically disclosed in writing to the Issuer and the Bank that materially and adversely affects or, except for pending or proposed legislation or regulations that are a matter of general, public information affecting Virginia localities or other political subdivisions generally, that will materially affect adversely the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Loan Agreement and the other Loan Documents. The financial statements, including balance sheets, and any other written statement furnished by the Borrower to the Issuer and the Bank do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact known to the Borrower which has not been disclosed to the Issuer and the Bank in writing which materially affects adversely or is likely to materially affect adversely the financial condition of the Borrower, or its ability to make the payments under this Loan Agreement and the other Loan Documents when and as the same become due and payable.

(c) Pending Litigation. There are no proceedings pending or threatened against or affecting the Borrower, except as specifically described in writing to the Issuer and the Bank, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, prospects or condition (financial or otherwise) of the Borrower, or the existence or powers or ability of the Borrower to enter into and perform its obligations under this Loan Agreement and the other Loan Documents.

(d) Financing Legal and Authorized. This Loan Agreement and the other Loan Documents have been duly authorized, executed and delivered, or approved, by the Borrower, and constitute the legal and validly binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally. The execution and delivery of this Loan Agreement and the other Loan Documents, the undertaking and completion of the Financing, and the consummation of the transactions provided for in this Loan Agreement and compliance by the Borrower with the provisions of this Loan Agreement do not and will not (i) conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any indenture, loan agreement or other agreement or instrument (other than any Loan Document) or restriction to which the Borrower is a party or by which the Borrower, its properties or operations are bound as of the date of this Loan Agreement or (ii) with the giving of notice or the passage of time or both, constitute a breach or default or so result in the creation or imposition of any lien,

charge or encumbrance, which breach, default, lien, charge or encumbrance (described in (i) or (ii)) could materially and adversely affect the validity or the enforceability of any Loan Document or the Borrower's ability to perform fully its obligations under any Loan Document nor does such action result in any violation of the provisions of any laws, ordinances, governmental rules or regulations or court orders to which the Borrower, its properties or operations may be bound.

(e) No Defaults. No event has occurred and no condition exists that constitutes an Event of Default, or which, upon the execution and delivery of this Loan Agreement and/or the passage of time or giving of notice or both, would constitute an Event of Default. The Borrower is not in violation in any material respect, and has not received notice of any claimed violation (except such violations as (i) heretofore have been specifically disclosed in writing to, and have been in writing specifically consented to by, the Issuer and the Bank and (ii) do not, and shall not, have any material adverse effect on the transactions herein contemplated and the compliance by the Borrower with the terms hereof) of any terms of any agreement or other instrument to which it is a party or by which it, its properties or operations may be bound which may materially adversely affect the ability of the Borrower to perform hereunder or under any other Loan Document.

(f) Governmental Consent. The Borrower has obtained, or will obtain, all permits, approvals and findings required as of the date hereof by any governmental body or officer to consummate the Financing and the Loan and the proper application of the proceeds thereof; the Borrower has complied with or will comply with all applicable provisions of law requiring any notification, declaration, filing or registration with any agency or other governmental body or officer in connection with the Financing; and any action, financing, refinancing or reimbursement contemplated in this Loan Agreement is consistent with, and does not violate or conflict with, the terms of any such agency or other governmental consent, order or other action which is applicable thereto. No further consent, approval or authorization of, or filing, registration or qualification with, any governmental authority is required on the part of the Borrower as a condition to the execution and delivery of this Loan Agreement and the other Loan Documents, or to amounts becoming outstanding hereunder or thereunder.

(g) Compliance with Law. The Borrower is not in violation of any laws, ordinances, governmental rules or regulations material to its properties, operations, finances or status as a political subdivision of the Commonwealth of Virginia, the violation of which would have a material adverse effect on the transactions herein contemplated.

(h) Use of Proceeds. The Borrower agrees to (1) apply for a disbursement of Loan funds by submitting a requisition in accordance with the provisions of Article III below; (2) apply the proceeds of the Loan from the Issuer solely for the financing or refinancing of the Costs of the Financing as described in *Appendix A* and in accordance with the requirements of the Tax Agreement; (3) make no use of the proceeds of the Loan which would cause the Bonds to be "Arbitrage Bonds" within the meaning of Section 148 of the Code; and (4) neither take any action nor fail to take any action or, to the extent that the Borrower may do so, permit any other party to take any action which, if either taken or not taken, would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

(i) The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the Borrower's security transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and the Borrower expects that it will receive periodic cash transaction statements that will detail all investment transactions.

(j) The Financing is permitted to be undertaken with the proceeds of the Bonds and the Loan pursuant to the Act.

Section 2.2 General Covenants of Borrower. The Borrower agrees to comply with the specific covenants, if any, set forth in *Appendix A* and *Appendix B* attached hereto, and in addition (unless otherwise provided in *Appendix A* or *Appendix B* attached hereto) agrees:

(a) Loan Proceeds. The Borrower shall use the proceeds of the Loan solely to pay for or to reimburse itself for the payment of Costs.

(b) Repayment. The full faith and credit of the Borrower is irrevocably pledged for the payment of the principal of and premium, if any, and interest on the Note and all other payment obligations under this Loan Agreement. Unless other funds are lawfully available and appropriated for timely payment of the Note and all other payment obligations under this Loan Agreement, the Board of Supervisors (the Board) of the Borrower shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Borrower sufficient to pay when due the principal of and premium, if any, and interest on this Note and all other payment obligations under this Loan Agreement.

(c) Delivery of Information to the Issuer and the Bank. The Borrower shall deliver to the Issuer and the Bank (either directly or via the Program Administrator) as soon as available and in any event within 270 days after the end of each Fiscal Year an audited statement of its financial position as of the end of such Fiscal Year, reflecting the Borrower's financial position as of the end of such Fiscal Year and the results of the Borrower's operations and changes in the financial position of its funds for such Fiscal Year, all reported by a firm of independent certified public accountants, or by another accountant or firm of accountants reasonably acceptable to the Bank, whose report shall state that such financial statements present fairly the Borrower's financial position as of the end of such Fiscal Year and the results of operations and changes in financial position for such Fiscal Year.

(d) Information. The Borrower's chief financial officer shall, at the reasonable request of the Bank, discuss Borrower's financial matters with the Bank or its designee and provide the Bank with copies of any documents reasonably requested by the Bank or its designee unless such documents or material are protected or privileged from disclosure under applicable laws of the Commonwealth of Virginia.

(e) Further Assurance. The Borrower shall execute and deliver to the Trustee all such documents and instruments and do all such other acts and things, as may be reasonably necessary to enable the Trustee to exercise and enforce the rights of the Issuer under this Loan

Agreement and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be reasonably necessary or required by the Trustee to validate, preserve and protect the position of the Trustee under this Loan Agreement.

(f) Keeping of Records and Books of Account. The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs, including those related to the Financing.

(g) Payment of Taxes, Etc. The Borrower shall pay, to the extent applicable, all legally contracted obligations when due and shall pay all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims, which, if unpaid, might become a lien or charge upon any of its properties subject to this Loan Agreement, provided that it shall not be required to pay any such tax, assessment, charge, levy or claim, which is being contested in good faith and by appropriate proceedings, which shall operate to stay the enforcement thereof.

(h) Compliance with Laws, Etc. The Borrower shall comply with the requirements of all applicable laws, the terms of all grants, rules, regulations and lawful orders of any governmental authority, non-compliance with which would, singularly or in the aggregate, affect its business, properties, earnings, prospects or credit in a manner that materially adversely affects its ability to comply with its obligations under this Loan Agreement, unless the same shall be contested by it in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(i) Tax-Exempt Status of the Bonds. The Issuer and the Borrower understand that it is the intention hereof that the interest on the Bonds allocable to the Loan not be included within the gross income of the holders thereof for federal income tax purposes. In furtherance thereof, each of the Borrower and the Issuer agrees that it will take all lawful action within its control which is necessary in order for the interest on the Bonds allocable to the Loan to remain excluded from gross income for federal income taxation purposes and shall refrain from taking any action which results in such interest becoming included in gross income. The Borrower reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds and refunding bonds not taken into account to determine small issuer status) issued by the Borrower and any of the Borrower's "on behalf of" issuers and "subordinate entities" (as such terms are defined in Treas. Regs. § 1.148-8(c)(2)), during the 2019 calendar year will not exceed \$10,000,000. Pursuant to the Section 265(b)(3)(D)(i) of the Code, the Local Note is excluded from the \$10,000,000 limit as it meets the designation test of qualified tax-exempt obligation.

Each of the Borrower and the Issuer further covenants that, to the extent it has control over the proceeds of the Bonds allocable to the Loan, it will not take any action or fail to take any lawful act with respect to the investment of the proceeds of any such Bonds, with respect to the payments derived from such Bonds or hereunder or with respect to the issuance of other Issuer obligations

which action or failure to act may cause the Bonds to be “Arbitrage Bonds” within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder. In furtherance of the covenant contained in the preceding sentence, the Borrower and the Issuer agree to comply with the Tax Certificate as to Arbitrage (including any attachments) and the provisions of Section 141 through 150 of the Code, as applicable.

(j) Information Reports. The Borrower covenants to provide the Issuer with all material and information it possesses or has the lawful ability to possess necessary to enable the Issuer to file all reports required under Section 149(e) of the Code to assure that interest paid by the Issuer on the Bonds allocable to the Loan shall, for purposes of the federal income tax, be excluded from gross income.

(k) Limited Obligations. It is the intent of each of the parties hereto and each does hereby covenant and agree that the liability of the Borrower hereunder is a several liability of the Borrower for its Loan only, and the Borrower shall have no joint liability with any other borrower or the Issuer with respect to any other loans made by the Issuer to other borrowers.

(l) No Advances to Bank. The Borrower shall not make advances to the Bank for the purpose of supplying moneys to purchase Bonds for the Borrower’s own account or to pay the principal of Bonds on its behalf, in lieu of moneys supplied by the Bank.

(m) Additional Covenants. The Borrower shall comply with the provisions of *Appendix A* and *Appendix B*.

ARTICLE III LOAN TO BORROWER

Section 3.1 The Loan. The Issuer hereby agrees to make available to the Borrower, and the Borrower agrees to accept from the Issuer, the Loan in the Maximum Loan Amount (or such portion thereof that is advanced hereunder), subject to the further provisions of this Loan Agreement. To evidence its obligation to repay the Loan, the Borrower has issued, executed and delivered the Note.

Section 3.2 Issuance of Bonds to Fund Loan. The Loan will be made from proceeds of the Bonds issued under the Program.

Section 3.3 Procedure For Advances and Disbursements. The proceeds of the Bonds used to make advances on the Loan to the Borrower shall be automatically disbursed and deposited into the Project Account and the Cost of Issuance Account maintained by the Trustee under the Indenture for the benefit of the Borrower pursuant to and in accordance with the monthly draw schedule agreed to by the Borrower and the Bank as of the Loan Commencement Date, as the same may be amended from time to time upon reasonable prior notice to the Bank, on the Interest Payment Date indicated in such draw schedule (or such other date as may be approved by the Bank and the Remarketing Agent), at which time such amount shall automatically increase the principal amount of the Loan outstanding hereunder. Once such amounts are on deposit in the Borrower's Project Account and Cost of Issuance Account, the Trustee shall fund all disbursements of the

Loan from amounts on deposit in the Borrower's Project Account and Cost of Issuance Account in order to pay the Costs, as follows:

(a) *Requisition.* To request a disbursement of Loan proceeds from the Borrower's Project Account and Cost of Issuance Account, the Borrower must deliver to the Trustee a completed requisition in the form attached hereto as *Appendix F* that has been executed by the Borrower, together with such attachments or other information as may be required pursuant to the terms of the requisition. Each requisition, and the Borrower's acceptance of any disbursement, shall be deemed to ratify and confirm that no Default or Event of Default has occurred and that all representations and warranties in this Loan Agreement remain true and correct as of the date of the requisition and the disbursement, respectively.

(b) *Funding From Amounts on Deposit in Project Account.* The Trustee shall promptly disburse the requested amounts from the Borrower's Project Account and Cost of Issuance Account after the receipt of an appropriately completed requisition from the Borrower (provided that sufficient funds are on deposit in the Borrower's Project Account and Cost of Issuance Account therefor).

(c) *Limitations on Advances.* In no event shall any amounts be advanced to the Borrower's Project Account and Cost of Issuance Account (i) after the Commitment Expiration Date, (ii) in excess of the principal portion of the Commitment in effect at any time, or (iii) in excess of the Maximum Loan Amount. The Borrower further acknowledges and agrees that the Bank is under no obligation to increase the amount of the Commitment or to extend the Commitment Expiration Date as each is set forth in *Appendix A*.

Unless otherwise provided in a resolution of the Issuer pursuant to which such Bonds are issued, the Borrower shall have no legal or equitable interest in the proceeds of the Bonds or in any amounts from time to time on deposit in the funds and accounts created by the Indenture except to require their application in accordance with the Indenture. The proceeds of the Loan shall be used strictly to finance the Costs in accordance with this Loan Agreement and the Tax Agreement.

Section 3.4 Conditions Precedent to Loan Closing. Prior to the Loan Commencement Date, the Borrower shall cause to be delivered to the Issuer, the Trustee, Bond Counsel, the Bank and the Bank's Counsel each of the following items:

(a) Executed Loan Documents. An executed counterpart of this Loan Agreement duly executed by the Borrower and the Issuer, the executed Note, together with an assignment thereof to the Trustee, and any executed Security Instruments, if applicable.

(b) Executed Local Obligation. The Note duly executed by the Borrower.

(c) Certificate of Borrower's Counsel. A certificate of counsel to the Borrower in a form satisfactory to Bond Counsel, the Issuer and the Bank.

(d) Tax Agreement. The Tax Agreement signed by an Authorized Officer of the Borrower, in form and substance satisfactory to Bond Counsel, with respect to the use of the proceeds of the Loan in connection with the Financing.

(e) Opinion of Bond Counsel. An Opinion of Bond Counsel on behalf of the Borrower in form satisfactory to the Issuer, the Bank and the Trustee.

(f) Issuer Resolution. A resolution of the Issuer approving the issuance of Bonds and the execution and delivery by the Issuer of this Loan Agreement.

(g) Letter of Credit. Confirmation from the Bank that all of the Bank's conditions precedent set forth in its commitment letter, if any, this Loan Agreement and *Appendix D*, have been satisfied, such that the Bank can deliver evidence that the Letter of Credit has been issued or increased in the amount of the Commitment (or necessary portion thereof) to secure the portion of the Bonds to be issued in connection with the Financing.

Section 3.5 Conditions Precedent to Loan Advances. Prior to any Loan advances, all conditions precedent set forth as *Appendix E* shall have been satisfied.

Section 3.6 Limitation of Liability. In no event shall the Issuer, the Trustee, the Program Administrator, the Underwriter, the Remarketing Agent, Bond Counsel or the Bank or their respective agents be liable for any incidental, indirect, special or consequential damages in connection with or arising out of the Financing.

ARTICLE IV PAYMENTS REQUIRED

Section 4.1 Loan Repayments. The Borrower shall pay the outstanding principal amount of the Loan and all interest thereon and all Costs of Issuance and Program Expenses allocable thereto, as provided in this Article IV.

Section 4.2 Costs of Issuance. Costs of Issuance shall be paid to the Trustee from the proceeds of the Loan on the Loan Commencement Date in the amount specified by the respective parties entitled to payment at the time of closing of the Loan in the amounts specified in *Appendix A*.

Section 4.3 Designated Revenues Required for Payment of Interest. Pursuant to the Indenture: (a) all of the Bonds that are allocable to the Loan shall initially bear interest at the Flexible Rate until the date, if any, upon which the Interest Rate determination method is changed as described in the Indenture, (b) while the Bonds bear interest at the Flexible Rate, interest shall be payable in arrears at the end of each applicable Flexible Rate Period, and (c) all interest on the Bonds shall be paid from the proceeds of an Interest Drawing under the Letter of Credit. Pursuant to the Reimbursement Agreement, the Issuer is required to reimburse the Bank immediately for all of such Interest Drawings from Designated Revenues. It is the obligation of the Borrower to provide sufficient Designated Revenues in such amounts and at such times as necessary to enable

the Issuer to reimburse the Bank for all Interest Drawings made to pay interest on the Bonds that are allocable to the Loan.

Section 4.4 Provision for Payment of Fixed Program Expenses. In addition to the monthly interest expense on the Bonds allocable to the Loan, Fixed Program Expenses shall be added to the interest expense on such Loan and the Borrower shall deposit or cause to be deposited in the Program Expense Account established under the Indenture such amounts as are needed to pay Fixed Program Expenses for disbursement upon direction of the Program Administrator.

Section 4.5 Payment of Interest. The Borrower shall provide Designated Revenues to satisfy the foregoing requirements with respect to interest in such amounts and at such times as necessary to enable the Issuer to reimburse the Bank for all Interest Drawings that are allocable to the Loan. The Borrower shall pay such amounts one Business Day prior to each Interest Payment Date.

Section 4.6 Payment of Principal. *Appendix A* to this Loan Agreement provides that a portion of the Bonds allocable to the Loan shall be payable through periodic redemptions in accordance with a schedule set forth therein, if any (the Periodic Principal Redemptions) and the Indenture provides that the redemption price payable at the time of each Periodic Principal Redemption on such Bonds shall be paid from the proceeds of a Principal Drawing under the Letter of Credit. Pursuant to the Reimbursement Agreement, the Issuer is required to reimburse the Bank immediately for all of such Principal Drawings from Designated Revenues. It is the obligation of the Borrower to provide sufficient Designated Revenues in such amounts and at such times as necessary to enable the Issuer to reimburse the Bank for all Principal Drawings made to pay the redemption price of all Periodic Principal Redemptions on the portion of the Bonds that are allocable to the Loan. Such Designated Revenues shall be provided by the establishment of a principal reserve by the Borrower with the Trustee to provide for reimbursement of such Principal Drawings, as set forth below.

(a) *Principal Reserve Required.* On the Loan Commencement Date, the Borrower hereby establishes and agrees to maintain a Principal Account (Borrower's Principal Account) to be held by the Trustee under the Indenture in anticipation of Principal Drawings under the Letter of Credit to pay the redemption price of the Periodic Principal Redemptions on the Bonds allocable to the Loan.

(b) *Principal Deposits.* One Business Day prior to each of the dates specified in *Appendix A*, the Borrower shall deposit or cause to be deposited in the Borrower's Principal Account the amount of the principal payment on the Loan specified in *Appendix A*. Immediately after each Principal Drawing to pay the redemption price of a Periodic Principal Redemption under the Bonds allocable to the Loan, the Trustee shall withdraw funds from the Borrower's Principal Account in an amount equal to the amount of such Principal Drawing allocable to the Loan in order to reimburse Bank for principal paid in connection with such Principal Drawing.

(c) *Loan Maturity Date.* On the Loan Maturity Date, the entire outstanding principal balance of the Loan, all accrued and unpaid interest thereon, and all unpaid Fixed Program Expenses and Extraordinary Program Expenses allocable thereto shall be paid in full (subject to the terms and conditions set forth in Section 4.12, as applicable).

Section 4.7 Deposit of Excess Proceeds and Other Principal Prepayments. Any excess Loan proceeds remaining in the Borrower's Project Account after the completion of the Financing (as certified by the Borrower) shall be delivered to the Trustee with instructions to the Trustee to apply such amounts to the optional redemption of the Bonds allocable to the Loan on the earliest practicable redemption date, such funds to be held in escrow pending the applicable redemption and, immediately following such redemption, to be delivered to the Bank to reimburse the Bank for the Principal Drawing to effect such redemption. If such amounts are deposited by the Trustee in the Borrower's Principal Account, they shall be segregated from other amounts in the Borrower's Principal Account required to be applied to Periodic Principal Redemptions and shall be credited toward the Borrower's required scheduled principal Loan payments in the inverse order of their maturity unless otherwise specified in *Appendix A*.

Section 4.8 Additional Payments. In addition to the principal and interest and Fixed Program Expense amounts set forth above: (a) if on any date on which the principal of the portion of the Bonds allocable to the Loan becomes due (other than principal due (i) by virtue of the optional tender of Bonds that are not remarketed, or (ii) by virtue of any mandatory tender on each Interest Payment Date of Bonds bearing interest at the Flexible Rate or any mandatory tender pursuant to Section 3.07(a)(iv) of the Indenture) the amount on deposit in the Borrower's Principal Account or otherwise available through the Bond Fund maintained under the Indenture for the Bonds is not sufficient to pay such principal, the Borrower shall pay to the Trustee immediately an amount equal to the portion of such deficiency allocable to the Loan and until so paid such deficiency shall bear interest thereon at the Reimbursement Rate; (b) in the event that the Borrower fails to pay any monthly principal deposit on the Loan referenced in Section 4.6(b) above within 10 days after the date due, such delinquent deposit shall bear interest at the Reimbursement Rate until paid in full; (c) in the event the Bank is not reimbursed immediately for a Purchase Drawing, the Borrower shall pay interest on the unreimbursed amount at the Bank Rate and the amount drawn shall be repaid by the Borrower in accordance with the provisions of Section 2.8.3 of the Reimbursement Agreement; and (d) in the event that at any other time the Bank is not reimbursed immediately for any Drawing under the Letter of Credit that is allocable to the Loan, the Borrower shall pay all resulting additional interest at the Reimbursement Rate, and all late charges (if any) payable to the Bank under the Reimbursement Agreement.

Section 4.9 Loan Prepayments. To the extent permitted in Section 4.9(a) or Section 4.9(b) below, the Borrower may prepay the Loan Repayments, in whole or in part in such amounts and upon such notice as permitted and specified below, and upon payment by the Borrower to the Trustee or the Bank, as appropriate, of the applicable prepayment price set forth below. Except as otherwise required or permitted by the Bank, such prepayments shall be applied first to accrued interest on the portion of the Loan to be prepaid and then to principal payments on the Loan in the inverse chronological order of their due dates unless otherwise specified in *Appendix A*.

(a) Prepayment Prior to Release Date. Prior to the Release Date, the principal amount of the Loan may not be prepaid except in accordance with the provisions of this paragraph (a), as follows:

(i) The Borrower may prepay the Loan by giving at least 30 days' written notice to the Trustee and the Remarketing Agent (or such fewer number of days as shall be acceptable to the Trustee and the Remarketing Agent) and payment to the Trustee of the prepayment price set forth below. Any such prepayment shall be made on the first Interest Payment Date following the expiration of such 30 day notice period, or such other period as may be acceptable to the Trustee, the Remarketing Agent and the Bank;

(ii) The prepayment price of any portion of the principal amount of the Loan to be prepaid on any date shall be an amount equal to the sum of (A) the principal amount of the Loan prepaid, (B) interest accrued and to accrue on such principal amount until the date on which corresponding Bonds can be redeemed or retired, calculated at the applicable rate or rates of interest borne by such Bonds and, if for any period prior to the anticipated redemption date that the applicable interest rate on the Bonds has not yet been established, at an interest rate equal to the interest rate borne by the Bonds on the prepayment date plus one percent, and (C) all Fixed Program Expenses accruing or expected to accrue prior to the earliest date on which corresponding Bonds are redeemed or retired in connection with such prepayment, together with any other outstanding Program Expenses. Notwithstanding the foregoing provisions, the Borrower may not prepay the Loan by any amount that may cause the outstanding principal balance of the corresponding Bonds to be less than \$100,000 at any time;

(iii) Notwithstanding the foregoing provisions, if on any prepayment date, Bonds in an amount equal to the principal amount of the Loan to be prepaid cannot be redeemed or retired in accordance with the provisions of this Section within 45 days following the prepayment date, the prepayment price of the principal amount of the Loan prepaid on such date, at the election of the Borrower, shall be the amount necessary (A) to purchase Government Obligations (as defined in the Indenture) maturing as to principal and interest on such dates and in such amounts as shall be sufficient without reinvestment to pay the principal amount of the corresponding Bonds to be redeemed or retired, together with the interest accrued and to accrue on such Bonds to the date of such redemption or retirement on the due dates for the payment of such interest, and (B) to pay all Fixed Program Expenses accruing or expected to accrue prior to the earliest date on which corresponding Bonds are redeemed or retired in connection which such prepayment, together with any other outstanding Program Expenses; and

(iv) Loan prepayments shall be applied to the redemption of corresponding Bonds on the earliest practicable redemption date following receipt by the Trustee of the prepayment price.

(b) Prepayment After Release Date. After the Release Date, the Borrower may prepay the Loan in any principal amount at any time without premium or penalty, upon at least one Business Day's notice to the Bank and payment to the Bank of an amount equal to the sum of (i) the principal amount of the Loan prepaid, (ii) the accrued interest on such principal amount until the prepayment date, and (iii) any other fees and expenses then due and payable by the Borrower to the Bank.

Section 4.10 Letter of Credit Fee. The Annual Letter of Credit Fee shall be payable by or on behalf of the Borrower in arrears on each Interest Payment Date, beginning on the date

specified in *Appendix A*, upon receipt from the Trustee or the Program Administrator of an invoice therefor.

Section 4.11 Extraordinary Program Expenses. Any Extraordinary Program Expenses shall be promptly paid to the Trustee, the Program Administrator, the Remarketing Agent or the Bank upon request of any Authorized Officer from time to time from any legally available funds of the Borrower.

Section 4.12 Loan Payments Required After Release Date. After the Release Date, so long as no Event of Default has occurred hereunder, the Loan shall remain outstanding on the same terms and conditions as those set forth herein until the applicable Loan Maturity Date, except that beginning on the Release Date: (a) as provided in Section 6.4 below, all payments shall be made by the Borrower directly to the Bank instead of to the Trustee; (b) the Loan shall bear interest at the Reimbursement Rate instead of its then current interest rate, which interest shall be payable on the first day of each month; (c) principal payments shall continue to be made in accordance with the Periodic Principal Payment Schedule, if any, set forth on *Appendix A* up to and including the applicable Loan Maturity Date, at which time the Loan shall mature and all principal and interest thereon and other amounts due in connection therewith shall be payable in full; and (d) no Program Expense Account or Principal Account shall be required.

Section 4.13 Late Payments. In addition to the payments of principal and interest on the Loan, to the extent permitted by law, the Borrower shall pay interest on the amount or any payment required to be paid by the Borrower hereunder that is received by the Trustee or the Bank (as the case may be) later than the tenth (10th) day following its due date beginning on the due date for such payment until such payment is paid in full at the Reimbursement Rate calculated on the basis of the actual number of days elapsed in a year of 360 days, plus all costs of collection, including legal fees incurred, with respect thereto.

Section 4.14 Local Obligation; Application of Payments. Except as may be otherwise specifically provided in this Loan Agreement, each payment made hereunder shall be applied to the amounts then due and payable hereunder first, in respect of Fixed Program Expenses, second, in respect of interest, third, in respect of principal, and fourth, in respect of any other amounts payable hereunder.

Section 4.15 Outstanding Loan Balance. The Borrower acknowledges that it is responsible for payment of all amounts on the Bonds allocable to the Loan so long as such Bonds are outstanding, and that principal payments received by the Trustee may not be applied immediately to the redemption or other retirement of such Bonds. ACCORDINGLY, FOR ALL PURPOSES OF THIS AGREEMENT, THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN AT ANY TIME SHALL BE DEEMED TO BE THE OUTSTANDING PRINCIPAL BALANCE OF THE BONDS ALLOCABLE TO THE LOAN, REGARDLESS OF THE AMOUNT OF PAYMENTS THAT MAY HAVE BEEN MADE BY THE BORROWER BUT NOT YET APPLIED TO REDUCE THE OUTSTANDING PRINCIPAL BALANCE OF SUCH BONDS. Notwithstanding the foregoing, all amounts delivered to the Trustee by the Borrower hereunder pending anticipated application thereof to reimbursement of the Bank or to payment of Program Expenses shall be invested by the Trustee as required under the Indenture, and all

investment earnings thereon shall inure to the benefit of the Borrower to the extent permitted by the Code.

Section 4.16 Pledged Bonds. Pursuant to the provisions of the Letter of Credit and the Indenture, the Trustee shall not make any drawings under the Letter of Credit to pay principal or interest due on any Pledged Bonds. Accordingly, the Trustee shall withdraw amounts from the Borrower's Principal Account to make payments of principal on such Pledged Bonds when due.

Section 4.17 Unconditional Obligations. To the extent permitted by law and subject in all respects to the provisions of this Loan Agreement, the obligations of the Borrower to make the payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever while any portion of the Loan remains outstanding regardless of any contingency, act of God, event or cause whatsoever. This Loan Agreement shall be deemed and construed to be a "net contract," and the Borrower shall pay absolutely net the amounts required to be paid hereunder, regardless of any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the Issuer, the Trustee, the Bank, the Program Administrator, the Remarketing Agent or any other party or parties.

Section 4.18 Payment in Full. This Loan Agreement will terminate upon the payment in full of all amounts due under this Loan Agreement, provided any prepayment is undertaken in accordance with Section 4.9 of this Agreement.

Section 4.19 Loan Agreement to Survive Indenture and Bonds. The Borrower acknowledges that payment of the Bonds allocable to the Loan from sources other than Designated Revenues or otherwise under the Note or under this Loan Agreement (including payment from funds realized by the Trustee under the Letter of Credit) does not constitute payment of the amounts due under this Loan Agreement, the Local Obligation and the Security Instruments, if any, and that its obligations hereunder shall survive the discharge of the Indenture and payment of the principal of and interest on the Bonds allocable to the Loan.

Section 4.20 Nature of Borrower's Obligations. The taxes and revenues of the Borrower for its fiscal year 2019 are irrevocably pledged for the payment of the principal of and premium, if any, and interest on the Note and all other payment obligations under this Loan Agreement.

ARTICLE V ASSIGNMENT

Section 5.1 Assignment and Transfer by Issuer.

(a) The Borrower expressly acknowledges that, pursuant to the Indenture, all right, title and interest of the Issuer in and to this Loan Agreement (except for the Unassigned Rights of the Issuer), the Local Obligation and the Security Instruments, if any, have been assigned to the Trustee for the benefit of the holders of the Bonds allocable to the Loan and to the Bank as security for the amounts due under the Reimbursement Agreement. The Borrower further

acknowledges that the Issuer has appointed the Trustee as servicer entitled to act hereunder in the place and stead of the Issuer as set forth herein. The Borrower hereby approves the Indenture and consents to such assignment and appointment. This Loan Agreement, the Local Obligation and the Security Instruments, if any, including, without limitation, the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce performance by the Borrower of its other obligations hereunder, may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee or the Bank at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving notice to, the Borrower.

(b) The Borrower hereby approves and consents to any further assignment or transfer of this Loan Agreement that the Issuer deems to be necessary in connection with any refunding of the Bonds or the issuance of Additional Bonds under the Indenture or otherwise in connection with the Program or any successor pooled loan program of the Issuer.

Section 5.2 Assignment by Borrower. This Loan Agreement may not be assigned by the Borrower without the prior written consent of the Issuer, the Trustee and the Bank.

Section 5.3 Participation. The Borrower agrees that the Bank may, in accordance with the Reimbursement Agreement, sell or grant participation to any other persons in the rights of the Bank under this Loan Agreement, the Local Obligation and the Security Instruments, if any. The Borrower acknowledges that the Bank may disclose to the holder of any such participation any financial information relating to the Borrower which is provided to the Bank pursuant to this Loan Agreement. Notwithstanding the foregoing provisions of this Section, neither the Borrower, the Issuer nor the Trustee shall have any obligation hereunder to provide notices to or obtain the consent of any holder of any such participation.

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(a) failure by the Borrower to pay any Loan Repayment required to be paid hereunder within ten (10) days after the date due;

(b) failure by the Borrower to observe and perform any covenant, condition or agreement other than a failure under (a) above, on its part to be observed or performed under this Loan Agreement, for a period of thirty (30) days after notice of the failure, unless the Issuer, the Bank and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Issuer, the Bank or the Trustee, but cannot be cured within the applicable 30-day period, the Issuer, the Bank and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the failure is corrected;

(c) the occurrence of any Event of Default under any Security Instrument (after any applicable notice or cure period);

(d) any warranty, representation or other statement by the Borrower or by an officer or agent of the Borrower contained in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement is false or misleading in any material respect when made;

(e) a petition is filed against the Borrower under any applicable bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days of such filing;

(f) the Borrower files a petition in voluntary bankruptcy or seeking relief under any provision of any applicable bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(g) the Borrower admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Borrower or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 60 days;

(h) any material provision of this Loan Agreement or any Security Instrument shall at any time for any reason cease to be valid and binding on the Borrower, or shall be declared to be null and void, or the validity or enforceability of this Loan Agreement or any Security Instrument shall be contested by the Borrower or any governmental agency or authority, or if the Borrower shall deny any further liability or obligation under this Loan Agreement or any Loan Document or Security Instrument; or

(i) unless waived in writing by the Bank, the occurrence of any additional Event of Default set forth in *Appendix B*.

Section 6.2 Notice of Default. The Borrower shall give the Trustee, the Bank and the Issuer prompt telephonic notice of the occurrence of any event or condition that constitutes a Default or an Event of Default at such time as any financial or similar officer of the Borrower becomes aware of the existence thereof.

Section 6.3 Remedies on Default. If an Event of Default shall have occurred, the Trustee or the Bank may take any one or more of the following remedial steps (subject to the provisions of Section 6.4 below):

(a) declare all Loan Repayments and all other amounts due hereunder (including, without limitation, amounts payable under the Local Obligation and the Security

Instruments, if any) to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable, without further notice or demand;

(b) take whatever action permitted at law or in equity that may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Local Obligation and the Security Instruments, if any;

(c) exercise any and all available remedies under the Security Instruments, if any;

(d) exercise any other remedies provided by the laws of the Commonwealth of Virginia; and

(e) take such steps as may be required under the Indenture to effect the redemption or purchase of Bonds allocable to the Loan.

Section 6.4 Rights of Trustee vis-à-vis the Bank.

(a) Prior to the Release Date, as provided in the Indenture, at the direction of, or with the consent of, the Bank, the Trustee shall enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of this Loan Agreement, the Local Obligation and any Security Instruments, including the prompt payment of all Loan Repayments and all other amounts due hereunder. The Trustee shall promptly notify the Bank of the occurrence of any Event of Default of which it has knowledge. The Trustee shall not (without the prior written consent of the Bank), release the obligations of the Borrower under this Loan Agreement and shall at all times, in accordance with the provisions of the Indenture and to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Owners of the Bonds allocable to the Loan and of the Trustee under or with respect to this Loan Agreement; provided that this provision shall not be construed to prevent the Trustee, with the consent of the Bank, from settling a default under any Loan Agreement or Security Instrument securing it on such terms as the Trustee shall determine to be in the best interest of the Owners of the Bonds allocable to the Loan. Pursuant to the Indenture, the Issuer has appointed the Trustee as its agent and attorney-in-fact for purposes of enforcing all rights under this Loan Agreement, whether or not the Issuer is in default under the Bonds or the Indenture.

(b) The Borrower acknowledges that upon the payment in full of the Bonds allocable to the loan by virtue of a Drawing under the Letter of Credit, the Issuer and the Trustee may release to the Bank all of their right, title and interest in and to this Loan Agreement, the Local Obligation and the Security Instruments, if any. The Borrower acknowledges that on and after any Release Date, the Bank shall be entitled to act hereunder in the place and stead of the Issuer and the Trustee. Upon receipt of notice of any such release, the Borrower shall make all payments required hereunder and under the Local Obligation and the Security Instruments, if any, directly to the Bank regardless of any defense or right of set-off that the Borrower may have against the Issuer or the Trustee. Thereafter (i) the Bank shall have all rights to receive notices and give consents and approvals hereunder, (ii) the Bank may exercise or refrain from exercising any of the

remedies set forth herein or otherwise provided at law with respect to any failure of the Borrower to fulfill any of its obligations hereunder, and (iii) all references to the “Issuer” and the “Trustee” herein shall be deemed to be references to the Bank.

Section 6.5 Right to Advance or Post Funds. If at any time any Default or Event of Default shall have occurred, or if the Bank reasonably determines that an event or condition exists that could endanger the timely performance by the Borrower of its obligations under this Loan Agreement, the Local Obligation or the Security Instruments, if any, and such event or condition has not otherwise been cured, provided for or contested (in a manner permitted by this Loan Agreement and satisfactory to the Bank), the Bank may cure such Default or Event of Default or advance funds for the account of the Borrower to correct such event or condition in such other manner as the Bank deems proper, without prejudice to the Borrower’s rights, if any, to recover such funds from the party to whom paid. Amounts so advanced by the Bank and any reasonable expenses of the Bank incurred in connection therewith shall be for the account of the Borrower, shall be reimbursed to the Bank by the Borrower immediately following receipt of notice or demand from the Bank (with interest at the Reimbursement Rate from the date of such advance or payment through the date of reimbursement), and shall be secured (along with such accrued interest) by the Security Instruments, if any. Nothing in this Loan Agreement shall be construed as imposing any obligation upon the Bank to complete the Financing, to cure any Default or Event of Default of the Borrower under this Loan Agreement or under the Local Obligation or the Security Instruments, if any, or otherwise to perform any of the Borrower’s obligations hereunder or thereunder.

Section 6.6 Attorneys’ Fees and Other Expenses. The Borrower, on demand, shall pay to the Issuer, the Bank, the Program Administrator and the Trustee the reasonable fees and expenses of attorneys and other reasonable expenses of any nature incurred by any of them in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance of any other obligations of the Borrower upon any Default or Event of Default. The Borrower shall pay interest on any amount due under this Section and not paid on or before the date 30 days after demand therefor upon the Borrower pursuant to the Reimbursement Agreement at the Reimbursement Rate from such date until payment thereof. The provisions of this Section shall survive the termination of this Loan Agreement.

Section 6.7 Application of Moneys. Any moneys collected by the Trustee or the Bank pursuant to Section 6.3 shall be applied (a) first to pay any amounts owed by the Borrower pursuant to Section 6.6; (b) second to pay interest at the Reimbursement Rate or the Bank Rate, as applicable, and late charges (if any) payable to the Bank under the Reimbursement Agreement; (c) third, to pay other interest due on the Loan; (d) fourth, to pay any other amounts due hereunder; and (e) fifth, to pay principal on the Loan and other amounts payable hereunder as such amounts become due and payable.

Section 6.8 No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Issuer, the Trustee or the Bank is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default or Event of Default shall impair any such right,

remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Trustee or the Bank to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 6.9 Retention of Issuer Rights. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Indenture, or, anything else to the contrary contained herein, the Issuer shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Borrower at law or in equity, as the Issuer may, in its discretion, deem necessary to enforce the obligations of the Borrower to the Issuer with respect to its Unassigned Rights.

ARTICLE VII MISCELLANEOUS

Section 7.1 Notices. Except as specifically provided otherwise in this Loan Agreement, all notices, certificates or other communications hereunder shall be in writing and shall be hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower and the Bank and any other parties designated in *Appendix A* at the addresses specified on *Appendix A*, and to the following Persons at the following addresses:

(a) Issuer: Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia
c/o Virginia Local Government Finance Corporation
919 East Main Street Suite 1100
Richmond, VA 23219
Telephone: (804) 648-0635
Facsimile: (804) 783-2286

with a copy to: Howard P. Estes, Jr., Esquire
Spotts Fain PC
411 E. Franklin Street, Suite 600
Richmond, VA 23219
Telephone: (804) 697-2042
Facsimile: (804) 697-2142

(b) Trustee: U.S. Bank National Association
100 Wall Street, Suite 1600
New York, NY 10005
Telephone: (212) 951-6993
Facsimile: (212) 509-3384
Attention: Beverly A. Freeney, Vice President

(c) Borrower: County of Southampton, Virginia
P.O. Box 400
26022 Administration Center Drive

Courtland, VA 23837
Telephone: (757) 653-3006
Facsimile: (757) 653-0227
Attention: Lynette C. Lowe, Deputy County
Administrator/Chief Financial Officer

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others. Notices, certificates or other communications given by mail shall be deemed to have been given three Business Days after dispatch. Notices, certificates or other communications not given by mail shall be deemed to have been given when received.

Section 7.2 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Borrower and their respective successors and assigns.

Section 7.3 Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 7.4 Amendments, Changes and Modifications; References to the Bank. This Loan Agreement may only be amended by written agreement of the parties hereto with the prior written consent of the Trustee and the Bank; provided, however, that any amendments to change any terms of *Appendix A*, or *Appendix B* attached hereto may be made by the Borrower and the Bank, as assignee of the Issuer, without the consent of the Issuer or the Trustee. The Bank shall have no rights to enforce any provisions of this Loan Agreement (except with respect to amounts payable and due to the Bank which have not been paid) or to give any consents, approvals or directions during any period in which it has dishonored a draw under the Letter of Credit presented in strict compliance with the terms thereof. In such event, the right of the Bank to give any consents or approvals shall be given by the Issuer and the Trustee notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Indenture or any other provision hereof.

Section 7.5 Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.6 Applicable Law. This Loan Agreement shall be governed by and in accordance with the laws of the Commonwealth of Virginia.

Section 7.7 Consents and Approvals. Whenever the consent or approval of the Issuer shall be required under the provisions of this Loan Agreement, the written consent or approval of an Authorized Officer of the Issuer shall be required hereunder except as otherwise provided in any resolution of the Issuer.

Section 7.8 No Recourse Against Members. In the absence of fraud, no recourse shall be had for the payment of the principal of or premium or interest payable hereunder or for any

claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement against any past, present or future official, officer, member, counsel, employee, director or agent, as such, of the Issuer or the Borrower, either directly or through the Issuer or the Borrower, or respectively, any successor political subdivision thereto under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officials, officers, members, counsels, employees, directors or agents as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Loan Agreement.

Section 7.9 Benefit of Loan Agreement, Compliance with Indenture. This Loan Agreement is executed, among other reasons, to induce the purchase of the portion of the Bonds allocable to the Loan and the increase or issuance of the Letter of Credit. Accordingly, all covenants, representations and agreements of the Borrower herein contained are hereby declared to be for the benefit of the holders of the Bonds allocable to the Loan, the Issuer and the Bank, and it is intended that the Bank be a third-party beneficiary hereof and of all Security Instruments. The Borrower covenants and agrees to comply with, and to enable the issuer to comply with, all covenants and requirements contained in the Indenture.

Section 7.10 Amendment of Reimbursement Agreement. The Borrower acknowledges and agrees that the Issuer and the Bank may supplement and amend the Reimbursement Agreement and the Letter of Credit and the Issuer may enter into other Reimbursement Agreements with the providers of Substitute Letters of Credit from time to time without notice to or the consent of the Borrower (but with prior notice to the Trustee) provided, after giving effect to such supplement or amendment, the Borrower's liabilities hereunder shall not change in any respect.

Section 7.11 Consent to Appointment of Remarketing Agent. The Borrower hereby consents to the appointment by the Issuer of Merrill Lynch, Pierce, Fenner & Smith Incorporated, and its successors and assigns, as agent for the Borrower for the purpose of remarketing Bonds allocable to the Loan tendered for purchase in accordance with the terms and subject to the conditions set forth in the Indenture and in the Remarketing Agreement.

Section 7.12 Further Assurances. The Borrower shall, at the request of the Issuer, the Trustee or the Bank execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement, the Local Obligation and the Security Instruments, if any.

Section 7.13 Conflicts; No Oral Agreements. In the event of any conflict between the terms and provisions of this Loan Agreement, the Local Obligation and the Security Instruments, if any, with any commitment letter issued by the Bank or any other previous oral or written communications between the parties, this Loan Agreement, the Local Obligation and the Security Instruments, if any, shall control. THIS WRITTEN LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS

OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

[Counterpart Signature Page to Loan Agreement]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed and delivered, as of the Loan Commencement Date.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF STAFFORD AND THE
CITY OF STAUNTON, VIRGINIA

By: _____
Chairman

[Counterpart Signature Page to Loan Agreement]

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
County Administrator

ATTACHMENTS

APPENDICES

<i>Appendix A</i>	Description of the Loan
<i>Appendix B</i>	Additional Covenants of the Borrower and Events of Default
<i>Appendix C</i>	Form of Local Obligation
<i>Appendix D</i>	Bank Conditions Precedent to Loan Closing
<i>Appendix E</i>	Conditions to Loan Advances
<i>Appendix F</i>	Form of Requisition

DESCRIPTION OF THE LOAN

(1) Loan Commencement Date: August 1, 2019

(2) Names and Addresses:

<u>Borrower</u>	<u>Bank</u>
County of Southampton, Virginia P.O. Box 400 26022 Administration Center Drive Courtland, VA 23837 Attention: Lynette C. Lowe, Deputy County Administrator/Chief Financial Officer	Bank of America, N.A. Commercial Banking 421 Fayetteville Street Mall Raleigh, NC 27601 Attention: Patrick J. Verdi

(3) Loan Amount:

(a) Principal Amount Approved by Borrower:	\$2,500,000.00
(b) Amount to be issued on Loan Commencement Date:	\$2,500,000.00
(c) Amount of Subsequent Advances approved by Issuer and the Bank:	\$ 0.00
(d) Initial Schedule of Advances after Loan Commencement Date:	

<u>Date*</u>	<u>Amount</u>
N/A	

* Dates are approximate and subject to change.

(4) Description of the Financing:

The Borrower will receive financing from the proceeds of the Bonds to pay certain operating costs and expenses to be incurred by the Borrower prior to the anticipated collection of the taxes and revenues of the Borrower for the current fiscal year, together with related costs and expenses.

(5) Letter of Credit Commitment:

(a) Letter of Credit Requirement:

<u>Letter of Credit Requirement</u>	<u>Effective on Loan Commencement Date</u>	<u>Pre-Approved for Additional Advances</u>	<u>Total</u>
Principal Component	2,500,000.00	0.00	2,500,000.00
Interest Component ¹	24,305.56.00	0.00	24,305.56.00
TOTAL	2,524,305.56	0.00	2,524,305.56

(b) Commitment Expiration Date: May 31, 2020, or (unless otherwise directed by the Bank), any later date to which the Expiration Date of the Letter of Credit shall have been extended.

(c) Annual Letter of Credit Fee (expressed as a percentage of the Letter of Credit Requirement as of the date of each calculation): initially 85 basis points (0.85%). The Annual Letter of Credit Fee shall be calculated on the basis of a 360-day year and the actual number of days elapsed. The Annual Letter of Credit Fee may be modified from time to time by the Bank as a condition to any extension of the Commitment Expiration Date.

(d) Payment of Letter of Credit Fee: Monthly in arrears.

(e) Amendments to the Letter of Credit: Changes in the Loan Maturity Date or other actions taken by the Borrower may require amendments to the Letter of Credit, which shall be made at the Borrower's expense. Notwithstanding the foregoing, subject to Section 4.9, the Borrower is entitled to repay its Loan in full at no additional expense to the Borrower.

(6) Costs of Issuance: Bond Counsel Fee: \$7,750

(7) Loan Payments:

The Borrower shall be responsible for all of the payments described in this paragraph (7), which shall be determined and calculated as follows:

(a) Fixed Program Expenses (in addition to Annual Letter of Credit Fee set forth above and other anticipated annually recurring expenses) will equal 30 basis points

¹ Calculated for 35 days, at a Maximum Rate of 10%, based on a 360-day year.

(0.30%) multiplied by outstanding principal, payable monthly in arrears (based upon a year of 365/366 days, as applicable, and the actual number of days elapsed).

- (b) First Year Issuance Fee: First-Year Issuance Costs (to include the Borrower's share of initial costs of underwriting) will equal 10 basis points (0.10%) multiplied by outstanding principal (or such lesser amount as may be approved by the Issuer), payable monthly in arrears (based upon year 365/366 days, as applicable, and the actual number of days elapsed). The fee will continue to apply until the full amount of principal has been issued and outstanding for one full year but will not apply to any portion of principal that has been issued and outstanding for more than one year.
 - (c) Prepayments: The Borrower may prepay its Loan only in accordance with the terms of Section 4.9 of this Loan Agreement.
 - (d) Payment in Full: Required on the Loan Maturity Date.
 - (e) Interest Rate on Drawings: Unreimbursed drawings under the Letter of Credit for liquidity will bear interest for the first 90 days at the Bank's Prime Rate (floating), and thereafter, at the Bank's Prime Rate (floating), plus 1.5% per annum. Other reimbursed drawings will bear interest at the Reimbursement Rate from the date of the draw.
 - (f) Default Rate: Upon the occurrence of an Event of Default under this Loan Agreement, interest on the Loan shall accrue at the Reimbursement Rate.
- (8) Additions/Exceptions to Representations and Warranties: None.
 - (9) Additional Covenants and Events of Default: See *Appendix B*.
 - (10) Conditions Precedent to Loan Advances: See *Appendix E*.
 - (11) Security Instruments Required: None
 - (12) Additional Terms: None.
 - (13) Periodic Principal Payment Schedule:

The entire outstanding principal amount is due on June 30, 2020 or the first Interest Payment Date prior thereto.

[Signature page follows]

This *Appendix A* has been seen and agreed to.

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
County Administrator

[Counterpart Signature Page to Loan Agreement Appendix A]

ADDITIONAL COVENANTS OF THE BORROWER
AND EVENTS OF DEFAULT

Section 1. Additional Covenants and Events of Default. This *Appendix B* sets forth covenants of the Borrower and Events of Default which shall be in addition to any covenants and Events of Default contained elsewhere in this Loan Agreement.

Section 2. RESERVED.

Section 3. Reporting Requirements. As set forth in Section 2.2(c) of this Agreement.

Section 4. Affirmative Covenants of the Borrower.

(a) Until full payment and performance of all obligations of Borrower under this Agreement, the Borrower will, unless the Bank consents otherwise in writing, take all action necessary to ensure that a sufficient portion of its tax and other revenues collected during the current year are set aside or otherwise made available for payment of the Note in accordance with its terms. The Borrower certifies that the principal amount of the Note does not exceed the anticipated taxes and revenues of the Borrower for the current year.

Section 5. Failure to Comply with Appendices. The Borrower understands and agrees that a default by the Borrower under any of the terms and conditions of these Appendices shall result in an Event of Default under this Loan Agreement.

FORM OF NOTE

[Attached to Borrower's Resolution dated July 22, 2019]

BANK'S CONDITIONS PRECEDENT TO LOAN CLOSING

Prior to the initial issuance of any Bonds for the benefit of the Borrower, in addition to the items required by Article VI of the Reimbursement Agreement and Section 3.4 of this Loan Agreement, the Borrower shall cause to be delivered to the Bank and the Bank's Counsel each of the following items:

1. Financial Statements. The Bank shall have received and approved the most recent financial statements of the Borrower.

2. Draw Schedule and Budget. The Bank shall have received and approved a proposed draw schedule and budget for the Financing.

3. Opinion of Local Bond Counsel. A law firm selected by the Borrower and acceptable to the Bank will render on the Loan Commencement Date their unqualified tax opinion in form and substance approved by the Bank.

4. Certificate of Local Counsel. A law firm or attorney selected by the Borrower and acceptable to the Bank will provide on the Loan Commencement Date a certificate with respect to matters relating to the Borrower, this Loan Agreement and the Security Instruments, all in form and substance approved by the Bank. Without limiting the foregoing, the certificate will state that (i) the Borrower has all necessary power and authority to enter into and perform its obligations under the Loan Documents to which it is a party, and (ii) the Loan Documents have been duly authorized, executed and delivered in accordance with the Constitution and statues of the Commonwealth, and constitute valid and legally binding obligations of the Borrower.

CONDITIONS FOR LOAN ADVANCES

1 Conditions to All Advances. As conditions precedent to each Loan advance, the Borrower must satisfy the following conditions, and deliver to the Trustee evidence of such satisfaction:

- (a) No Default or Event of Default shall exist.
- (b) The representations and warranties made in this Loan Agreement and the Security Instruments, if any, must be true and correct on and as of the date of each advance.

2. Conditions and Waivers. All conditions precedent to each advance are imposed hereby solely for the benefit of the Bank, and no other party may require satisfaction of any such condition precedent or be entitled to assume that the Bank or the Trustee, as applicable, will disallow any advance in the absence of strict compliance with each such condition precedent. Any requirement of this Loan Agreement may be waived, in whole or in part, in a specific written waiver intended for that purpose and signed by the Bank. No advance shall constitute an approval or acceptance by the Bank or the Trustee of any construction work, or a waiver of any condition precedent to any further advance, or preclude the Bank from thereafter declaring the failure of the Borrower to satisfy such condition precedent to be an Event of Default. No waiver by the Bank of any condition precedent or obligation shall preclude the Bank from requiring such condition or obligation to be met prior to making any other advance or from thereafter declaring the failure to satisfy such condition or obligation to be an Event of Default.

FORM OF REQUISITION

DATE: _____

COUNTY OF SOUTHAMPTON, VIRGINIA

U.S. Bank National Association, as Trustee
100 Wall Street, 16th Floor
New York, NY 10005
Telephone: (212) 361-2893
Facsimile: (212) 509-3384
Attention: Beverly A. Freeney, Vice President

Re: Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia Variable Rate Demand Revenue Bonds, Series 2008A-1 (VML/VACo Commercial Paper Program)

Ladies and Gentlemen:

Pursuant to Section 3.3 of the Loan Agreement dated as of the date of its execution and delivery, between the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (the "Issuer") and the above-named locality (the "Borrower"), the Borrower makes the following requisition:

1. Requisition Number: _____
2. Name and address of the person to whom payment is due:

3. Amount to be paid: \$ _____
4. Purpose for which each obligation to be paid was incurred:

5. The Borrower hereby certifies that (a) the representations of the Borrower contained in the Loan Agreement are true and correct as of the date of this requisition as though made on such date and acceptance of the funds requisitioned hereby will constitute an affirmation that such representations are true and correct as of the date of receipt of such funds; (b) no Default or Event of Default (both as defined in the Loan Agreement) has occurred under the Loan Agreement and is continuing; (c) the purpose for which the amount requisitioned hereby was or is to be used constitutes a necessary part of the Costs of the Financing (as defined in the Loan Agreement); and (d) the amount requisitioned hereby is due and unpaid and has not been the subject of a previous requisition submitted by the Borrower and funded by the Trustee.

6. Attached hereto are invoices, bills or vouchers, paid or due and payable, in support of the amount to be paid shown in Item 3.

7. The Borrower hereby certifies, for the benefit of the Trustee and the Issuer, that its representations and expectations set out in the Borrower's Tax Agreement are hereby reconfirmed.

This Requisition has been executed by a duly authorized officer of the Borrower.

COUNTY OF SOUTHAMPTON, VIRGINIA

By: _____
County Administrator