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RECORDER'S NOTE: THE ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA, AND THE COUNTY OF MONTGOMERY, VIRGINIA, ARE EXEMPT FROM RECORDATION TAXES PURSUANT TO SECTION 58.1-811(E) OF THE CODE OF VIRGINIA OF 1950, AS AMENDED, AND CLERK'S FEES PURSUANT TO SECTION 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED.

BOND PURCHASE AND LEASE AGREEMENT

between and among

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA**

**THE BOARD OF SUPERVISORS OF
THE COUNTY OF MONTGOMERY, VIRGINIA
ON BEHALF OF
THE COUNTY OF MONTGOMERY, VIRGINIA**

**THE SCHOOL BOARD OF
MONTGOMERY COUNTY, VIRGINIA**

and

[BANK]

Dated as of [February __, 2015]

**Relating to
Economic Development Authority
of Montgomery County, Virginia
Lease Revenue Refunding Bond,
Series 2015**

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THIS BOND PURCHASE AND LEASE AGREEMENT dated as of [February __, 2015], between the **ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia, as lessor and a grantor for indexing purposes, **THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA, ON BEHALF OF THE COUNTY OF MONTGOMERY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia, as lessee and a grantee for indexing purposes, **THE SCHOOL BOARD OF MONTGOMERY COUNTY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia, as lessee and a grantee for indexing purposes, and [_____ **BANK,** a _____], as purchaser of the 2015 Bond, as hereinafter described, recites and provides as follows;

W I T N E S S E T H:

WHEREAS, the Authority is a political subdivision of the Commonwealth of Virginia duly created under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended;

WHEREAS, the Authority is authorized to exercise all the powers set forth in the Act, which include, among other things, the power to make loans to, among others, a locality in furtherance of the purposes of the Act, to finance or refinance and lease facilities for use by, among others, a locality, to issue its revenue bonds, notes and other obligations from time to time for such purposes and to pledge all or any part of its revenues and receipts derived from payments received by the Authority, in connection with its loans or from the leasing by the Authority of such facilities or from any other source, as security for the payment of the principal of and interest on any such obligations;

WHEREAS, the Authority previously issued its $16,805,000 Lease Revenue Bonds, Series 2000B, and its $11,550,000 Lease Revenue Bonds, Series 2000C, and loaned the proceeds thereof to the County to finance improvements and renovations to the Blacksburg Middle School and to certain of the County's other schools and related facilities and the acquisition, construction and equipping of a County administration building;

WHEREAS, at the request of the County, the Authority subsequently issued its $10,800,000 Lease Revenue Refunding Bonds, Series 2005A, and its $7,630,000 Lease Revenue Refunding Bonds, Series 2005B, to provide funds for the County to effect a refunding of certain maturities of the 2000B Bonds and 2000C Bonds, respectively;

WHEREAS, in support of and contemporaneously with the issuance of the 2005 Bonds, the Authority entered into (a) an Amended Ground Lease dated as of May 1, 2005, with the County and the School Board and (b) an Amended Financing Lease dated as of May 1, 2005, with the County;

WHEREAS, the County now desires to effect a refunding of the outstanding 2005A Bonds and 2005B Bonds;

WHEREAS, the County, the School Board and the Authority have entered into an Amended and Restated Ground Lease dated as of the date hereof to renew the leasehold interest

of the Authority in certain real property of the County [and to release certain other real property from the lien of the 2005 Ground Lease];

WHEREAS, in furtherance of the purposes of the Act, at the request of the County and the School Board, the Authority has determined to (a) issue its lease revenue refunding bond, (b) use the proceeds thereof to refund the Refunded Bonds and pay the costs of issuing such bond and (c) lease the Premises back to the County and the School Board;

WHEREAS, the Authority, the County, the School Board and the Bondholder desire to set forth in this Agreement the terms and conditions with respect to such financing and lease; and

WHEREAS, all acts, conditions and things required by law to happen, exist and be performed precedent to and in connection with the execution of and entering into this Agreement have happened, exist and have been performed in regular and due time and in form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions.

The following capitalized terms used in the WHEREAS clauses above and in the rest of this Agreement shall have the following meanings unless the context otherwise requires:

"2000B Bonds" shall mean the Authority's $16,805,000 Lease Revenue Bonds, Series 2000B.

"2000C Bonds" shall mean the Authority's $11,550,000 Lease Revenue Bonds, Series 2000C.

"2005 Bonds" shall mean the 2005A Bonds and the 2005B Bonds, collectively.

"2005 Ground Lease" shall mean the Amended Ground Lease dated as of May 1, 2005, between the County, the School Board and the Authority.

"2005A Bonds" shall mean the Authority's $10,800,000 Lease Revenue Refunding Bonds, Series 2005A.

"2005B Bonds" shall mean the Authority's $7,630,000 Lease Revenue Refunding Bonds, Series 2005B.

"2015 Bond" shall mean the Authority's Lease Revenue Refunding Bond, Series 2015, in the form of Exhibit C attached hereto, issued pursuant to this Agreement in the principal amount of $[_____], and dated [February __, 2015].

"2015 Ground Lease" shall mean the Amended and Restated Ground Lease dated as of [February __, 2015], between the County, the School Board and the Authority, including any amendments or supplements thereto.

"Act" shall mean the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended.

"Additional Rent" shall mean (a) reasonable costs and expenses of the Authority, (b) late charges due to the Authority and (c) all other amounts that the County agrees to pay under the terms of this Agreement, but not including Basic Rent.

"Agreement" shall mean this Bond Purchase and Lease Agreement, including any amendments or supplements hereto.

"Authority" shall mean the Economic Development Authority of Montgomery County, Virginia, formerly known as the Industrial Development Authority of Montgomery County, Virginia, and its successors and assigns.

"Authorized Representative of the Authority" shall mean any person (other than a representative of the County) designated to act on behalf of the Authority by certificate signed by its Chairman or Vice Chairman and filed with the County, the School Board and the Bondholder.

"Authorized Representative of the County" shall mean any person designated to act on behalf of the County by certificate signed by the County Administrator and filed with the Authority, the School Board and the Bondholder.

"Authorized Representative of the School Board" shall mean any person designated to act on behalf of the School Board by certificate signed by its Chairman or Vice Chairman and filed with the Authority, the County and the Bondholder.

"Basic Rent" shall mean the payments due from the County pursuant to Section [10], in the amounts and on the dates set forth in Exhibit B attached hereto.

"Board of Supervisors" shall mean the Board of Supervisors of the County, as the governing body of the County.

"Bond Counsel" shall mean a firm of attorneys nationally recognized on the subject of municipal bonds, which may be counsel to the Authority, the County, the School Board or the Bondholder, and reasonably acceptable to the Authority and the Bondholder.

"Bondholder" shall mean [_____], a [_____], or any successor or assignee, as holder of the 2015 Bond.

"Business Day" shall mean any day on which the Bondholder is open for the purpose of conducting commercial banking business.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

"County" shall mean the County of Montgomery, Virginia.

"Escrow Agreement" shall mean _____.

"Event of Default" shall mean any one or more of the events listed in Section [24].

"Event of Non-Appropriation" shall mean the failure by the Board of Supervisors to appropriate, by June 30 of any year, moneys sufficient for the payment of Basic Rent and estimated Additional Rent for the following Fiscal Year.

"Financing Instruments" shall mean this Agreement, the 2015 Bond, the Ground Lease and the Escrow Agreement.

"Fiscal Year" shall mean, with respect to the County, a twelve-month period commencing July 1 and ending the following June 30.

"Initial Installment Computation Date" shall mean [_____ __, 20__,] the last day of the fifth bond year, as set forth in Section [33(b)(ii)(B)].

"Lease Term" shall mean the duration of the leasehold estate created in the Premises, as provided in Section [10].

"Net Proceeds" shall mean the gross proceeds from any insurance recovery or action of condemnation or loss of title award in connection with the Premises, less payments for attorneys' fees and other expenses incurred in the collection of such gross proceeds.

"Non-Arbitrage Certificate" shall mean the Non-Arbitrage and Tax Compliance Certificate dated [February __, 2015], executed by the Authority, the County and the School Board.

"Payment of the 2015 Bond" shall mean payment in full of the 2015 Bond and the making in full of all other payments due and payable pursuant to this Agreement at the time of such payment.

"Permitted Encumbrances" shall mean, as of any particular time as to the Premises, (a) liens for taxes and special assessments not then delinquent, (b) liens for taxes and assessments that are delinquent, but the validity of which is being contested in good faith and with respect to which the County shall have set aside adequate reserves, unless thereby any of the Premises or the interest of the County therein may be in danger of being lost or forfeited, (c) this Agreement and the 2015 Ground Lease and any security interests or other liens created hereby or thereby, (d) mechanics' and materialmen's liens incident to construction or maintenance now or hereafter filed of record that are being contested in good faith and have not proceeded to judgment, provided that the County shall have set aside adequate reserves with respect thereto, (e) restrictions, mineral rights, easements, rights of way, exceptions or reservations for the purpose of utilities (including but not limited to water and gas pipelines, sanitary and storm sewers, telephone lines, telegraph lines, power lines, substations and other facilities and equipment used in connection with such utilities), roads, streets, alleys, highways, railroads, dikes, canals, laterals, ditches, and other like purposes, or for the joint or common use of real property, in each case which do not materially impair the use of the Premises for the purposes for which it is or may reasonably be expected to be held, (f) such defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property owned or leased by the County or the School Board for essential governmental purposes

and similar in character to the Premises and as will not, in the opinion of the County Attorney, impair the use of the Premises for the purpose for which it is or may reasonably be expected to be held by the County or the School Board and (g) present or future zoning laws and ordinances.

"Premises" shall mean [that/those] certain parcel[s] of real property located in the County, as more fully described on Exhibit A attached hereto, together with all improvements now or hereafter located thereon.

"Rebate Amount" shall mean the amount due to the United States Treasury pursuant to Section 148(f) of the Code and regulations thereunder, as described in Section [33(b)(ii)(A)].

"Rebate Amount Certificate" shall mean a certificate setting forth the computation of the Rebate Amount.

"Refunded 2005A Bonds" shall mean all of the maturities of the 2005A Bonds coming due on and after _____ __, 20__.

"Refunded 2005B Bonds" shall mean all of the maturities of the 2005B Bonds coming due on and after _____ __, 20__.

"Refunded Bonds" shall mean the Refunded 2005A Bonds and the Refunded 2005B Bonds, collectively.

"Registrar" shall mean the Authority or any qualified bank or trust company appointed by the Authority as successor registrar.

"School Board" shall mean the School Board of Montgomery County, Virginia.

Section 2. Representations and Findings by Authority.

The Authority makes the following representations and findings as the basis for its undertakings hereunder:

(a) The Authority is a political subdivision of the Commonwealth of Virginia, is duly organized under the Act and has the power to execute and deliver the Financing Instruments to which it is a party, to perform its obligations thereunder, to issue the 2015 Bond, to lease the Premises to the County pursuant to the provisions of this Agreement and to carry out its other obligations under the Financing Instruments. The Premises constitute an "authority facility" within the meaning of the Act. The lease of the Premises to the County furthers the purposes for which the Authority was organized. By proper corporate action, the Authority has duly authorized the execution and delivery of the Financing Instruments, the performance of its obligations thereunder and the issuance of the 2015 Bond. Contemporaneously with the execution and delivery of this Agreement, the Authority has issued and sold the 2015 Bond to the Bondholder.

(b) The Authority is not (1) in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred (and no event has

occurred and is continuing under the provisions of any such instrument that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder), (2) in violation of the Act or any other existing Virginia law, rule or regulation applicable to it or (3) in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which any of its assets are subject, and the execution and delivery by the Authority of this Agreement and the 2015 Bond and the performance of its obligations thereunder will not conflict with or result in the breach of or constitute a default under any of the above described documents or other restrictions.

(c) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (1) the issuance and delivery of the 2015 Bond by the Authority, (2) the execution or delivery of or performance by the Authority of its obligations under the Financing Instruments to which it is a party or (3) the assignment and pledge by the Authority pursuant to this Agreement of the Basic Rent payments, as security for payment of the principal of and premium, if any, and interest on the 2015 Bond.

(d) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Authority pending or, to its knowledge, threatened against the Authority that would affect (1) the organization and existence of the Authority, (2) its authority to execute or deliver the Financing Instruments to which it is a party, (3) the validity or enforceability of any of such Financing Instruments or the performance of its obligations thereunder, (4) the title of any officer of the Authority executing the Financing Instruments or (5) any authority or proceedings related to the execution and delivery of the Financing Instruments on behalf of the Authority. No such authority or proceedings have been repealed, revoked, rescinded or amended and all are in full force and effect.

Section 3. <u>Representations by County</u>.

The County makes the following representations as the basis for its undertakings hereunder:

(a) The County is a political subdivision of the Commonwealth of Virginia and has the power to enter into the Financing Instruments to which it is a party and perform its obligations thereunder. By proper action, the County has duly authorized the execution and delivery of the Financing Instruments to which it is a party and the performance of its obligations thereunder.

(b) There is no litigation at law or in equity or any proceeding before any governmental agency involving the County pending or, to its knowledge, threatened against the County that would affect (1) its authority to execute and deliver the Financing Instruments to which it is a party, (2) the validity or enforceability of such instruments or the performance of its obligations thereunder, (3) the title of any officer of the County executing such instruments or (4) the power to lease the Premises from the Authority and to undertake the refunding of the Refunded Bonds.

(c) The County is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and

subject to which any indebtedness has been incurred, and no event has occurred and is continuing under the provisions of any such agreement that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(d) The execution and delivery of the Financing Instruments to which it is a party and the performance by the County of its obligations thereunder do not and will not conflict with, constitute a breach of or result in a violation of any agreement or other instrument to which the County is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the County or any of its property.

(e) The County has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that are required to be obtained by the County as a condition precedent to the execution or delivery of or performance by the County of its obligations under the Financing Instruments to which it is a party.

(f) Until termination of this Agreement, the County will not use or occupy the Premises or permit it to be used or occupied other than as an "authority facility" within the meaning of the Act.

(g) The County intends to appropriate in its budget for the Fiscal Year ending June 30, 2016, funds sufficient to pay the Basic Rent due in such Fiscal Year.

Section 4. <u>Representations by School Board</u>.

The School Board makes the following representations as the basis for its undertakings hereunder:

(a) The School Board is a body corporate and a political subdivision of the Commonwealth of Virginia.

(b) The School Board has full power and authority to enter into the Financing Instruments to which it is a party, to perform the transactions contemplated thereby and to carry out its obligations thereunder. By proper action, the School Board has duly authorized, executed and delivered such Financing Instruments.

(c) The School Board is not in default under or in violation of, and the execution, delivery and compliance by the School Board with the terms and conditions of the Financing Instruments to which it is a party will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the School Board or (2) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the School Board or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(d) The School Board has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that are required to be obtained by the School Board

as a condition precedent to the execution or delivery of or performance by the School Board of its obligations under the Financing Instruments to which it is a party.

(e) There is no litigation at law or in equity or any proceeding before any governmental agency involving the School Board pending or, to its knowledge, threatened against the School Board that would affect (1) its authority to execute and deliver the Financing Instruments to which it is a party, (2) the validity or enforceability of such instruments or the performance of its obligations thereunder, (3) the title of any officer of the School Board executing such instruments or (4) the power to lease the Premises from the Authority.

(f) Until termination of this Agreement, the School Board will not use or occupy the Premises or permit it to be used or occupied other than as an "authority facility" within the meaning of the Act.

Section 5. <u>Representations by Bondholder</u>.

The Bondholder makes the following representations as the basis for its undertakings hereunder:

(a) The Bondholder is a [_____].

(b) The Bondholder has full power and authority to enter into this Agreement, to purchase the 2015 Bond, to perform the transactions contemplated hereby and to carry out its obligations hereunder. By proper action, the Bondholder has duly authorized, executed and delivered this Agreement.

(c) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Bondholder pending or, to its knowledge, threatened against the Bondholder with respect to (1) the authority of the Bondholder to execute and deliver this Agreement, (2) the validity or enforceability of this Agreement or the Bondholder's performance of its obligations hereunder or (3) the title of any officers of Bondholder executing this Agreement.

(d) The Bondholder acknowledges that it has experience and expertise in the purchase and ownership of obligations similar to the 2015 Bond and that it is capable of evaluating the merits and risks of purchasing the 2015 Bond.

(e) The Bondholder is entering into this Agreement for its own account and acknowledges that no offering statement, prospectus or other comprehensive disclosure document containing material information with respect to the Authority, the County, the School Board, this Agreement or the 2015 Bond has been provided to it in connection with purchasing the 2015 Bond. However, the Bondholder has been provided with such information concerning the operations and financial condition of the Authority, the County and the School Board as it has requested. The Bondholder has had an opportunity to make inquiries of such officers, employees, agents and attorneys of the Authority, the County and the School Board as it considers appropriate in connection with purchasing the 2015 Bond.

(f) The Bondholder has no present intention of reselling or disposing and will not further sell or dispose of its interest in the 2015 Bond in transactions constituting a "distribution" thereof (as that term is used in the Securities Act of 1933, as amended, and the regulations promulgated by the Securities and Exchange Commission thereunder).

(g) The Bondholder understands and acknowledges that the scope of engagement of Hunton & Williams LLP, Richmond, Virginia, Bond Counsel with respect to this Agreement and the 2015 Bond, will be limited to matters set forth in their opinion based on their review of such proceedings and documents as they deem necessary to approve the validity of the 2015 Bond and the Agreement and the tax-exempt status of interest on the 2015 Bond, and that they have not been engaged and will not undertake to prepare or express an opinion as to the accuracy or completeness of any information that may have been furnished to the Bondholder or relied upon by it in making the decision to enter into this Agreement and purchase the 2015 Bond.

Section 6. Issuance and Sale of 2015 Bond; Information Provided to Bondholder.

(a) The Authority shall issue and sell the 2015 Bond to the Bondholder and secure the 2015 Bond by assigning to the Bondholder the payments of Basic Rent to be made by the County hereunder, and the Bondholder shall purchase the 2015 Bond, all upon the terms and conditions set forth herein. All Financing Instruments shall be in form satisfactory to the Bondholder.

(b) It is specifically understood and agreed that the Authority makes no representation, covenant or agreement as to the financial position or business condition of the County and does not represent or warrant as to any statements, materials, representations or certifications furnished by the County or the School Board in connection with the sale of the 2015 Bond, or as to the correctness, completeness or accuracy thereof.

(c) The County represents that no Financing Instruments and no information (financial or otherwise) furnished by or on behalf of the County in connection with the negotiation of the sale of the 2015 Bond contain any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein not misleading. There is no fact that the County has not disclosed in writing to the Bondholder that will have a material adverse effect on the properties, business, prospects, profits or condition (financial or otherwise) of the County, or the ability of the County to perform its obligations under the Financing Instruments.

Section 7. Conditions Precedent To Delivery of 2015 Bond.

The Bondholder shall accept delivery of the 2015 Bond and pay the purchase price thereof ($[_____]) only upon delivery to it in form and substance satisfactory to it of the following:

(a) Executed copies of the Financing Instruments;

(b) (1) Evidence of the due authorization, execution and delivery of the Financing Instruments by the parties thereto and (2) certificates covering litigation, compliance with all applicable federal, state and local laws, restrictions and requirements, and prior agreements;

(c) An opinion of Bond Counsel satisfactory to the Bondholder that interest on the 2015 Bond will be excluded from gross income for federal income tax purposes;

(d) Evidence of the completion and appropriate filing of Internal Revenue Service Form 8038-G with respect to the issuance of the 2015 Bond together with the Non-Arbitrage Certificate; and

(e) Such other documentation, certificates and opinions as may be reasonably required by the Bondholder or Bond Counsel.

Section 8. Agreement to Refund Refunded Bonds.

(a) The Authority agrees to take all other steps necessary to refund the Refunded Bonds.

(b) A portion of the proceeds of the 2015 Bond ($[_____]) shall be applied as provided in Section __ of the Escrow Deposit Agreement dated [February __, 2015], between the Authority and [Wells Fargo Bank, National Association].

(c) The remaining portion of the proceeds of the 2015 Bond ($[_____]) shall be transferred to or at the direction of the County to pay costs of issuance of the 2015 Bond.

Section 9. Disclaimer of Warranties.

The Authority makes no representation or warranty that the County or the School Board will have quiet and peaceful possession of the Premises, except that the Premises is free from encumbrances done, made or knowingly suffered by the Authority.

Section 10. Lease Term; Payment of Basic Rent and Additional Rent.

(a) The Lease Term shall commence on [February __, 2015], and, unless sooner terminated in accordance with the provisions hereof, shall terminate at the earlier of 11:59 p.m. (local County time) on [March 1, 2021], or the date all payments required by this Agreement have been made. If all payments required by this Agreement have not been made on [March 1, 2021], the Lease Term shall end when all such payments shall have been made.

(b) Subject to Section [11], the County agrees to pay Basic Rent to the Authority on the dates and in the amounts set forth on Exhibit B attached hereto, as it may be amended from time to time, and shall pay any Additional Rent when due. In accordance with the assignment made in Section [31], all payments of Basic Rent shall be made in lawful money of the United States to the Bondholder at its principal office or any other place that the Bondholder may designate in writing to the County and shall be credited to any amounts due from the Authority to the Bondholder under the 2015 Bond.

Section 11. Subject to Appropriation.

(a) The County reasonably believes that funds sufficient to make all payments of Basic Rent and Additional Rent during the term of this Agreement can be obtained. While

recognizing that it is not empowered to make any binding commitment to make payments of Basic Rent and Additional Rent beyond the current Fiscal Year, the Board of Supervisors in authorizing the execution of this Agreement has stated its intent to make annual appropriations sufficient to make the payments of Basic Rent and Additional Rent.

(b) The County declares the projects refinanced by the 2015 Bond proceeds to be essential to the proper operations of the County. The County anticipates that the need for such projects will not change during the term of this Agreement. **Notwithstanding anything in this Agreement to the contrary, the County's undertakings to pay the cost of performing its obligations under this Agreement, including its undertakings to pay all Basic Rent and Additional Rent, shall be subject to and dependent upon appropriations being made from time to time by the Board of Supervisors for such purpose.** The County Administrator or other officer charged with the responsibility for preparing the County's annual budget shall include in the budget for each Fiscal Year as a single appropriation the amount of all Basic Rent and estimated Additional Rent during such Fiscal Year. Throughout the Lease Term, the County Administrator or other officer charged with the responsibility for preparing the County's annual budget shall deliver to the Authority and the Bondholder within 10 days after the adoption of the annual budget for each Fiscal Year, but not later than 10 days after the beginning of each Fiscal Year, a certificate stating whether an amount equal to or credited to the payment of, the Basic Rent and estimated Additional Rent that will be due during such Fiscal Year has been budgeted by the Board of Supervisors in such budget and appropriated in a related appropriation resolution. If, by 15 days after the beginning of the Fiscal Year, the Board of Supervisors has not appropriated funds for the payment of both Basic Rent and estimated Additional Rent for the then current Fiscal Year, the County Administrator or other officer charged with the responsibility for preparing the annual budget shall give written notice to the Board of Supervisors of the consequences of such failure to appropriate, including the right of Authority to terminate this Agreement in accordance with Section [30], and request the Board of Supervisors consider a supplemental appropriation for such purposes.

(c) If at any time during a Fiscal Year the amount appropriated in the budget for such Fiscal Year is insufficient to pay when due the Basic Rent and Additional Rent due from the County under this Agreement, the County Administrator or such other officer charged with the responsibility for preparing the County's budget shall submit to the Board of Supervisors at its next regularly scheduled meeting or as promptly as practicable, but in any event within 45 days of the occasion of such insufficiency, a request for a supplemental appropriation sufficient to cover the deficit. The County Administrator or such other officer as designated shall deliver to the Authority and the Bondholder within 5 days after such meeting of the Board of Supervisors a certificate stating whether an amount equal to or credited to the payment of such deficit has been appropriated by the Board of Supervisors.

Section 12. <u>Net Lease; Obligations of the County Unconditional</u>.

This is a net lease and, subject to Section [11], the obligations of the County to pay Basic Rent and Additional Rent and of the County and the School Board to observe and perform all other applicable covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim they might otherwise have against the Authority. Subject to Section [11], the County shall not suspend or

discontinue any such payment, and the County and the School Board shall not fail to observe and perform any of their respective other covenants, conditions and agreements hereunder and, except as provided in Section [30], shall not terminate this Agreement for any cause, or any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title to any part or all of the Premises, or frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Premises, or any change in the tax or other laws of the United States of America, Commonwealth of Virginia or any political subdivision of either, or any failure of the Authority to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Agreement. Nothing contained in this Section shall be construed to release the Authority from the performance of any of its obligations under this Agreement, and, in the event the Authority should fail to perform any such obligation, the County and the School Board may institute such action(s) against the Authority as they may deem advisable to compel performance so long as such action(s) are consistent with the preceding sentence. The County and the School Board may, after giving to the Authority ten (10) days' notice of their intention to do so, at their own expense and in their own names or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons that the County and the School Board reasonably deems necessary or desirable in order to secure or protect any of their rights hereunder, and, in such event, the Authority shall cooperate fully with the County and the School Board and take all necessary action to effect the substitution of the County and the School Board for the Authority in any such action or proceeding if the County and the School Board shall so request.

Section 13. <u>Insurance</u>.

(a) During the Lease Term, the County and the School Board, as applicable, shall, subject to Section [11], continuously maintain insurance with respect to the Premises against such risks and in such amounts as are customary for public bodies owning or operating similar facilities, including without limitation:

(i) public liability insurance to the extent of $1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership or operation of the Premises;

(ii) workers' compensation insurance with respect to the Premises; and

(iii) coverage to the extent of the lesser of (A) the full replacement cost of the Premises or (B) the amount of the principal component of Basic Rent remaining unpaid, against loss or damage by fire or lightning, with broad form extended coverage, including damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally included within such coverage (limited only as may be provided in the standard form for such coverage at the time in use in the Commonwealth of Virginia).

(b) All such insurance shall be taken out and maintained with generally recognized responsible insurers selected by the County or the School Board, as appropriate, and reasonably

acceptable to the Authority and may be written with deductible amounts comparable to those on similar policies carried by other public bodies owning or operating similar facilities. If any such insurance is not maintained with an insurer licensed to do business in Virginia or placed pursuant to the requirements of the Virginia Surplus Lines Insurance Law Article, Chapter 48, Title 38.2, Code of Virginia of 1950, as amended, or any successor provision of law, the County or the School Board, as applicable, shall provide evidence reasonably satisfactory to the Authority and the Bondholder that such insurance is enforceable under the laws of the Commonwealth of Virginia. In each policy, other than policies of title insurance and workers' compensation insurance, the Authority and the Bondholder shall be named as additional insureds. The County and the School Board irrevocably assign, transfer and set over to the Bondholder all right, title and interest of the County and the School Board in such Net Proceeds; provided, however, that, if the Net Proceeds payable under any one claim shall not exceed $500,000 and no event has occurred or is continuing that constitutes or that, by notice or lapse of time, or both, would constitute an Event of Default under this Agreement, such Net Proceeds shall be paid to the County or the School Board, as applicable, to be used for purposes set forth in [Section 21(b)(i) - Option A or Section 14].

(c) All such policies shall be deposited with the Bondholder, provided that in lieu of such policies there may be deposited with the Bondholder and the Authority a certificate or certificates of the respective insurers attesting the fact that the insurance required by this Section is in full force and effect. Prior to the expiration of any such policy, the County or the School Board, as applicable, shall furnish the Bondholder and the Authority evidence satisfactory to the Bondholder and the Authority that the policy has been renewed or replaced or is no longer required by this Agreement. Unless a policy with such an undertaking is available only at a cost that the County or the School Board, as applicable, with the consent of the Bondholder, determines to be unreasonable, each policy shall contain an undertaking by the insurer that such policy shall not be modified adversely to the interests of the Bondholder or the Authority or canceled without at least 30 days' prior notice to the Bondholder and the Authority.

(d) In lieu of policies of insurance written by commercial insurance companies meeting the requirements of this Section, the County or the School Board may maintain a program of self-insurance or participate in group risk financing programs, risk pools, risk retention groups, purchasing groups and captive insurance companies, and in state or federal insurance programs; provided, however, that such alternative is reasonably acceptable to the Bondholder.

(e) To the extent losses for any damage to the Premises, however caused, are paid from the Net Proceeds of any insurance required by this Section, no claim shall be made and no suit shall be brought against the County or the School Board by the Bondholder or anyone else claiming by, through or under it.

Section 14. <u>Maintenance; Taxes; Utility Charges</u>.

Subject to Sections [11], [21] and [22], the County and the School Board shall maintain, preserve and keep the Premises, or cause the Premises to be maintained, preserved and kept, in good condition. The County and the School Board shall not abandon the Premises during the Lease Term except pursuant to Section [30]. Subject to Section [11], the County or the School

Board, as applicable, shall pay, in addition to the payments provided for in Sections [10] and [18], all of the expenses of maintenance of the Premises. Subject to Section [11], the County or the School Board, as applicable, shall pay any and all taxes, assessments and utility charges payable with respect to the Premises. The County and the School Board shall comply with all valid and applicable statutes, rules, regulations and permits in connection with the operation and maintenance of the Premises.

Section 15. Proof of Payment of Taxes, etc.

The County and the School Board, as appropriate, shall furnish the Bondholder or the Authority, upon request, proof of payment of any taxes, utility charges, insurance premiums, or other charges or payments required to be paid by the County or the School Board under this Agreement.

Section 16. No Encumbrances.

The County and the School Board shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Premises or the rights of the County, the School Board and the Authority as herein provided, other than Permitted Encumbrances or as provided in Section [20]. Subject to Section [11], the County and the School Board, as applicable, at their own expense, shall promptly and duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

Section 17. Installation of County and School Board's Own Furnishings and Equipment.

The County and the School Board may from time to time, in their discretion and at their own expense, install furnishings and equipment at the Premises. All furnishings and equipment so installed by the County or the School shall remain the property of the County or the School Board, in which neither the Authority nor the Bondholder shall have any interest, and may be modified or removed at any time while the County and the School Board are not in default under this Agreement, except that all such furnishings and equipment shall be subject to a landlord's lien to the extent permitted under the laws of the Commonwealth of Virginia. Nothing contained in this Section shall prevent the County or the School Board from purchasing furnishings and equipment and creating purchase money security interests therein pursuant to the Uniform Commercial Code of Virginia as security for the unpaid portion of the purchase price thereof, and each such security interest with respect to furnishings and equipment purchased by it under the provisions of this Section after the delivery of this Agreement shall, if appropriate financing statements are duly filed for record simultaneously with or prior to the installation at the Premises of the furnishings and equipment covered thereby, be prior and superior to such landlord's lien. The County and the School Board, as appropriate, shall pay as due the purchase price of and all costs and expenses with respect to the acquisition and installation of any furnishings and equipment installed by them pursuant to this Section.

Section 18. Early Redemption of 2015 Bond; Prepayment of Basic Rent; Option To Purchase.

(a) The 2015 Bond shall be subject to redemption prior to maturity, in whole or in part, at any time upon payment of [100%] of the principal amount of the 2015 Bond to be

prepaid plus interest accrued and unpaid to the date fixed for prepayment. The Bondholder agrees to apply payments received as the prepayment of Basic Rent to the redemption of the 2015 Bond; provided, however, that, if such prepayment of Basic Rent is not sufficient to redeem the outstanding principal installments of the 2015 Bond in full, such prepayment will be applied to the redemption of the outstanding principal installments of the 2015 Bond in such manner as the County and the Bondholder may agree.

(b) The County may at any time, and from time to time, upon at least 30 days' prior written notice to the Authority and the Bondholder, prepay all or a portion of the principal components of Basic Rent. Any such prepayment shall be in amounts sufficient to pay [100%] of the Basic Rent (or portion thereof) to be prepaid plus interest accrued and unpaid to the date fixed for such prepayment. As assignee of the Authority, the Bondholder agrees to apply the amounts of Basic Rent so prepaid in such manner as shall be consistent with prepaying the 2015 Bond pursuant to the provisions of Section [18(a)] above.

(c) The County may elect, at any time, upon at least 30 days' prior written notice to the Authority and the Bondholder, to terminate the Authority's leasehold estate in the Premises pursuant to Section [8] of the Ground Lease by paying a purchase price for such leasehold estate in an amount equal to the aggregate amount of outstanding and unpaid principal components of Basic Rent, plus interest accrued and unpaid to the date fixed for such termination. As assignee of the Authority, the Bondholder agrees to apply the amounts of Basic Rent so paid in such manner as shall be consistent with prepaying the 2015 Bond pursuant to the provisions of Section [18(a)] above.

Section 19. <u>Release and Transfer of Property</u>.

The Authority and the Bondholder shall execute and deliver to the County and the School Board or file such deeds and other instruments as may be reasonably necessary and proper to effect the transfer, conveyance, release and assignment of its leasehold interest in the Premises within 30 days after the payment or prepayment in full by the County of the Basic Rent then due and any Additional Rent then due. Any reasonable expenses incurred by the Authority in effecting such transfers, conveyances, releases and assignments shall constitute Additional Rent.

Section 20. <u>Limitation on Subleasing</u>.

Neither the County nor the School Board shall sublease the Premises or any portion thereof to any entity other than the Commonwealth of Virginia, a city, a county or a town, or any agency thereof, without an opinion of Bond Counsel that such sublease or other availability would not adversely affect the exclusion of interest on the 2015 Bond from gross income for federal income tax purposes. The County or the School Board, as applicable, shall send notice to the Bondholder and the Authority of any sublease of the Premises or any portion thereof within 30 days of entering into such sublease.

Section 21. <u>Damage or Destruction</u>.

(a) The County and the School Board, as applicable, shall notify the Bondholder and the Authority immediately in the case of damage to or destruction from fire or other casualty of the Premises or any portion thereof during the Lease Term. If the County or the School Board,

as appropriate, determines in good faith that the cost to repair, reconstruct and restore the Premises will not exceed $500,000, the County or the School Board, as appropriate, shall retain, subject to Section [13], the Net Proceeds received with respect to such damage or destruction and apply such Net Proceeds to the repair, reconstruction and restoration of such portion of the Premises so damaged or destroyed to substantially the same condition as had existed prior to the event causing such damage or destruction. If such Net Proceeds are not sufficient to pay in full the cost of such repair, reconstruction and restoration, the County or the School Board, as appropriate, shall, subject to Section [11], pay so much thereof as is in excess of such Net Proceeds.

(b) If the Premises or any portion thereof is damaged or destroyed by fire or other casualty during the Lease Term and the County or the School Board, as appropriate, determines in good faith that the cost to repair, reconstruct and restore the Premises to the same condition as had existed prior to such damage or destruction will exceed $500,000, then the County or the School Board, as appropriate, upon the following conditions and within 90 days after the date such damage or destruction occurs, shall elect one of the following two options and give notice of such election to the Bondholder and the Authority:

(i) Option A - Repair, Reconstruction and Restoration. The County or the School Board, as appropriate, may elect to repair, reconstruct and restore the Premises. Upon election of this Option A, the County or the School Board, as appropriate, shall proceed to cause the Premises to be repaired, reconstructed and restored to substantially the same condition as had existed prior to the event causing such damage or destruction, with such alterations and additions as the County or the School Board, as appropriate, may determine to be necessary or desirable and as will not impair the capacity or character of the Premises for the purposes for which it had been or was intended to be used prior to such damage or destruction. If such Net Proceeds are not sufficient to pay in full the cost of such repair, reconstruction and restoration, the County or the School Board, as appropriate, shall pay, subject to Section [11], so much of the cost thereof as may be in excess of such Net Proceeds. The County and the School Board shall not be entitled by reason of the payment of such excess cost to any (A) interest in the Premises that they did not possess prior to such payment, (B) reimbursement from the Authority or the Bondholder or (C) abatement or diminution of Basic Rent or Additional Rent.

(ii) Option B - Prepayment of Basic Rent. The County or the School Board, as appropriate, may elect to apply or have applied such Net Proceeds to the prepayment of all or any portion of the principal components of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of the 2015 Bond in accordance with Section [18(a)] above.

Section 22. Condemnation and Loss of Title.

(a) In the case of a taking of all or any part of the Premises or any right therein under the exercise of the power of eminent domain, any loss of all or any part of the Premises because of loss of title thereto or the commencement of any proceedings or negotiations that might result in such a taking or loss, the party upon whom notice of such taking is served or with whom such proceedings or negotiations are commenced or who learns of a loss of title shall give prompt

notice to the other parties hereto. Each such notice shall describe generally the nature and extent of such condemnation, taking, loss, proceedings or negotiations. All obligations of the County and the School Board under this Agreement (except obligations to pay Basic Rent when due) shall terminate as to the Premises or portion thereof as to which there is a loss of title or which is condemned or taken when such loss of title is finally adjudicated or when title thereto vests in the party condemning or taking the same, as the case may be (hereinafter referred to as the "termination date").

(b) In the event of any such loss of title, condemnation or taking, the County or the School Board, as appropriate, upon the following conditions and within 90 days after the termination date therefor, shall elect one of the following two options and give notice of such election to the Bondholder and the Authority:

(i) Option A - Repair, Reconstruction and Restoration. The County or the School Board, as applicable, may elect to have the Net Proceeds as to such loss of title, condemnation or taking used to repair, restore or reconstruct the portion of the Premises as to which there has been a loss of title, condemnation or taking to substantially its condition prior to such loss of title, condemnation or taking. Upon election of this Option A, the County or the School Board, as applicable, shall apply so much as may be necessary of the Net Proceeds received by it on account of such loss of title, condemnation or taking to payment of such repair, reconstruction or restoration of the Premises, either on completion thereof or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such repair, reconstruction or restoration, the County or the School Board, as applicable, shall pay, subject to Section [11], so much of the cost thereof as may be in excess of such Net Proceeds. Neither the County nor the School Board shall be entitled by reason of the payment of such excess cost to any (A) interest in the Premises that it did not possess prior to such payment, (B) reimbursement from the Authority or the Bondholder or (C) abatement or diminution of the Basic Rent or Additional Rent.

(ii) Option B - Prepayment of Basic Rent. The County or the School Board, as appropriate, may elect to apply or have applied such Net Proceeds to the prepayment of all or any portion of the principal component of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of the 2015 Bond in accordance with Section [18(a)] above.

(c) The Authority shall, at the expense of the County or the School Board, as appropriate, cooperate fully with the County and the School Board in the contest of any prospective or pending condemnation proceedings or in any contest over title with respect to the Premises or any portion thereof and shall, to the extent it may lawfully do so, permit the County and the School Board, as appropriate, to litigate, at the expense of the County or the School Board, as appropriate, in any such proceeding in the name and behalf of the Authority. In no event shall the Authority voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings or proceedings as to title with respect to the Premises or any portion thereof without the consent of the County and the School Board.

Section 23. <u>Release of Property</u>.

In the event that the County or the School Board elects to prepay all or any portion of the Basic Rent pursuant to Section [21(b)(ii) or 22(b)(ii)], the 2015 Ground Lease may be amended, at the option of the County or the School Board, as appropriate, to release any portion of the Premises from the terms of the Financing Instruments so long as the removal of such portion of the Premises (a) leaves the Premises with a market value, as determined by a licensed real estate appraiser or an equipment appraiser mutually acceptable to the Authority and the County or the School Board, as appropriate, at least equal to the sum of the principal components of Basic Rent remaining unpaid and (b) leaves a useable portion of the Premises.

Section 24. <u>Events of Default</u>.

(a) Subject to the provisions of Section [11], the following events shall be "Events of Default" under this Agreement:

(i) Failure of the County (A) to pay the full amount of Basic Rent within 10 days of the date established under Section [10] or (B) to make any payment of Additional Rent required by Section [10] when due;

(ii) Failure of the County or the School Board to observe and perform any covenant, condition or agreement on its part to be observed or performed, which failure shall continue for a period of 30 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 30 day period but can be cured within the succeeding 60 days, failure of the County or the School Board to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence; or

(iii) Bankruptcy or insolvency of the County, or failure by the County to lift any execution or attachment on the Premises or any portion thereof, which failure shall continue for a period of 60 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 60 day period but can be cured within the succeeding 60 days, failure of the County to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

(b) The provisions of the foregoing subparagraph (a)(ii) are subject to the limitation that if by reason of force majeure the County or the School Board is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder other than those set forth in Sections [10, 11, 12, 13, 14, 15, 16 and 33], the County or the School Board, as applicable, shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include without limitation: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of

utilities; or any other cause or event not reasonably within the control of the County or the School Board, as applicable. The County and the School Board, as applicable, shall remedy with all reasonable dispatch the cause or causes preventing the County or the School Board from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County and the School Board, as applicable, and neither the County nor the School Board shall be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is, in the judgment of the County or the School Board, not in its best interests.

(c) Notwithstanding anything contained in this Section to the contrary, failure by the County to pay when due any payment required to be made under this Agreement or failure by the County or the School Board, as applicable, to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement resulting from failure of the County to appropriate moneys for such purposes, as described in Section [11], shall not constitute an Event of Default. Upon any such failure to appropriate, the provisions of Section [30] shall be applicable.

Section 25. <u>Remedies</u>.

Whenever any Event of Default shall have happened and is continuing, the Authority may take any one or more of the following remedial steps, without further demand or notice: (a) declare immediately due and payable the entire unpaid principal balance of Basic Rent due and thereafter to become due through and including [March 1, 2021]; (b) reenter and take possession of all or any portion of the Premises, with or without terminating this Agreement, exclude the County and the School Board from possession, and sell or lease the County and School Board's leasehold estate[s] in all or any portion of the Premises for the account of the County and the School Board, holding the County liable for all Basic Rent and Additional Rent due up to the effective date of such sale or lease and for the difference between the purchase price, rent and other amounts paid by the purchaser or lessee pursuant to such sale or lease and the rents, interest calculated pursuant to (a) above, and the Basic Rent and other amounts payable by the County hereunder; or (c) take whatever action at law or in equity may appear necessary or desirable to collect the Basic Rent and the Additional Rent then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the County or the School Board under this Agreement. In any of such cases, all rights and interests created or then existing in favor of the County and the School Board as against the Authority hereunder shall cease and terminate, and the right to the possession of the Premises and all other rights acquired by the County and the School Board hereunder shall revert to and revest in the Authority without any act of re-entry or any other act of the Authority to be performed and without any right of the County or the School Board of return, reclamation or compensation for moneys paid under this Agreement as absolutely, fully and perfectly as if this Agreement and such payments had never been made; in case of such default all payments theretofore made on this Agreement are to be retained by and belong to the Authority as the agreed and reasonable rent of the Premises up to the time of such default. Any amounts received by the Authority pursuant to the foregoing provisions shall be applied first to costs, then to any unpaid interest and then to repayment of the principal components of Basic Rent and, upon payment in full of all amounts due such excess, shall be credited to the next payment of Basic Rent.

Section 26. Reinstatement after Event of Default.

Notwithstanding the exercise by the Authority of any remedy granted by Section [25], unless the Authority or its assignee shall have sold its leasehold estate in all or any portion of the Premises or shall have entered into an agreement providing for the reletting of all or any portion of the Premises for at least one year, if the balance of Basic Rent shall not have been accelerated pursuant to Section [25] and all overdue Basic Rent, together with any interest thereon, and all Additional Rent shall have been paid, then the County or the School Board's default under this Agreement shall be waived without further action by the Authority. Upon such payment and waiver, this Agreement shall be fully reinstated and all Basic Rent payments will be due and payable in accordance with Exhibit B, and the County and the School Board shall be restored to the use, occupancy and possession of the Premises; provided, however, that, if all or any portion of the Premises has been relet for less than one year, the County and the School Board shall not be restored to the use, occupancy and possession thereof until the end of such lease.

Section 27. No Remedy Exclusive.

No remedy conferred by this Agreement upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof or acquiescence therein, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 28. No Additional Waiver Implied by One Waiver.

Failure by the Authority at any time to require performance by the County or the School Board of any provision hereof shall in no way affect the Authority's right hereunder to enforce the same, and no waiver by the Authority of any breach of any provision hereof shall be held to be a waiver of any succeeding breach of any such provision or as a waiver of the provision itself.

Section 29. Attorney's Fees and Other Expenses.

Subject to Section [11], the County shall on demand pay to the Authority and the Bondholder the reasonable fees of attorneys and other reasonable expenses incurred by either of them in the collection of appropriated, but unpaid, Basic Rent or Additional Rent, or the enforcement of any other obligation of the County or its agents upon an Event of Default.

Section 30. Termination of Agreement.

(a) ***Right To Terminate.*** If an Event of Non-Appropriation has occurred and is continuing as of August 15 in any year, the County, the School Board and the Authority each shall have the right to terminate this Agreement by giving notice of the exercise of its rights pursuant to this Section to the other parties hereto. If the Authority terminates this Agreement, its notice to the County and the School Board shall specify a date not sooner than 30 days and not later than 60 days thereafter for such termination.

(b) ***Rights upon Termination.*** Upon termination of this Agreement, the Authority may exclude the County and the School Board from possession of the Premises and sell or lease the County and School Board's leasehold estate in the Premises in the manner provided by Section [25].

(c) ***Reinstatement after Termination.*** Notwithstanding any termination of this Agreement in accordance with this Section, unless the Authority or its assignee has sold its leasehold interest in all or any portion of the Premises or has entered into an agreement providing for the reletting of all or any portion of the Premises for a period of at least one year, if all overdue Basic Rent, together with any interest thereon, and Additional Rent has been paid and payment of Basic Rent has not been accelerated or such acceleration has been waived by the Bondholder, this Agreement shall be fully reinstated, and the County and the School Board shall be restored to the use, occupancy and possession of the Premises provided that the conditions set forth in Section [26] are satisfied.

Section 31. <u>Assignment</u>.

The Authority hereby assigns all of its rights in and to this Agreement (except its rights to receive payment of its fees and expenses, to receive notices and to give consents) to the Bondholder. The County and the School Board (a) consent to such assignment, (b) agree to execute and deliver such further acknowledgments, agreements and other instruments as may be reasonably requested by the Authority or the Bondholder to effect such assignment, (c) agree to make all payments due to the Authority under this Agreement directly to the Bondholder (except the Authority's fees and expenses), subject to Section [11], and (d) agree to comply fully with the terms of such assignment so long as such assignment is not inconsistent with the provisions hereof. All references in this Agreement to the Authority (except references to the Authority in Section [2]) shall include the Bondholder and its successors and assigns, whether or not specific reference is otherwise made to the Bondholder, unless the context requires otherwise.

Section 32. <u>No Merger</u>.

So long as any Basic Rent remains unpaid and unless the Bondholder otherwise consents in writing, the fee simple and the leasehold estates in and to the Premises shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the Bondholder, the County, the School Board, any lessee or any third party.

Section 33. <u>Use of Proceeds and Tax Exemption</u>.

(a) ***Use of Proceeds***. Neither the Authority, the School Board nor the County shall cause any proceeds of the 2015 Bond to be expended except pursuant to this Agreement. Neither the County, the School Board nor the Authority shall (i) take any action or approve any investment or use of the proceeds of this Agreement or the 2015 Bond or any other moneys within their respective control (including, without limitation, the proceeds of any insurance or any condemnation award with respect to the Premises) or taking any other action that would cause the 2015 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or otherwise cause the interest due on the 2015 Bond to be includable in the gross income of the

Bondholder under existing statutes or (ii) approve the use of any proceeds from the sale of the 2015 Bond otherwise than in accordance with the Non-Arbitrage Certificate and shall otherwise comply therewith. 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 funds received under this Agreement, unless the County receives an opinion of Bond Counsel that such compliance is not required to prevent the interest on the 2015 Bond from being includable in the gross income for federal income tax purposes of the Bondholder under existing law.

(b) ***Arbitrage and Rebate.*** The County shall, at its sole expense, determine and pay on behalf of the Authority the Rebate Amount to the United States, as and when due, in accordance with the "rebate requirement" described in Section 148(f) of the Code and Treasury Regulations thereunder, including without limitation, Treasury Regulations Section 1.148, and retain records of all such determinations until six years after Payment of the 2015 Bond.

Section 34. Limitation of Authority's Liability.

No covenant, agreement or obligation contained in any Financing Instrument shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Authority in his individual capacity, and neither the directors of the Authority nor any officer, employee or agent thereof executing any Financing Instrument shall be liable personally on such Financing Instrument or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee or agent of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to the Financing Instruments or the Act or any of the transactions contemplated thereby, provided he acts in good faith.

THE OBLIGATIONS OF THE AUTHORITY UNDER THE FINANCING INSTRUMENTS TO WHICH IT IS A PARTY ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE AUTHORITY PURSUANT TO THIS AGREEMENT, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SUCH PURPOSES. THE OBLIGATIONS OF THE AUTHORITY HEREUNDER SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE OBLIGATIONS HEREUNDER OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES, RECEIPTS AND PAYMENTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, IS PLEDGED TO THE PAYMENT OF THE 2015 BOND.

Section 35. Registration of 2015 Bond.

The 2015 Bond shall be issued in registered form without coupons, payable to the registered owner or registered assigns. The Authority shall keep books for the registration of transfer of the 2015 Bond as the Registrar or may, at any time with notice to the Bondholder, appoint a qualified bank or trust company to serve as successor Registrar. The transfer of the 2015 Bond may be registered only upon an assignment executed by the registered owner in such form as shall be satisfactory to the County and the Authority, such registration to be made on the registration books and endorsed on the 2015 Bond by the Bondholder. The person in whose name the 2015 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and premium, if any, and interest on the 2015 Bond shall be made only to or upon the order of the registered owner thereof or its legal representative.

Section 36. Notices.

Except as may otherwise be provided in the 2015 Ground Lease, all demands, notices, approvals, consents, requests and other communications hereunder and under the 2015 Ground Lease shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed:

(a) if to the **County**, at 755 Roanoke Street, Suite 2E, Christiansburg, Virginia 24073 (Attention: County Administrator);

(b) if to the **School Board**, at 750 Imperial Street SE, Christiansburg, Virginia 24073 (Attention: Superintendent);

(c) if to the **Authority**, at 755 Roanoke Street, Suite 2H, Christiansburg, Virginia 24073 (Attention: Chairman); or

(d) if to the **Bondholder**, at [_____] (Attention: [_____]).

A duplicate copy of each notice, approval, consent, request or other communication given under any Financing Instrument by the Authority to either the County or the School Board or by the County or the School Board to the Authority shall also be given to the Bondholder. The Authority, the County, the School Board and the Bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

Section 37. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument; [except to the extent, if any, that this Agreement shall constitute personal property under the Uniform Commercial Code of Virginia, no security interest in this Agreement may be created or perfected through the transfer or possession of any counterpart of this Agreement other than its original

counterpart, which shall be the counterpart containing the receipt therefor executed by the Bondholder following the signatures to this Agreement.] [applicable?]

Section 38. <u>Miscellaneous</u>.

(a) To the extent not paid from proceeds of the 2015 Bond, the County agrees to pay from legally available funds (1) the reasonable fees and expenses of the Authority, counsel to the Authority and Bond Counsel and all other costs, fees and expenses incidental to the financing hereunder, the issuance of the 2015 Bond and the costs of producing the documents referred to herein, (2) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the transactions contemplated by this Agreement, (3) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the filings or recordings pursuant to the Financing Instruments and (4) all costs of collection (including reasonable counsel fees) in the event of a default in the payment of the principal of or premium, if any, or interest on the 2015 Bond or other charges payable under the Financing Instruments.

(b) The Bondholder shall furnish to the Authority upon request (i) a statement of the amount of principal of the 2015 Bond outstanding and unpaid as of the date of such request and (ii) such information as may be necessary to complete the annual audit of the Authority as required by the Act or any other law, now or hereafter in effect.

(c) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and the subsequent holders of the 2015 Bond and their respective successors and assigns. The representations, covenants and agreements contained herein shall continue notwithstanding the delivery of the 2015 Bond to the Bondholder.

(d) If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(e) This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. The Financing Instruments express the entire understanding among the parties, and none of such instruments may be modified except in writing signed by the parties thereto. No Financing Instrument may be modified before Payment of the 2015 Bond without the consent of the Bondholder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA

By:_____
[Chairman]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [Chairman of the Economic Development Authority of Montgomery County, Virginia], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA, on behalf of the COUNTY OF MONTGOMERY, VIRGINIA

By:_____
[County Administrator]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [County Administrator] of the County of Montgomery, Virginia, appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

SCHOOL BOARD OF MONTGOMERY COUNTY, VIRGINIA

By_____
[Superintendent]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [Superintendent of Montgomery County Public Schools], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

[BANK] , as purchaser of the 2015 Bond

By:_____

Its:_____

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [_____] of [BANK], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

Exhibit A

DESCRIPTION OF PREMISES

[Insert description of Premises]

Exhibit B

BASIC RENT PAYMENT SCHEDULE

Due Date	Principal	Interest	Total Payment

Exhibit C

Form of Bond

REGISTERED **REGISTERED**

R-1 **[February __, 2015]**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA

Lease Revenue Refunding Bond
Series of 2015

The Economic Development Authority of Montgomery County, Virginia, a political subdivision of the Commonwealth of Virginia (formerly the Industrial Development Authority of Montgomery County, Virginia, the "Authority"), for value received, hereby promises to pay, solely from the source and as hereinafter provided, to the order of [_____] (the "Bondholder"), at its principal office in [_____, _____], or at such other place as the holder of this Bond may in writing designate, the principal amount of [_____] DOLLARS ($[_____]), together with interest on the unpaid principal at the rate of [____]% per year, calculated on the basis of a 360-day year of twelve 30-day months. Installments of interest shall be payable semiannually, in arrears, on each [March 1] and [September 1], beginning [September 1, 2015], until maturity, in the amounts set forth on Schedule I attached hereto. Installments of principal shall be paid annually on [March 1] in the years and amounts set forth on Schedule I. If the date on which any payment is due with respect to this Bond is not a Business Day, the payment shall be made on the next succeeding Business Day. If not sooner paid, the final payment, consisting of all unpaid principal and interest, shall be due and payable on [March 1, 2021]. All payments of principal and interest shall be made in lawful money of the United States in immediately available funds at the office of the Bondholder in [_____, _____].

This Bond is authorized and issued pursuant to the Industrial Development and Revenue Bond Act (Chapter 49, Title 15.2, Code of Virginia of 1950, as amended) for the purpose of refunding the outstanding maturities of the Authority's $10,800,000 Lease Revenue Refunding Bonds, Series 2005A, and $7,630,000 Lease Revenue Refunding Bonds, Series 2005B, and pursuant to a Bond Purchase and Lease Agreement dated as of [February __, 2015] (the "Agreement"), between the Authority, the County of Montgomery, Virginia (the "County"), the School Board of Montgomery County, Virginia (the "School Board"), and the Bondholder. Pursuant to the Agreement, the Premises (as defined in the Agreement) will be leased by the Authority to the County and the School Board for the payment of Basic Rent by the County to the Authority, which the Authority has pledged to the Bondholder as security for this Bond. Reference is hereby made to the Agreement and all amendments and supplements thereto for a description of the provisions with respect to the nature and extent of the security for this Bond, the rights, duties and obligations of the Authority and the rights of the holder of this Bond with

respect thereto. All capitalized terms used herein but not defined shall have the meanings set forth in the Agreement.

The undertaking by the County to make payments under the Agreement constitutes neither a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the County Board of Supervisors has appropriated moneys to make such payments. The County has covenanted in the Agreement that the County Administrator shall include in the County's annual budget the amount of payments under the Agreement, but the County is not obligated to make appropriations for such purpose. The Authority shall have no obligation or liability to the Bondholder with respect to the County's obligations to make payments under the Agreement or with respect to the performance by the County of any other covenant contained therein.

This Bond shall be subject to redemption prior to maturity, in whole or in part, at any time upon payment of [100%] of the principal amount hereof to be prepaid plus interest accrued and unpaid to the date fixed for prepayment. The Bondholder agrees to apply payments received as the prepayment of Basic Rent to the redemption of this Bond; provided, however, that, if such prepayment of Basic Rent is not sufficient to redeem the outstanding principal installments of the this Bond in full, such prepayment shall be applied to the redemption of the outstanding principal installments of this Bond in such manner as the County and the Bondholder may agree.

[If the Premises or any portion thereof is damaged or destroyed by fire or other casualty during the Lease Term and the County or the School Board, as appropriate, determines in good faith that the cost to repair, reconstruct and restore the Premises to the same condition as had existed prior to such damage or destruction will exceed $500,000, then the County or the School Board, as appropriate and subject to the conditions in Section [21] of the Agreement, may elect to apply or have applied such Net Proceeds to the prepayment of all or any portion of the principal components of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of this Bond in accordance with Section [18(a)] of the Agreement.]

[In the case of a taking of all or any part of the Premises or any right therein under the exercise of the power of eminent domain, the County or the School Board, as appropriate and subject to the conditions in Section [22] of the Agreement, may elect to apply or have applied the Net Proceeds as to such loss of title, condemnation or taking to the prepayment of all or any portion of the principal component of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of this Bond in accordance with Section [18(a)] of the Agreement.]

The Agreement provides that the Bondholder, at its option, may declare all amounts payable under this Bond to be immediately due and payable upon an Event of Default thereunder, and, upon such declaration, all amounts hereunder shall become immediately due and payable.

THIS BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE

REVENUES AND RECEIPTS DERIVED BY THE AUTHORITY FROM THE COUNTY PURSUANT TO THE AGREEMENT, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT THEREOF. THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED AND ASSIGNED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO. NO COVENANT, CONDITION OR AGREEMENT CONTAINED HEREIN SHALL BE DEEMED TO BE A COVENANT, AGREEMENT OR OBLIGATION OF ANY PRESENT OR FUTURE DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE AUTHORITY IN HIS INDIVIDUAL CAPACITY, AND NEITHER THE DIRECTORS OF THE AUTHORITY NOR ANY OFFICER THEREOF EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

This Bond is registered in the name of the holder hereof on the registration books kept by the Registrar designated pursuant to the Agreement, which registration has been made in said registration books and endorsed hereon by the Registrar, and no registration of transfer hereof shall be valid unless made on said registration books at the written request of the holder as provided in the Agreement.

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

IN WITNESS WHEREOF, the Economic Development Authority of Montgomery County, Virginia, has caused this Bond to be signed by its [Chairman], its seal to be affixed hereon and attested by its Secretary, and this Bond to be dated [February __, 2015].

ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA

(SEAL) By _____
[Chairman]

ATTEST:

_____
[Secretary]

ASSIGNMENT

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

_____

_____

(Please print or type name and address, including zip code, of Transferee)

[PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:]

_____
: :
: :
:_____:

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

_____,

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

Dated: _____

Signature Guaranteed

_____

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

_____

(Signature of Registered Owner

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

TRANSFER OF BOND

The transfer of this Bond may be registered by the Bondholder or its duly authorized attorney or legal representative upon presentation hereof to the Registrar, who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

Date of Registration	**Name of Registered Owner**	**Signature of Registrar**
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE I

Due Date	Principal	Interest	Total Payment

This document has been prepared by
and, after recording, please return to:

Christopher G. Kulp
Hunton & Williams LLP
951 East Byrd Street
Richmond, Virginia 23219

Tax Parcel ID Numbers: [_____]

RECORDER'S NOTE: THE ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA, AND THE COUNTY OF MONTGOMERY, VIRGINIA, ARE EXEMPT FROM RECORDATION TAXES PURSUANT TO SECTION 58.1-811(E) OF THE CODE OF VIRGINIA OF 1950, AS AMENDED, AND CLERK'S FEES PURSUANT TO SECTION 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED.

AMENDED AND RESTATED GROUND LEASE

THIS AMENDED AND RESTATED GROUND LEASE dated as of [February __, 2015 (the "Effective Date")], by and between the **BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA,** on behalf of the **COUNTY OF MONTGOMERY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia (the "County"), as lessor and a grantor for indexing purposes, the **SCHOOL BOARD OF MONTGOMERY COUNTY, VIRGINIA,** [as lessor and grantor for indexing purposes] (the "School Board"), and the **ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia (the "Authority"), as lessee and a grantee for indexing purposes, provides:

W I T N E S S E T H:

WHEREAS, the Authority previously issued its $16,805,000 Lease Revenue Bonds, Series 2000B, and its $11,550,000 Lease Revenue Bonds, Series 2000C (together, the "2000 Bonds"), and loaned the proceeds thereof to the County to finance improvements and renovations to the Blacksburg Middle School and to certain of the County's other schools and related facilities and the acquisition, construction and equipping of a County administration building;

WHEREAS, in support of and contemporaneously with the issuance of the 2000 Bonds, the Authority entered into (a) a Ground Lease dated as of December 1, 2000 (the "2000 Ground Lease"), with the County and the School Board, and (b) a Financing Lease dated as of December 1, 2000, with the County;

WHEREAS, at the request of the County, the Authority subsequently issued its $10,800,000 Lease Revenue Refunding Bonds, Series 2005A, and its $7,630,000 Lease Revenue Refunding Bonds, Series 2005B (together, the "2005 Bonds"), to provide funds for the County to effect a refunding of certain maturities of the 2000 Bonds;

WHEREAS, in support of and contemporaneously with the issuance of the 2005 Bonds, the Authority entered into (a) an Amended Ground Lease dated as of May 1, 2005 (the "2005 Ground Lease"), with the County and the School Board, and recorded as instrument _____ in the Clerk's office of the Circuit Court of Montgomery County, Virginia, and (b) an Amended Financing Lease dated as of May 1, 2005, with the County;

WHEREAS, the County now desires to effect a refunding of the outstanding 2005 Bonds and has requested the Authority to issue a lease revenue refunding bond (the "2015 Bond");

WHEREAS, the Authority desires to secure its lease revenue refunding bond by continuing its leasehold interest in certain real property located in the County, as more fully described in Exhibit A (such real property and all improvements now or hereafter existing thereon, the "Premises");

WHEREAS, the Authority, the County, the School Board and [_____], as purchaser, will enter into a Bond Purchase and Lease Agreement dated as of [February __, 2015] (the "Lease Agreement"), to provide the terms for the issuance of the 2015 Bond and the lease of the Premises by the Authority to the County and the School Board;

WHEREAS, the Authority, the County and the School Board desire to amend and restate the 2005 Ground Lease in its entirety to accomplish the refunding of the outstanding 2005 Bonds; and

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained and other valuable consideration, the parties hereto covenant and agree as follows:

Section 1. Restatement of 2005 Ground Lease. The provisions of the 2005 Ground Lease are hereby amended and restated in their entirety by the provisions of this Ground Lease.

Section 2. Lease of Property. The County and the School Board hereby demises and leases to the Authority, and the Authority hereby leases from the County and the School Board, the Premises as described on Exhibit A. Any real property described on Exhibit A to the 2005 Ground Lease that is not part of Exhibit A to this Ground Lease is released from the leasehold interest of the Authority created by the 2005 Ground Lease.

Section 3. Term. The term of this Ground Lease shall commence on the Effective Date and shall expire [March 31, 2026], unless such term is terminated earlier as hereinafter provided.

Section 4. Rental. The Authority shall pay to the County, on the Effective Date, the sum of $10.00 from the proceeds of the 2015 Bond (receipt of which is hereby acknowledged by the County), such sum representing the full amount of rent to be paid for the term of this Ground Lease.

Section 5. Purpose. The Authority shall use the Premises solely for the purpose of leasing the Premises to the County and the School Board pursuant to the Lease Agreement, as well as for such purposes as may be incidental thereto; provided, however, that if any default by the County or the School Board occurs under the Lease Agreement and such default is not cured

within any applicable notice and cure period, then the Authority shall be entitled to use the Premises for any lawful use.

Section 6. Title to Property. The County represents and warrants that it is the owner in fee simple of the Premises as it exists on the date hereof. The Authority acknowledges and agrees that the County shall at all times retain fee simple title to the Premises and at no time shall fee simple title reside in the Authority.

Section 7. Assignment and Sublease. The Authority may assign its rights under this Ground Lease or sublet the Premises without the consent of the County and the School Board only (a) in connection with entering into, and assignment of its rights under, the Lease Agreement or (b) if the Lease Agreement is terminated because either an Event of Default or an Event of Non-Appropriation (as each term is defined in the Lease Agreement) has occurred and is continuing.

Section 8. Fees and Expenses. The County shall pay from legally available funds all reasonable expenses of the Authority arising out of the transactions contemplated by the Lease Agreement and this Ground Lease.

Section 9. Termination. (a) Upon the earlier of (i) the payment of all outstanding Basic Rent and Additional Rent (as each term is defined and as provided for in the Lease Agreement) and (ii) the expiration of the term hereof, the leasehold estate of the Authority hereunder shall terminate. The Authority agrees upon such termination to surrender the Premises to the County and, upon the request of the County, to execute appropriate instruments evidencing such termination.

(b) The County and the School Board shall not have the right to exclude the Authority from the Premises or take possession of the Premises (other than pursuant to the Lease Agreement) or to terminate this Ground Lease prior to the expiration of its term upon any default by the Authority of its obligations hereunder. However, in the event of a default by the Authority hereunder, the County and the School Board may maintain an action for specific performance.

Section 10. Quiet Enjoyment. Subject to the provisions of this Ground Lease, the Authority at all times during the term of this Ground Lease shall peaceably and quietly have, hold and enjoy the entire leasehold estate created hereunder.

Section 11. Amendments to Release Property. (a) In the event that the County or the School Board, as applicable, elects to prepay Basic Rent from the Net Proceeds (as defined in the Lease Agreement) received from (i) any insurance recovery obtained pursuant to Section [21] of the Lease Agreement or (ii) any condemnation, eminent domain or loss of title award obtained pursuant to Section [22] of the Lease Agreement, Exhibit A hereto may be amended, at the option of the County or the School Board, as applicable, to release any portion of the Premises from the terms of this Ground Lease so long as the removal of such portion of the Premises leaves the Premises with a market value, as determined by a licensed real estate appraiser mutually acceptable to the Authority and the County or the School Board, as applicable, at least equal to the principal amount of the 2015 Bond then outstanding.

Section 12. Regular Amendments. No modification, waiver, amendment, discharge or change of this Ground Lease shall be valid unless the same is in writing and consented to by the Authority, the County and the School Board.

Section 13. Notices. All notices to be given under this Ground Lease shall be in writing and shall be deemed to have been given when delivered in person or when mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the County, at 755 Roanoke Street, Suite 2E, Christiansburg, Virginia 24073 (Attention: County Administrator), (b) if to the School Board, at 750 Imperial Street SE, Christiansburg, Virginia 24073 (Attention: Superintendent) or (c) if to the Authority, at 755 Roanoke Street, Suite 2H, Christiansburg, Virginia 24073 (Attention: Chairman). The County, the School Board and the Authority may, by notice given hereunder, designate any future or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 14. Severability. If any provision of this Ground Lease shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 15. Limited Obligations; No Liability of Authority Members. Notwithstanding any provision of this Ground Lease to the contrary, the obligations of the Authority under this Ground Lease are not general obligations of the Authority, but are limited obligations payable solely from proceeds of the 2015 Bond. No director or officer of the Authority shall be personally liable on any of the Authority's obligations hereunder.

Section 16. Successors and Assigns. This Ground Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 17. Counterparts. This Ground Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same Ground Lease.

Section 18. Governing Law. This Ground Lease shall be governed by the laws of the Commonwealth of Virginia.

Section 19. No Merger. The reversionary and leasehold estates in and to the Premises created by this Ground Lease shall not merge and shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the County, the School Board, any lessee or any third party, unless the person holding both of such estates shall expressly elect in writing for them to merge.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have caused this Ground Lease to be duly executed and effective as of the date first written above by their duly authorized representatives.

BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA, on behalf of the **COUNTY OF MONTGOMERY, VIRGINIA**

By_____
[County Administrator]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [County Administrator] of the County of Montgomery, Virginia, appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

SCHOOL BOARD OF MONTGOMERY COUNTY, VIRGINIA

By_____
[Superintendent]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [Superintendent of Montgomery County Public Schools], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA

By_____
[Chairman]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [Chairman of the Economic Development Authority of Montgomery County, Virginia], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

Exhibit A

Description of the Premises

[Insert description]

This document has been prepared by
and, after recording, please return to:
Christopher G. Kulp
Hunton & Williams LLP
951 East Byrd Street
Richmond, Virginia 23219

Tax Parcel ID Numbers: [_____]

RECORDER'S NOTE: THE ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA, AND THE COUNTY OF MONTGOMERY, VIRGINIA, ARE EXEMPT FROM RECORDATION TAXES PURSUANT TO SECTION 58.1-811(E) OF THE CODE OF VIRGINIA OF 1950, AS AMENDED, AND CLERK'S FEES PURSUANT TO SECTION 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED.

BOND PURCHASE AND LEASE AGREEMENT

between and among

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA**

**THE BOARD OF SUPERVISORS OF
THE COUNTY OF MONTGOMERY, VIRGINIA
ON BEHALF OF
THE COUNTY OF MONTGOMERY, VIRGINIA**

**THE SCHOOL BOARD OF
MONTGOMERY COUNTY, VIRGINIA**

and

[BANK]

Dated as of [February __, 2015]

**Relating to
Economic Development Authority
of Montgomery County, Virginia
Lease Revenue Refunding Bond,
Series 2015**

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THIS BOND PURCHASE AND LEASE AGREEMENT dated as of [February __, 2015], between the **ECONOMIC DEVELOPMENT AUTHORITY OF MONTGOMERY COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia, as lessor and a grantor for indexing purposes, **THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA, ON BEHALF OF THE COUNTY OF MONTGOMERY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia, as lessee and a grantee for indexing purposes, **THE SCHOOL BOARD OF MONTGOMERY COUNTY, VIRGINIA,** a political subdivision of the Commonwealth of Virginia, as lessee and a grantee for indexing purposes, and [_____ **BANK,** a _____], as purchaser of the 2015 Bond, as hereinafter described, recites and provides as follows;

W I T N E S S E T H:

WHEREAS, the Authority is a political subdivision of the Commonwealth of Virginia duly created under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended;

WHEREAS, the Authority is authorized to exercise all the powers set forth in the Act, which include, among other things, the power to make loans to, among others, a locality in furtherance of the purposes of the Act, to finance or refinance and lease facilities for use by, among others, a locality, to issue its revenue bonds, notes and other obligations from time to time for such purposes and to pledge all or any part of its revenues and receipts derived from payments received by the Authority, in connection with its loans or from the leasing by the Authority of such facilities or from any other source, as security for the payment of the principal of and interest on any such obligations;

WHEREAS, the Authority previously issued its $16,805,000 Lease Revenue Bonds, Series 2000B, and its $11,550,000 Lease Revenue Bonds, Series 2000C, and loaned the proceeds thereof to the County to finance improvements and renovations to the Blacksburg Middle School and to certain of the County's other schools and related facilities and the acquisition, construction and equipping of a County administration building;

WHEREAS, at the request of the County, the Authority subsequently issued its $10,800,000 Lease Revenue Refunding Bonds, Series 2005A, and its $7,630,000 Lease Revenue Refunding Bonds, Series 2005B, to provide funds for the County to effect a refunding of certain maturities of the 2000B Bonds and 2000C Bonds, respectively;

WHEREAS, in support of and contemporaneously with the issuance of the 2005 Bonds, the Authority entered into (a) an Amended Ground Lease dated as of May 1, 2005, with the County and the School Board and (b) an Amended Financing Lease dated as of May 1, 2005, with the County;

WHEREAS, the County now desires to effect a refunding of the outstanding 2005A Bonds and 2005B Bonds;

WHEREAS, the County, the School Board and the Authority have entered into an Amended and Restated Ground Lease dated as of the date hereof to renew the leasehold interest

of the Authority in certain real property of the County [and to release certain other real property from the lien of the 2005 Ground Lease];

WHEREAS, in furtherance of the purposes of the Act, at the request of the County and the School Board, the Authority has determined to (a) issue its lease revenue refunding bond, (b) use the proceeds thereof to refund the Refunded Bonds and pay the costs of issuing such bond and (c) lease the Premises back to the County and the School Board;

WHEREAS, the Authority, the County, the School Board and the Bondholder desire to set forth in this Agreement the terms and conditions with respect to such financing and lease; and

WHEREAS, all acts, conditions and things required by law to happen, exist and be performed precedent to and in connection with the execution of and entering into this Agreement have happened, exist and have been performed in regular and due time and in form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions.

The following capitalized terms used in the WHEREAS clauses above and in the rest of this Agreement shall have the following meanings unless the context otherwise requires:

"2000B Bonds" shall mean the Authority's $16,805,000 Lease Revenue Bonds, Series 2000B.

"2000C Bonds" shall mean the Authority's $11,550,000 Lease Revenue Bonds, Series 2000C.

"2005 Bonds" shall mean the 2005A Bonds and the 2005B Bonds, collectively.

"2005 Ground Lease" shall mean the Amended Ground Lease dated as of May 1, 2005, between the County, the School Board and the Authority.

"2005A Bonds" shall mean the Authority's $10,800,000 Lease Revenue Refunding Bonds, Series 2005A.

"2005B Bonds" shall mean the Authority's $7,630,000 Lease Revenue Refunding Bonds, Series 2005B.

"2015 Bond" shall mean the Authority's Lease Revenue Refunding Bond, Series 2015, in the form of Exhibit C attached hereto, issued pursuant to this Agreement in the principal amount of $[_____], and dated [February __, 2015].

"2015 Ground Lease" shall mean the Amended and Restated Ground Lease dated as of [February __, 2015], between the County, the School Board and the Authority, including any amendments or supplements thereto.

"Act" shall mean the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended.

"Additional Rent" shall mean (a) reasonable costs and expenses of the Authority, (b) late charges due to the Authority and (c) all other amounts that the County agrees to pay under the terms of this Agreement, but not including Basic Rent.

"Agreement" shall mean this Bond Purchase and Lease Agreement, including any amendments or supplements hereto.

"Authority" shall mean the Economic Development Authority of Montgomery County, Virginia, formerly known as the Industrial Development Authority of Montgomery County, Virginia, and its successors and assigns.

"Authorized Representative of the Authority" shall mean any person (other than a representative of the County) designated to act on behalf of the Authority by certificate signed by its Chairman or Vice Chairman and filed with the County, the School Board and the Bondholder.

"Authorized Representative of the County" shall mean any person designated to act on behalf of the County by certificate signed by the County Administrator and filed with the Authority, the School Board and the Bondholder.

"Authorized Representative of the School Board" shall mean any person designated to act on behalf of the School Board by certificate signed by its Chairman or Vice Chairman and filed with the Authority, the County and the Bondholder.

"Basic Rent" shall mean the payments due from the County pursuant to Section [10], in the amounts and on the dates set forth in Exhibit B attached hereto.

"Board of Supervisors" shall mean the Board of Supervisors of the County, as the governing body of the County.

"Bond Counsel" shall mean a firm of attorneys nationally recognized on the subject of municipal bonds, which may be counsel to the Authority, the County, the School Board or the Bondholder, and reasonably acceptable to the Authority and the Bondholder.

"Bondholder" shall mean [_____], a [_____], or any successor or assignee, as holder of the 2015 Bond.

"Business Day" shall mean any day on which the Bondholder is open for the purpose of conducting commercial banking business.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

"County" shall mean the County of Montgomery, Virginia.

"Escrow Agreement" shall mean _____.

"Event of Default" shall mean any one or more of the events listed in Section [24].

"Event of Non-Appropriation" shall mean the failure by the Board of Supervisors to appropriate, by June 30 of any year, moneys sufficient for the payment of Basic Rent and estimated Additional Rent for the following Fiscal Year.

"Financing Instruments" shall mean this Agreement, the 2015 Bond, the Ground Lease and the Escrow Agreement.

"Fiscal Year" shall mean, with respect to the County, a twelve-month period commencing July 1 and ending the following June 30.

"Initial Installment Computation Date" shall mean [_____ __, 20__,] the last day of the fifth bond year, as set forth in Section [33(b)(ii)(B)].

"Lease Term" shall mean the duration of the leasehold estate created in the Premises, as provided in Section [10].

"Net Proceeds" shall mean the gross proceeds from any insurance recovery or action of condemnation or loss of title award in connection with the Premises, less payments for attorneys' fees and other expenses incurred in the collection of such gross proceeds.

"Non-Arbitrage Certificate" shall mean the Non-Arbitrage and Tax Compliance Certificate dated [February __, 2015], executed by the Authority, the County and the School Board.

"Payment of the 2015 Bond" shall mean payment in full of the 2015 Bond and the making in full of all other payments due and payable pursuant to this Agreement at the time of such payment.

"Permitted Encumbrances" shall mean, as of any particular time as to the Premises, (a) liens for taxes and special assessments not then delinquent, (b) liens for taxes and assessments that are delinquent, but the validity of which is being contested in good faith and with respect to which the County shall have set aside adequate reserves, unless thereby any of the Premises or the interest of the County therein may be in danger of being lost or forfeited, (c) this Agreement and the 2015 Ground Lease and any security interests or other liens created hereby or thereby, (d) mechanics' and materialmen's liens incident to construction or maintenance now or hereafter filed of record that are being contested in good faith and have not proceeded to judgment, provided that the County shall have set aside adequate reserves with respect thereto, (e) restrictions, mineral rights, easements, rights of way, exceptions or reservations for the purpose of utilities (including but not limited to water and gas pipelines, sanitary and storm sewers, telephone lines, telegraph lines, power lines, substations and other facilities and equipment used in connection with such utilities), roads, streets, alleys, highways, railroads, dikes, canals, laterals, ditches, and other like purposes, or for the joint or common use of real property, in each case which do not materially impair the use of the Premises for the purposes for which it is or may reasonably be expected to be held, (f) such defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property owned or leased by the County or the School Board for essential governmental purposes

and similar in character to the Premises and as will not, in the opinion of the County Attorney, impair the use of the Premises for the purpose for which it is or may reasonably be expected to be held by the County or the School Board and (g) present or future zoning laws and ordinances.

"Premises" shall mean [that/those] certain parcel[s] of real property located in the County, as more fully described on Exhibit A attached hereto, together with all improvements now or hereafter located thereon.

"Rebate Amount" shall mean the amount due to the United States Treasury pursuant to Section 148(f) of the Code and regulations thereunder, as described in Section [33(b)(ii)(A)].

"Rebate Amount Certificate" shall mean a certificate setting forth the computation of the Rebate Amount.

"Refunded 2005A Bonds" shall mean all of the maturities of the 2005A Bonds coming due on and after _____ __, 20__.

"Refunded 2005B Bonds" shall mean all of the maturities of the 2005B Bonds coming due on and after _____ __, 20__.

"Refunded Bonds" shall mean the Refunded 2005A Bonds and the Refunded 2005B Bonds, collectively.

"Registrar" shall mean the Authority or any qualified bank or trust company appointed by the Authority as successor registrar.

"School Board" shall mean the School Board of Montgomery County, Virginia.

Section 2. Representations and Findings by Authority.

The Authority makes the following representations and findings as the basis for its undertakings hereunder:

(a) The Authority is a political subdivision of the Commonwealth of Virginia, is duly organized under the Act and has the power to execute and deliver the Financing Instruments to which it is a party, to perform its obligations thereunder, to issue the 2015 Bond, to lease the Premises to the County pursuant to the provisions of this Agreement and to carry out its other obligations under the Financing Instruments. The Premises constitute an "authority facility" within the meaning of the Act. The lease of the Premises to the County furthers the purposes for which the Authority was organized. By proper corporate action, the Authority has duly authorized the execution and delivery of the Financing Instruments, the performance of its obligations thereunder and the issuance of the 2015 Bond. Contemporaneously with the execution and delivery of this Agreement, the Authority has issued and sold the 2015 Bond to the Bondholder.

(b) The Authority is not (1) in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred (and no event has

occurred and is continuing under the provisions of any such instrument that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder), (2) in violation of the Act or any other existing Virginia law, rule or regulation applicable to it or (3) in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which any of its assets are subject, and the execution and delivery by the Authority of this Agreement and the 2015 Bond and the performance of its obligations thereunder will not conflict with or result in the breach of or constitute a default under any of the above described documents or other restrictions.

(c) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (1) the issuance and delivery of the 2015 Bond by the Authority, (2) the execution or delivery of or performance by the Authority of its obligations under the Financing Instruments to which it is a party or (3) the assignment and pledge by the Authority pursuant to this Agreement of the Basic Rent payments, as security for payment of the principal of and premium, if any, and interest on the 2015 Bond.

(d) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Authority pending or, to its knowledge, threatened against the Authority that would affect (1) the organization and existence of the Authority, (2) its authority to execute or deliver the Financing Instruments to which it is a party, (3) the validity or enforceability of any of such Financing Instruments or the performance of its obligations thereunder, (4) the title of any officer of the Authority executing the Financing Instruments or (5) any authority or proceedings related to the execution and delivery of the Financing Instruments on behalf of the Authority. No such authority or proceedings have been repealed, revoked, rescinded or amended and all are in full force and effect.

Section 3. <u>Representations by County</u>.

The County makes the following representations as the basis for its undertakings hereunder:

(a) The County is a political subdivision of the Commonwealth of Virginia and has the power to enter into the Financing Instruments to which it is a party and perform its obligations thereunder. By proper action, the County has duly authorized the execution and delivery of the Financing Instruments to which it is a party and the performance of its obligations thereunder.

(b) There is no litigation at law or in equity or any proceeding before any governmental agency involving the County pending or, to its knowledge, threatened against the County that would affect (1) its authority to execute and deliver the Financing Instruments to which it is a party, (2) the validity or enforceability of such instruments or the performance of its obligations thereunder, (3) the title of any officer of the County executing such instruments or (4) the power to lease the Premises from the Authority and to undertake the refunding of the Refunded Bonds.

(c) The County is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and

subject to which any indebtedness has been incurred, and no event has occurred and is continuing under the provisions of any such agreement that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(d) The execution and delivery of the Financing Instruments to which it is a party and the performance by the County of its obligations thereunder do not and will not conflict with, constitute a breach of or result in a violation of any agreement or other instrument to which the County is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the County or any of its property.

(e) The County has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that are required to be obtained by the County as a condition precedent to the execution or delivery of or performance by the County of its obligations under the Financing Instruments to which it is a party.

(f) Until termination of this Agreement, the County will not use or occupy the Premises or permit it to be used or occupied other than as an "authority facility" within the meaning of the Act.

(g) The County intends to appropriate in its budget for the Fiscal Year ending June 30, 2016, funds sufficient to pay the Basic Rent due in such Fiscal Year.

Section 4. <u>Representations by School Board</u>.

The School Board makes the following representations as the basis for its undertakings hereunder:

(a) The School Board is a body corporate and a political subdivision of the Commonwealth of Virginia.

(b) The School Board has full power and authority to enter into the Financing Instruments to which it is a party, to perform the transactions contemplated thereby and to carry out its obligations thereunder. By proper action, the School Board has duly authorized, executed and delivered such Financing Instruments.

(c) The School Board is not in default under or in violation of, and the execution, delivery and compliance by the School Board with the terms and conditions of the Financing Instruments to which it is a party will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the School Board or (2) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the School Board or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(d) The School Board has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that are required to be obtained by the School Board

as a condition precedent to the execution or delivery of or performance by the School Board of its obligations under the Financing Instruments to which it is a party.

(e) There is no litigation at law or in equity or any proceeding before any governmental agency involving the School Board pending or, to its knowledge, threatened against the School Board that would affect (1) its authority to execute and deliver the Financing Instruments to which it is a party, (2) the validity or enforceability of such instruments or the performance of its obligations thereunder, (3) the title of any officer of the School Board executing such instruments or (4) the power to lease the Premises from the Authority.

(f) Until termination of this Agreement, the School Board will not use or occupy the Premises or permit it to be used or occupied other than as an "authority facility" within the meaning of the Act.

Section 5. <u>Representations by Bondholder</u>.

The Bondholder makes the following representations as the basis for its undertakings hereunder:

(a) The Bondholder is a [_____].

(b) The Bondholder has full power and authority to enter into this Agreement, to purchase the 2015 Bond, to perform the transactions contemplated hereby and to carry out its obligations hereunder. By proper action, the Bondholder has duly authorized, executed and delivered this Agreement.

(c) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Bondholder pending or, to its knowledge, threatened against the Bondholder with respect to (1) the authority of the Bondholder to execute and deliver this Agreement, (2) the validity or enforceability of this Agreement or the Bondholder's performance of its obligations hereunder or (3) the title of any officers of Bondholder executing this Agreement.

(d) The Bondholder acknowledges that it has experience and expertise in the purchase and ownership of obligations similar to the 2015 Bond and that it is capable of evaluating the merits and risks of purchasing the 2015 Bond.

(e) The Bondholder is entering into this Agreement for its own account and acknowledges that no offering statement, prospectus or other comprehensive disclosure document containing material information with respect to the Authority, the County, the School Board, this Agreement or the 2015 Bond has been provided to it in connection with purchasing the 2015 Bond. However, the Bondholder has been provided with such information concerning the operations and financial condition of the Authority, the County and the School Board as it has requested. The Bondholder has had an opportunity to make inquiries of such officers, employees, agents and attorneys of the Authority, the County and the School Board as it considers appropriate in connection with purchasing the 2015 Bond.

(f) The Bondholder has no present intention of reselling or disposing and will not further sell or dispose of its interest in the 2015 Bond in transactions constituting a "distribution" thereof (as that term is used in the Securities Act of 1933, as amended, and the regulations promulgated by the Securities and Exchange Commission thereunder).

(g) The Bondholder understands and acknowledges that the scope of engagement of Hunton & Williams LLP, Richmond, Virginia, Bond Counsel with respect to this Agreement and the 2015 Bond, will be limited to matters set forth in their opinion based on their review of such proceedings and documents as they deem necessary to approve the validity of the 2015 Bond and the Agreement and the tax-exempt status of interest on the 2015 Bond, and that they have not been engaged and will not undertake to prepare or express an opinion as to the accuracy or completeness of any information that may have been furnished to the Bondholder or relied upon by it in making the decision to enter into this Agreement and purchase the 2015 Bond.

Section 6. Issuance and Sale of 2015 Bond; Information Provided to Bondholder.

(a) The Authority shall issue and sell the 2015 Bond to the Bondholder and secure the 2015 Bond by assigning to the Bondholder the payments of Basic Rent to be made by the County hereunder, and the Bondholder shall purchase the 2015 Bond, all upon the terms and conditions set forth herein. All Financing Instruments shall be in form satisfactory to the Bondholder.

(b) It is specifically understood and agreed that the Authority makes no representation, covenant or agreement as to the financial position or business condition of the County and does not represent or warrant as to any statements, materials, representations or certifications furnished by the County or the School Board in connection with the sale of the 2015 Bond, or as to the correctness, completeness or accuracy thereof.

(c) The County represents that no Financing Instruments and no information (financial or otherwise) furnished by or on behalf of the County in connection with the negotiation of the sale of the 2015 Bond contain any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein not misleading. There is no fact that the County has not disclosed in writing to the Bondholder that will have a material adverse effect on the properties, business, prospects, profits or condition (financial or otherwise) of the County, or the ability of the County to perform its obligations under the Financing Instruments.

Section 7. Conditions Precedent To Delivery of 2015 Bond.

The Bondholder shall accept delivery of the 2015 Bond and pay the purchase price thereof ($[_____]) only upon delivery to it in form and substance satisfactory to it of the following:

(a) Executed copies of the Financing Instruments;

(b) (1) Evidence of the due authorization, execution and delivery of the Financing Instruments by the parties thereto and (2) certificates covering litigation, compliance with all applicable federal, state and local laws, restrictions and requirements, and prior agreements;

(c) An opinion of Bond Counsel satisfactory to the Bondholder that interest on the 2015 Bond will be excluded from gross income for federal income tax purposes;

(d) Evidence of the completion and appropriate filing of Internal Revenue Service Form 8038-G with respect to the issuance of the 2015 Bond together with the Non-Arbitrage Certificate; and

(e) Such other documentation, certificates and opinions as may be reasonably required by the Bondholder or Bond Counsel.

Section 8. Agreement to Refund Refunded Bonds.

(a) The Authority agrees to take all other steps necessary to refund the Refunded Bonds.

(b) A portion of the proceeds of the 2015 Bond ($[_____]) shall be applied as provided in Section __ of the Escrow Deposit Agreement dated [February __, 2015], between the Authority and [Wells Fargo Bank, National Association].

(c) The remaining portion of the proceeds of the 2015 Bond ($[_____]) shall be transferred to or at the direction of the County to pay costs of issuance of the 2015 Bond.

Section 9. Disclaimer of Warranties.

The Authority makes no representation or warranty that the County or the School Board will have quiet and peaceful possession of the Premises, except that the Premises is free from encumbrances done, made or knowingly suffered by the Authority.

Section 10. Lease Term; Payment of Basic Rent and Additional Rent.

(a) The Lease Term shall commence on [February __, 2015], and, unless sooner terminated in accordance with the provisions hereof, shall terminate at the earlier of 11:59 p.m. (local County time) on [March 1, 2021], or the date all payments required by this Agreement have been made. If all payments required by this Agreement have not been made on [March 1, 2021], the Lease Term shall end when all such payments shall have been made.

(b) Subject to Section [11], the County agrees to pay Basic Rent to the Authority on the dates and in the amounts set forth on Exhibit B attached hereto, as it may be amended from time to time, and shall pay any Additional Rent when due. In accordance with the assignment made in Section [31], all payments of Basic Rent shall be made in lawful money of the United States to the Bondholder at its principal office or any other place that the Bondholder may designate in writing to the County and shall be credited to any amounts due from the Authority to the Bondholder under the 2015 Bond.

Section 11. Subject to Appropriation.

(a) The County reasonably believes that funds sufficient to make all payments of Basic Rent and Additional Rent during the term of this Agreement can be obtained. While

recognizing that it is not empowered to make any binding commitment to make payments of Basic Rent and Additional Rent beyond the current Fiscal Year, the Board of Supervisors in authorizing the execution of this Agreement has stated its intent to make annual appropriations sufficient to make the payments of Basic Rent and Additional Rent.

(b) The County declares the projects refinanced by the 2015 Bond proceeds to be essential to the proper operations of the County. The County anticipates that the need for such projects will not change during the term of this Agreement. **Notwithstanding anything in this Agreement to the contrary, the County's undertakings to pay the cost of performing its obligations under this Agreement, including its undertakings to pay all Basic Rent and Additional Rent, shall be subject to and dependent upon appropriations being made from time to time by the Board of Supervisors for such purpose.** The County Administrator or other officer charged with the responsibility for preparing the County's annual budget shall include in the budget for each Fiscal Year as a single appropriation the amount of all Basic Rent and estimated Additional Rent during such Fiscal Year. Throughout the Lease Term, the County Administrator or other officer charged with the responsibility for preparing the County's annual budget shall deliver to the Authority and the Bondholder within 10 days after the adoption of the annual budget for each Fiscal Year, but not later than 10 days after the beginning of each Fiscal Year, a certificate stating whether an amount equal to or credited to the payment of, the Basic Rent and estimated Additional Rent that will be due during such Fiscal Year has been budgeted by the Board of Supervisors in such budget and appropriated in a related appropriation resolution. If, by 15 days after the beginning of the Fiscal Year, the Board of Supervisors has not appropriated funds for the payment of both Basic Rent and estimated Additional Rent for the then current Fiscal Year, the County Administrator or other officer charged with the responsibility for preparing the annual budget shall give written notice to the Board of Supervisors of the consequences of such failure to appropriate, including the right of Authority to terminate this Agreement in accordance with Section [30], and request the Board of Supervisors consider a supplemental appropriation for such purposes.

(c) If at any time during a Fiscal Year the amount appropriated in the budget for such Fiscal Year is insufficient to pay when due the Basic Rent and Additional Rent due from the County under this Agreement, the County Administrator or such other officer charged with the responsibility for preparing the County's budget shall submit to the Board of Supervisors at its next regularly scheduled meeting or as promptly as practicable, but in any event within 45 days of the occasion of such insufficiency, a request for a supplemental appropriation sufficient to cover the deficit. The County Administrator or such other officer as designated shall deliver to the Authority and the Bondholder within 5 days after such meeting of the Board of Supervisors a certificate stating whether an amount equal to or credited to the payment of such deficit has been appropriated by the Board of Supervisors.

Section 12. <u>Net Lease; Obligations of the County Unconditional</u>.

This is a net lease and, subject to Section [11], the obligations of the County to pay Basic Rent and Additional Rent and of the County and the School Board to observe and perform all other applicable covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim they might otherwise have against the Authority. Subject to Section [11], the County shall not suspend or

discontinue any such payment, and the County and the School Board shall not fail to observe and perform any of their respective other covenants, conditions and agreements hereunder and, except as provided in Section [30], shall not terminate this Agreement for any cause, or any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title to any part or all of the Premises, or frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Premises, or any change in the tax or other laws of the United States of America, Commonwealth of Virginia or any political subdivision of either, or any failure of the Authority to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Agreement. Nothing contained in this Section shall be construed to release the Authority from the performance of any of its obligations under this Agreement, and, in the event the Authority should fail to perform any such obligation, the County and the School Board may institute such action(s) against the Authority as they may deem advisable to compel performance so long as such action(s) are consistent with the preceding sentence. The County and the School Board may, after giving to the Authority ten (10) days' notice of their intention to do so, at their own expense and in their own names or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons that the County and the School Board reasonably deems necessary or desirable in order to secure or protect any of their rights hereunder, and, in such event, the Authority shall cooperate fully with the County and the School Board and take all necessary action to effect the substitution of the County and the School Board for the Authority in any such action or proceeding if the County and the School Board shall so request.

Section 13. <u>Insurance</u>.

(a) During the Lease Term, the County and the School Board, as applicable, shall, subject to Section [11], continuously maintain insurance with respect to the Premises against such risks and in such amounts as are customary for public bodies owning or operating similar facilities, including without limitation:

(i) public liability insurance to the extent of $1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership or operation of the Premises;

(ii) workers' compensation insurance with respect to the Premises; and

(iii) coverage to the extent of the lesser of (A) the full replacement cost of the Premises or (B) the amount of the principal component of Basic Rent remaining unpaid, against loss or damage by fire or lightning, with broad form extended coverage, including damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally included within such coverage (limited only as may be provided in the standard form for such coverage at the time in use in the Commonwealth of Virginia).

(b) All such insurance shall be taken out and maintained with generally recognized responsible insurers selected by the County or the School Board, as appropriate, and reasonably

acceptable to the Authority and may be written with deductible amounts comparable to those on similar policies carried by other public bodies owning or operating similar facilities. If any such insurance is not maintained with an insurer licensed to do business in Virginia or placed pursuant to the requirements of the Virginia Surplus Lines Insurance Law Article, Chapter 48, Title 38.2, Code of Virginia of 1950, as amended, or any successor provision of law, the County or the School Board, as applicable, shall provide evidence reasonably satisfactory to the Authority and the Bondholder that such insurance is enforceable under the laws of the Commonwealth of Virginia. In each policy, other than policies of title insurance and workers' compensation insurance, the Authority and the Bondholder shall be named as additional insureds. The County and the School Board irrevocably assign, transfer and set over to the Bondholder all right, title and interest of the County and the School Board in such Net Proceeds; provided, however, that, if the Net Proceeds payable under any one claim shall not exceed $500,000 and no event has occurred or is continuing that constitutes or that, by notice or lapse of time, or both, would constitute an Event of Default under this Agreement, such Net Proceeds shall be paid to the County or the School Board, as applicable, to be used for purposes set forth in [Section 21(b)(i) - Option A or Section 14].

(c) All such policies shall be deposited with the Bondholder, provided that in lieu of such policies there may be deposited with the Bondholder and the Authority a certificate or certificates of the respective insurers attesting the fact that the insurance required by this Section is in full force and effect. Prior to the expiration of any such policy, the County or the School Board, as applicable, shall furnish the Bondholder and the Authority evidence satisfactory to the Bondholder and the Authority that the policy has been renewed or replaced or is no longer required by this Agreement. Unless a policy with such an undertaking is available only at a cost that the County or the School Board, as applicable, with the consent of the Bondholder, determines to be unreasonable, each policy shall contain an undertaking by the insurer that such policy shall not be modified adversely to the interests of the Bondholder or the Authority or canceled without at least 30 days' prior notice to the Bondholder and the Authority.

(d) In lieu of policies of insurance written by commercial insurance companies meeting the requirements of this Section, the County or the School Board may maintain a program of self-insurance or participate in group risk financing programs, risk pools, risk retention groups, purchasing groups and captive insurance companies, and in state or federal insurance programs; provided, however, that such alternative is reasonably acceptable to the Bondholder.

(e) To the extent losses for any damage to the Premises, however caused, are paid from the Net Proceeds of any insurance required by this Section, no claim shall be made and no suit shall be brought against the County or the School Board by the Bondholder or anyone else claiming by, through or under it.

Section 14. <u>Maintenance; Taxes; Utility Charges</u>.

Subject to Sections [11], [21] and [22], the County and the School Board shall maintain, preserve and keep the Premises, or cause the Premises to be maintained, preserved and kept, in good condition. The County and the School Board shall not abandon the Premises during the Lease Term except pursuant to Section [30]. Subject to Section [11], the County or the School

Board, as applicable, shall pay, in addition to the payments provided for in Sections [10] and [18], all of the expenses of maintenance of the Premises. Subject to Section [11], the County or the School Board, as applicable, shall pay any and all taxes, assessments and utility charges payable with respect to the Premises. The County and the School Board shall comply with all valid and applicable statutes, rules, regulations and permits in connection with the operation and maintenance of the Premises.

Section 15. Proof of Payment of Taxes, etc.

The County and the School Board, as appropriate, shall furnish the Bondholder or the Authority, upon request, proof of payment of any taxes, utility charges, insurance premiums, or other charges or payments required to be paid by the County or the School Board under this Agreement.

Section 16. No Encumbrances.

The County and the School Board shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Premises or the rights of the County, the School Board and the Authority as herein provided, other than Permitted Encumbrances or as provided in Section [20]. Subject to Section [11], the County and the School Board, as applicable, at their own expense, shall promptly and duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

Section 17. Installation of County and School Board's Own Furnishings and Equipment.

The County and the School Board may from time to time, in their discretion and at their own expense, install furnishings and equipment at the Premises. All furnishings and equipment so installed by the County or the School shall remain the property of the County or the School Board, in which neither the Authority nor the Bondholder shall have any interest, and may be modified or removed at any time while the County and the School Board are not in default under this Agreement, except that all such furnishings and equipment shall be subject to a landlord's lien to the extent permitted under the laws of the Commonwealth of Virginia. Nothing contained in this Section shall prevent the County or the School Board from purchasing furnishings and equipment and creating purchase money security interests therein pursuant to the Uniform Commercial Code of Virginia as security for the unpaid portion of the purchase price thereof, and each such security interest with respect to furnishings and equipment purchased by it under the provisions of this Section after the delivery of this Agreement shall, if appropriate financing statements are duly filed for record simultaneously with or prior to the installation at the Premises of the furnishings and equipment covered thereby, be prior and superior to such landlord's lien. The County and the School Board, as appropriate, shall pay as due the purchase price of and all costs and expenses with respect to the acquisition and installation of any furnishings and equipment installed by them pursuant to this Section.

Section 18. Early Redemption of 2015 Bond; Prepayment of Basic Rent; Option To Purchase.

(a) The 2015 Bond shall be subject to redemption prior to maturity, in whole or in part, at any time upon payment of [100%] of the principal amount of the 2015 Bond to be

prepaid plus interest accrued and unpaid to the date fixed for prepayment. The Bondholder agrees to apply payments received as the prepayment of Basic Rent to the redemption of the 2015 Bond; provided, however, that, if such prepayment of Basic Rent is not sufficient to redeem the outstanding principal installments of the 2015 Bond in full, such prepayment will be applied to the redemption of the outstanding principal installments of the 2015 Bond in such manner as the County and the Bondholder may agree.

(b) The County may at any time, and from time to time, upon at least 30 days' prior written notice to the Authority and the Bondholder, prepay all or a portion of the principal components of Basic Rent. Any such prepayment shall be in amounts sufficient to pay [100%] of the Basic Rent (or portion thereof) to be prepaid plus interest accrued and unpaid to the date fixed for such prepayment. As assignee of the Authority, the Bondholder agrees to apply the amounts of Basic Rent so prepaid in such manner as shall be consistent with prepaying the 2015 Bond pursuant to the provisions of Section [18(a)] above.

(c) The County may elect, at any time, upon at least 30 days' prior written notice to the Authority and the Bondholder, to terminate the Authority's leasehold estate in the Premises pursuant to Section [8] of the Ground Lease by paying a purchase price for such leasehold estate in an amount equal to the aggregate amount of outstanding and unpaid principal components of Basic Rent, plus interest accrued and unpaid to the date fixed for such termination. As assignee of the Authority, the Bondholder agrees to apply the amounts of Basic Rent so paid in such manner as shall be consistent with prepaying the 2015 Bond pursuant to the provisions of Section [18(a)] above.

Section 19. <u>Release and Transfer of Property</u>.

The Authority and the Bondholder shall execute and deliver to the County and the School Board or file such deeds and other instruments as may be reasonably necessary and proper to effect the transfer, conveyance, release and assignment of its leasehold interest in the Premises within 30 days after the payment or prepayment in full by the County of the Basic Rent then due and any Additional Rent then due. Any reasonable expenses incurred by the Authority in effecting such transfers, conveyances, releases and assignments shall constitute Additional Rent.

Section 20. <u>Limitation on Subleasing</u>.

Neither the County nor the School Board shall sublease the Premises or any portion thereof to any entity other than the Commonwealth of Virginia, a city, a county or a town, or any agency thereof, without an opinion of Bond Counsel that such sublease or other availability would not adversely affect the exclusion of interest on the 2015 Bond from gross income for federal income tax purposes. The County or the School Board, as applicable, shall send notice to the Bondholder and the Authority of any sublease of the Premises or any portion thereof within 30 days of entering into such sublease.

Section 21. <u>Damage or Destruction</u>.

(a) The County and the School Board, as applicable, shall notify the Bondholder and the Authority immediately in the case of damage to or destruction from fire or other casualty of the Premises or any portion thereof during the Lease Term. If the County or the School Board,

as appropriate, determines in good faith that the cost to repair, reconstruct and restore the Premises will not exceed $500,000, the County or the School Board, as appropriate, shall retain, subject to Section [13], the Net Proceeds received with respect to such damage or destruction and apply such Net Proceeds to the repair, reconstruction and restoration of such portion of the Premises so damaged or destroyed to substantially the same condition as had existed prior to the event causing such damage or destruction. If such Net Proceeds are not sufficient to pay in full the cost of such repair, reconstruction and restoration, the County or the School Board, as appropriate, shall, subject to Section [11], pay so much thereof as is in excess of such Net Proceeds.

(b) If the Premises or any portion thereof is damaged or destroyed by fire or other casualty during the Lease Term and the County or the School Board, as appropriate, determines in good faith that the cost to repair, reconstruct and restore the Premises to the same condition as had existed prior to such damage or destruction will exceed $500,000, then the County or the School Board, as appropriate, upon the following conditions and within 90 days after the date such damage or destruction occurs, shall elect one of the following two options and give notice of such election to the Bondholder and the Authority:

(i) Option A - Repair, Reconstruction and Restoration. The County or the School Board, as appropriate, may elect to repair, reconstruct and restore the Premises. Upon election of this Option A, the County or the School Board, as appropriate, shall proceed to cause the Premises to be repaired, reconstructed and restored to substantially the same condition as had existed prior to the event causing such damage or destruction, with such alterations and additions as the County or the School Board, as appropriate, may determine to be necessary or desirable and as will not impair the capacity or character of the Premises for the purposes for which it had been or was intended to be used prior to such damage or destruction. If such Net Proceeds are not sufficient to pay in full the cost of such repair, reconstruction and restoration, the County or the School Board, as appropriate, shall pay, subject to Section [11], so much of the cost thereof as may be in excess of such Net Proceeds. The County and the School Board shall not be entitled by reason of the payment of such excess cost to any (A) interest in the Premises that they did not possess prior to such payment, (B) reimbursement from the Authority or the Bondholder or (C) abatement or diminution of Basic Rent or Additional Rent.

(ii) Option B - Prepayment of Basic Rent. The County or the School Board, as appropriate, may elect to apply or have applied such Net Proceeds to the prepayment of all or any portion of the principal components of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of the 2015 Bond in accordance with Section [18(a)] above.

Section 22. Condemnation and Loss of Title.

(a) In the case of a taking of all or any part of the Premises or any right therein under the exercise of the power of eminent domain, any loss of all or any part of the Premises because of loss of title thereto or the commencement of any proceedings or negotiations that might result in such a taking or loss, the party upon whom notice of such taking is served or with whom such proceedings or negotiations are commenced or who learns of a loss of title shall give prompt

notice to the other parties hereto. Each such notice shall describe generally the nature and extent of such condemnation, taking, loss, proceedings or negotiations. All obligations of the County and the School Board under this Agreement (except obligations to pay Basic Rent when due) shall terminate as to the Premises or portion thereof as to which there is a loss of title or which is condemned or taken when such loss of title is finally adjudicated or when title thereto vests in the party condemning or taking the same, as the case may be (hereinafter referred to as the "termination date").

(b) In the event of any such loss of title, condemnation or taking, the County or the School Board, as appropriate, upon the following conditions and within 90 days after the termination date therefor, shall elect one of the following two options and give notice of such election to the Bondholder and the Authority:

(i) Option A - Repair, Reconstruction and Restoration. The County or the School Board, as applicable, may elect to have the Net Proceeds as to such loss of title, condemnation or taking used to repair, restore or reconstruct the portion of the Premises as to which there has been a loss of title, condemnation or taking to substantially its condition prior to such loss of title, condemnation or taking. Upon election of this Option A, the County or the School Board, as applicable, shall apply so much as may be necessary of the Net Proceeds received by it on account of such loss of title, condemnation or taking to payment of such repair, reconstruction or restoration of the Premises, either on completion thereof or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such repair, reconstruction or restoration, the County or the School Board, as applicable, shall pay, subject to Section [11], so much of the cost thereof as may be in excess of such Net Proceeds. Neither the County nor the School Board shall be entitled by reason of the payment of such excess cost to any (A) interest in the Premises that it did not possess prior to such payment, (B) reimbursement from the Authority or the Bondholder or (C) abatement or diminution of the Basic Rent or Additional Rent.

(ii) Option B - Prepayment of Basic Rent. The County or the School Board, as appropriate, may elect to apply or have applied such Net Proceeds to the prepayment of all or any portion of the principal component of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of the 2015 Bond in accordance with Section [18(a)] above.

(c) The Authority shall, at the expense of the County or the School Board, as appropriate, cooperate fully with the County and the School Board in the contest of any prospective or pending condemnation proceedings or in any contest over title with respect to the Premises or any portion thereof and shall, to the extent it may lawfully do so, permit the County and the School Board, as appropriate, to litigate, at the expense of the County or the School Board, as appropriate, in any such proceeding in the name and behalf of the Authority. In no event shall the Authority voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings or proceedings as to title with respect to the Premises or any portion thereof without the consent of the County and the School Board.

Section 23. <u>Release of Property</u>.

In the event that the County or the School Board elects to prepay all or any portion of the Basic Rent pursuant to Section [21(b)(ii) or 22(b)(ii)], the 2015 Ground Lease may be amended, at the option of the County or the School Board, as appropriate, to release any portion of the Premises from the terms of the Financing Instruments so long as the removal of such portion of the Premises (a) leaves the Premises with a market value, as determined by a licensed real estate appraiser or an equipment appraiser mutually acceptable to the Authority and the County or the School Board, as appropriate, at least equal to the sum of the principal components of Basic Rent remaining unpaid and (b) leaves a useable portion of the Premises.

Section 24. <u>Events of Default</u>.

(a) Subject to the provisions of Section [11], the following events shall be "Events of Default" under this Agreement:

(i) Failure of the County (A) to pay the full amount of Basic Rent within 10 days of the date established under Section [10] or (B) to make any payment of Additional Rent required by Section [10] when due;

(ii) Failure of the County or the School Board to observe and perform any covenant, condition or agreement on its part to be observed or performed, which failure shall continue for a period of 30 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 30 day period but can be cured within the succeeding 60 days, failure of the County or the School Board to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence; or

(iii) Bankruptcy or insolvency of the County, or failure by the County to lift any execution or attachment on the Premises or any portion thereof, which failure shall continue for a period of 60 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 60 day period but can be cured within the succeeding 60 days, failure of the County to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

(b) The provisions of the foregoing subparagraph (a)(ii) are subject to the limitation that if by reason of force majeure the County or the School Board is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder other than those set forth in Sections [10, 11, 12, 13, 14, 15, 16 and 33], the County or the School Board, as applicable, shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include without limitation: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of

utilities; or any other cause or event not reasonably within the control of the County or the School Board, as applicable. The County and the School Board, as applicable, shall remedy with all reasonable dispatch the cause or causes preventing the County or the School Board from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County and the School Board, as applicable, and neither the County nor the School Board shall be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is, in the judgment of the County or the School Board, not in its best interests.

(c) Notwithstanding anything contained in this Section to the contrary, failure by the County to pay when due any payment required to be made under this Agreement or failure by the County or the School Board, as applicable, to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement resulting from failure of the County to appropriate moneys for such purposes, as described in Section [11], shall not constitute an Event of Default. Upon any such failure to appropriate, the provisions of Section [30] shall be applicable.

Section 25. <u>Remedies</u>.

Whenever any Event of Default shall have happened and is continuing, the Authority may take any one or more of the following remedial steps, without further demand or notice: (a) declare immediately due and payable the entire unpaid principal balance of Basic Rent due and thereafter to become due through and including [March 1, 2021]; (b) reenter and take possession of all or any portion of the Premises, with or without terminating this Agreement, exclude the County and the School Board from possession, and sell or lease the County and School Board's leasehold estate[s] in all or any portion of the Premises for the account of the County and the School Board, holding the County liable for all Basic Rent and Additional Rent due up to the effective date of such sale or lease and for the difference between the purchase price, rent and other amounts paid by the purchaser or lessee pursuant to such sale or lease and the rents, interest calculated pursuant to (a) above, and the Basic Rent and other amounts payable by the County hereunder; or (c) take whatever action at law or in equity may appear necessary or desirable to collect the Basic Rent and the Additional Rent then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the County or the School Board under this Agreement. In any of such cases, all rights and interests created or then existing in favor of the County and the School Board as against the Authority hereunder shall cease and terminate, and the right to the possession of the Premises and all other rights acquired by the County and the School Board hereunder shall revert to and revest in the Authority without any act of re-entry or any other act of the Authority to be performed and without any right of the County or the School Board of return, reclamation or compensation for moneys paid under this Agreement as absolutely, fully and perfectly as if this Agreement and such payments had never been made; in case of such default all payments theretofore made on this Agreement are to be retained by and belong to the Authority as the agreed and reasonable rent of the Premises up to the time of such default. Any amounts received by the Authority pursuant to the foregoing provisions shall be applied first to costs, then to any unpaid interest and then to repayment of the principal components of Basic Rent and, upon payment in full of all amounts due such excess, shall be credited to the next payment of Basic Rent.

Section 26. Reinstatement after Event of Default.

Notwithstanding the exercise by the Authority of any remedy granted by Section [25], unless the Authority or its assignee shall have sold its leasehold estate in all or any portion of the Premises or shall have entered into an agreement providing for the reletting of all or any portion of the Premises for at least one year, if the balance of Basic Rent shall not have been accelerated pursuant to Section [25] and all overdue Basic Rent, together with any interest thereon, and all Additional Rent shall have been paid, then the County or the School Board's default under this Agreement shall be waived without further action by the Authority. Upon such payment and waiver, this Agreement shall be fully reinstated and all Basic Rent payments will be due and payable in accordance with Exhibit B, and the County and the School Board shall be restored to the use, occupancy and possession of the Premises; provided, however, that, if all or any portion of the Premises has been relet for less than one year, the County and the School Board shall not be restored to the use, occupancy and possession thereof until the end of such lease.

Section 27. No Remedy Exclusive.

No remedy conferred by this Agreement upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof or acquiescence therein, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 28. No Additional Waiver Implied by One Waiver.

Failure by the Authority at any time to require performance by the County or the School Board of any provision hereof shall in no way affect the Authority's right hereunder to enforce the same, and no waiver by the Authority of any breach of any provision hereof shall be held to be a waiver of any succeeding breach of any such provision or as a waiver of the provision itself.

Section 29. Attorney's Fees and Other Expenses.

Subject to Section [11], the County shall on demand pay to the Authority and the Bondholder the reasonable fees of attorneys and other reasonable expenses incurred by either of them in the collection of appropriated, but unpaid, Basic Rent or Additional Rent, or the enforcement of any other obligation of the County or its agents upon an Event of Default.

Section 30. Termination of Agreement.

(a) ***Right To Terminate.*** If an Event of Non-Appropriation has occurred and is continuing as of August 15 in any year, the County, the School Board and the Authority each shall have the right to terminate this Agreement by giving notice of the exercise of its rights pursuant to this Section to the other parties hereto. If the Authority terminates this Agreement, its notice to the County and the School Board shall specify a date not sooner than 30 days and not later than 60 days thereafter for such termination.

(b) ***Rights upon Termination.*** Upon termination of this Agreement, the Authority may exclude the County and the School Board from possession of the Premises and sell or lease the County and School Board's leasehold estate in the Premises in the manner provided by Section [25].

(c) ***Reinstatement after Termination.*** Notwithstanding any termination of this Agreement in accordance with this Section, unless the Authority or its assignee has sold its leasehold interest in all or any portion of the Premises or has entered into an agreement providing for the reletting of all or any portion of the Premises for a period of at least one year, if all overdue Basic Rent, together with any interest thereon, and Additional Rent has been paid and payment of Basic Rent has not been accelerated or such acceleration has been waived by the Bondholder, this Agreement shall be fully reinstated, and the County and the School Board shall be restored to the use, occupancy and possession of the Premises provided that the conditions set forth in Section [26] are satisfied.

Section 31. <u>Assignment</u>.

The Authority hereby assigns all of its rights in and to this Agreement (except its rights to receive payment of its fees and expenses, to receive notices and to give consents) to the Bondholder. The County and the School Board (a) consent to such assignment, (b) agree to execute and deliver such further acknowledgments, agreements and other instruments as may be reasonably requested by the Authority or the Bondholder to effect such assignment, (c) agree to make all payments due to the Authority under this Agreement directly to the Bondholder (except the Authority's fees and expenses), subject to Section [11], and (d) agree to comply fully with the terms of such assignment so long as such assignment is not inconsistent with the provisions hereof. All references in this Agreement to the Authority (except references to the Authority in Section [2]) shall include the Bondholder and its successors and assigns, whether or not specific reference is otherwise made to the Bondholder, unless the context requires otherwise.

Section 32. <u>No Merger</u>.

So long as any Basic Rent remains unpaid and unless the Bondholder otherwise consents in writing, the fee simple and the leasehold estates in and to the Premises shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the Bondholder, the County, the School Board, any lessee or any third party.

Section 33. <u>Use of Proceeds and Tax Exemption</u>.

(a) ***Use of Proceeds***. Neither the Authority, the School Board nor the County shall cause any proceeds of the 2015 Bond to be expended except pursuant to this Agreement. Neither the County, the School Board nor the Authority shall (i) take any action or approve any investment or use of the proceeds of this Agreement or the 2015 Bond or any other moneys within their respective control (including, without limitation, the proceeds of any insurance or any condemnation award with respect to the Premises) or taking any other action that would cause the 2015 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or otherwise cause the interest due on the 2015 Bond to be includable in the gross income of the

Bondholder under existing statutes or (ii) approve the use of any proceeds from the sale of the 2015 Bond otherwise than in accordance with the Non-Arbitrage Certificate and shall otherwise comply therewith. 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 funds received under this Agreement, unless the County receives an opinion of Bond Counsel that such compliance is not required to prevent the interest on the 2015 Bond from being includable in the gross income for federal income tax purposes of the Bondholder under existing law.

(b) ***Arbitrage and Rebate.*** The County shall, at its sole expense, determine and pay on behalf of the Authority the Rebate Amount to the United States, as and when due, in accordance with the "rebate requirement" described in Section 148(f) of the Code and Treasury Regulations thereunder, including without limitation, Treasury Regulations Section 1.148, and retain records of all such determinations until six years after Payment of the 2015 Bond.

Section 34. Limitation of Authority's Liability.

No covenant, agreement or obligation contained in any Financing Instrument shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Authority in his individual capacity, and neither the directors of the Authority nor any officer, employee or agent thereof executing any Financing Instrument shall be liable personally on such Financing Instrument or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee or agent of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to the Financing Instruments or the Act or any of the transactions contemplated thereby, provided he acts in good faith.

THE OBLIGATIONS OF THE AUTHORITY UNDER THE FINANCING INSTRUMENTS TO WHICH IT IS A PARTY ARE NOT GENERAL OBLIGATIONS OF THE AUTHORITY BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE AUTHORITY PURSUANT TO THIS AGREEMENT, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SUCH PURPOSES. THE OBLIGATIONS OF THE AUTHORITY HEREUNDER SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE OBLIGATIONS HEREUNDER OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES, RECEIPTS AND PAYMENTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, IS PLEDGED TO THE PAYMENT OF THE 2015 BOND.

Section 35. Registration of 2015 Bond.

The 2015 Bond shall be issued in registered form without coupons, payable to the registered owner or registered assigns. The Authority shall keep books for the registration of transfer of the 2015 Bond as the Registrar or may, at any time with notice to the Bondholder, appoint a qualified bank or trust company to serve as successor Registrar. The transfer of the 2015 Bond may be registered only upon an assignment executed by the registered owner in such form as shall be satisfactory to the County and the Authority, such registration to be made on the registration books and endorsed on the 2015 Bond by the Bondholder. The person in whose name the 2015 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and premium, if any, and interest on the 2015 Bond shall be made only to or upon the order of the registered owner thereof or its legal representative.

Section 36. Notices.

Except as may otherwise be provided in the 2015 Ground Lease, all demands, notices, approvals, consents, requests and other communications hereunder and under the 2015 Ground Lease shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed:

(a) if to the **County**, at 755 Roanoke Street, Suite 2E, Christiansburg, Virginia 24073 (Attention: County Administrator);

(b) if to the **School Board**, at 750 Imperial Street SE, Christiansburg, Virginia 24073 (Attention: Superintendent);

(c) if to the **Authority**, at 755 Roanoke Street, Suite 2H, Christiansburg, Virginia 24073 (Attention: Chairman); or

(d) if to the **Bondholder**, at [_____] (Attention: [_____]).

A duplicate copy of each notice, approval, consent, request or other communication given under any Financing Instrument by the Authority to either the County or the School Board or by the County or the School Board to the Authority shall also be given to the Bondholder. The Authority, the County, the School Board and the Bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

Section 37. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument; [except to the extent, if any, that this Agreement shall constitute personal property under the Uniform Commercial Code of Virginia, no security interest in this Agreement may be created or perfected through the transfer or possession of any counterpart of this Agreement other than its original

counterpart, which shall be the counterpart containing the receipt therefor executed by the Bondholder following the signatures to this Agreement.] [applicable?]

Section 38. <u>Miscellaneous</u>.

(a) To the extent not paid from proceeds of the 2015 Bond, the County agrees to pay from legally available funds (1) the reasonable fees and expenses of the Authority, counsel to the Authority and Bond Counsel and all other costs, fees and expenses incidental to the financing hereunder, the issuance of the 2015 Bond and the costs of producing the documents referred to herein, (2) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the transactions contemplated by this Agreement, (3) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the filings or recordings pursuant to the Financing Instruments and (4) all costs of collection (including reasonable counsel fees) in the event of a default in the payment of the principal of or premium, if any, or interest on the 2015 Bond or other charges payable under the Financing Instruments.

(b) The Bondholder shall furnish to the Authority upon request (i) a statement of the amount of principal of the 2015 Bond outstanding and unpaid as of the date of such request and (ii) such information as may be necessary to complete the annual audit of the Authority as required by the Act or any other law, now or hereafter in effect.

(c) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and the subsequent holders of the 2015 Bond and their respective successors and assigns. The representations, covenants and agreements contained herein shall continue notwithstanding the delivery of the 2015 Bond to the Bondholder.

(d) If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(e) This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. The Financing Instruments express the entire understanding among the parties, and none of such instruments may be modified except in writing signed by the parties thereto. No Financing Instrument may be modified before Payment of the 2015 Bond without the consent of the Bondholder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA

By:_____
[Chairman]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [Chairman of the Economic Development Authority of Montgomery County, Virginia], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTGOMERY, VIRGINIA, on behalf of the COUNTY OF MONTGOMERY, VIRGINIA

By:_____
[County Administrator]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [County Administrator] of the County of Montgomery, Virginia, appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

SCHOOL BOARD OF MONTGOMERY COUNTY, VIRGINIA

By_____
[Superintendent]

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [Superintendent of Montgomery County Public Schools], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

[BANK] , as purchaser of the 2015 Bond

By:_____

Its:_____

COMMONWEALTH OF VIRGINIA)
)
_____)

The undersigned Notary Public, in and for the jurisdiction aforesaid, hereby certifies that the individual, whose name is signed to the foregoing as the [_____] of [BANK], appeared before me and personally acknowledged the same in my jurisdiction aforesaid. Such person is personally known to me or has presented satisfactory evidence of identification.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
Notary Public #_____

My commission expires: _____

Exhibit A

DESCRIPTION OF PREMISES

[Insert description of Premises]

Exhibit B

BASIC RENT PAYMENT SCHEDULE

Due Date	Principal	Interest	Total Payment

Exhibit C

Form of Bond

REGISTERED **REGISTERED**

R-1 **[February __, 2015]**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA

Lease Revenue Refunding Bond
Series of 2015

The Economic Development Authority of Montgomery County, Virginia, a political subdivision of the Commonwealth of Virginia (formerly the Industrial Development Authority of Montgomery County, Virginia, the "Authority"), for value received, hereby promises to pay, solely from the source and as hereinafter provided, to the order of [_____] (the "Bondholder"), at its principal office in [_____, _____], or at such other place as the holder of this Bond may in writing designate, the principal amount of [_____] DOLLARS ($[_____]), together with interest on the unpaid principal at the rate of [____]% per year, calculated on the basis of a 360-day year of twelve 30-day months. Installments of interest shall be payable semiannually, in arrears, on each [March 1] and [September 1], beginning [September 1, 2015], until maturity, in the amounts set forth on Schedule I attached hereto. Installments of principal shall be paid annually on [March 1] in the years and amounts set forth on Schedule I. If the date on which any payment is due with respect to this Bond is not a Business Day, the payment shall be made on the next succeeding Business Day. If not sooner paid, the final payment, consisting of all unpaid principal and interest, shall be due and payable on [March 1, 2021]. All payments of principal and interest shall be made in lawful money of the United States in immediately available funds at the office of the Bondholder in [_____, _____].

This Bond is authorized and issued pursuant to the Industrial Development and Revenue Bond Act (Chapter 49, Title 15.2, Code of Virginia of 1950, as amended) for the purpose of refunding the outstanding maturities of the Authority's $10,800,000 Lease Revenue Refunding Bonds, Series 2005A, and $7,630,000 Lease Revenue Refunding Bonds, Series 2005B, and pursuant to a Bond Purchase and Lease Agreement dated as of [February __, 2015] (the "Agreement"), between the Authority, the County of Montgomery, Virginia (the "County"), the School Board of Montgomery County, Virginia (the "School Board"), and the Bondholder. Pursuant to the Agreement, the Premises (as defined in the Agreement) will be leased by the Authority to the County and the School Board for the payment of Basic Rent by the County to the Authority, which the Authority has pledged to the Bondholder as security for this Bond. Reference is hereby made to the Agreement and all amendments and supplements thereto for a description of the provisions with respect to the nature and extent of the security for this Bond, the rights, duties and obligations of the Authority and the rights of the holder of this Bond with

respect thereto. All capitalized terms used herein but not defined shall have the meanings set forth in the Agreement.

The undertaking by the County to make payments under the Agreement constitutes neither a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the County Board of Supervisors has appropriated moneys to make such payments. The County has covenanted in the Agreement that the County Administrator shall include in the County's annual budget the amount of payments under the Agreement, but the County is not obligated to make appropriations for such purpose. The Authority shall have no obligation or liability to the Bondholder with respect to the County's obligations to make payments under the Agreement or with respect to the performance by the County of any other covenant contained therein.

This Bond shall be subject to redemption prior to maturity, in whole or in part, at any time upon payment of [100%] of the principal amount hereof to be prepaid plus interest accrued and unpaid to the date fixed for prepayment. The Bondholder agrees to apply payments received as the prepayment of Basic Rent to the redemption of this Bond; provided, however, that, if such prepayment of Basic Rent is not sufficient to redeem the outstanding principal installments of the this Bond in full, such prepayment shall be applied to the redemption of the outstanding principal installments of this Bond in such manner as the County and the Bondholder may agree.

[If the Premises or any portion thereof is damaged or destroyed by fire or other casualty during the Lease Term and the County or the School Board, as appropriate, determines in good faith that the cost to repair, reconstruct and restore the Premises to the same condition as had existed prior to such damage or destruction will exceed $500,000, then the County or the School Board, as appropriate and subject to the conditions in Section [21] of the Agreement, may elect to apply or have applied such Net Proceeds to the prepayment of all or any portion of the principal components of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of this Bond in accordance with Section [18(a)] of the Agreement.]

[In the case of a taking of all or any part of the Premises or any right therein under the exercise of the power of eminent domain, the County or the School Board, as appropriate and subject to the conditions in Section [22] of the Agreement, may elect to apply or have applied the Net Proceeds as to such loss of title, condemnation or taking to the prepayment of all or any portion of the principal component of Basic Rent, plus interest accrued to the date of prepayment, to be used by the Bondholder to redeem all or any portion of this Bond in accordance with Section [18(a)] of the Agreement.]

The Agreement provides that the Bondholder, at its option, may declare all amounts payable under this Bond to be immediately due and payable upon an Event of Default thereunder, and, upon such declaration, all amounts hereunder shall become immediately due and payable.

THIS BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE

REVENUES AND RECEIPTS DERIVED BY THE AUTHORITY FROM THE COUNTY PURSUANT TO THE AGREEMENT, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT THEREOF. THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED AND ASSIGNED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO. NO COVENANT, CONDITION OR AGREEMENT CONTAINED HEREIN SHALL BE DEEMED TO BE A COVENANT, AGREEMENT OR OBLIGATION OF ANY PRESENT OR FUTURE DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE AUTHORITY IN HIS INDIVIDUAL CAPACITY, AND NEITHER THE DIRECTORS OF THE AUTHORITY NOR ANY OFFICER THEREOF EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

This Bond is registered in the name of the holder hereof on the registration books kept by the Registrar designated pursuant to the Agreement, which registration has been made in said registration books and endorsed hereon by the Registrar, and no registration of transfer hereof shall be valid unless made on said registration books at the written request of the holder as provided in the Agreement.

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

IN WITNESS WHEREOF, the Economic Development Authority of Montgomery County, Virginia, has caused this Bond to be signed by its [Chairman], its seal to be affixed hereon and attested by its Secretary, and this Bond to be dated [February __, 2015].

ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY, VIRGINIA

(SEAL) By _____
[Chairman]

ATTEST:

_____
[Secretary]

ASSIGNMENT

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

_____

_____

(Please print or type name and address, including zip code, of Transferee)

[PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE:]

_____
: :
: :
:_____:

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

_____,

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

Dated: _____

Signature Guaranteed

_____

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

_____

(Signature of Registered Owner

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

TRANSFER OF BOND

The transfer of this Bond may be registered by the Bondholder or its duly authorized attorney or legal representative upon presentation hereof to the Registrar, who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

Date of Registration	**Name of Registered Owner**	**Signature of Registrar**
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE I

Due Date	Principal	Interest	Total Payment