RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $78,000,000 GENERAL OBLIGATION SCHOOL REFUNDING BONDS OF THE COUNTY OF MONTGOMERY, VIRGINIA, TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY, PROVIDING FOR THE FORM AND DETAILS THEREOF AND AUTHORIZING THE REFUNDING OF THE COUNTY'S $86,115,000 GENERAL OBLIGATION SCHOOL BOND, SERIES 2011A

WHEREAS, Montgomery County, Virginia (the "County"), has previously issued its $86,115,000 General Obligation School Bond, Series 2011A (the "2011A Bond"), to finance certain capital projects for school purposes;

WHEREAS, the County sold the 2011A Bond to the Virginia Public School Authority ("VPSA"), which purchased the 2011A Bond with a portion of the proceeds of VPSA's $86,115,000 Special Obligation School Financing Bonds Montgomery County, Series 2011 (the "2011 VPSA Bonds");

WHEREAS, Davenport & Company LLC, in its capacity as the County's financial advisor, has informed the Board of Supervisors of the County (the "County Board") that the County may achieve debt service savings by refunding all or a portion of the outstanding principal installments of the 2011A Bond (such refunded portion, the "Refunded Bond");

WHEREAS, by resolution adopted on September 6, 2016, the Montgomery County School Board has requested the County Board to authorize the issuance of general obligation school refunding bonds and consented to the issuance of such bonds to refund the Refunded Bond;

WHEREAS, the County Board has determined that it is necessary and expedient to borrow an amount not to exceed $78,000,000 and to issue its general obligation school refunding bonds (as hereinafter described, the "Bonds") to refund the Refunded Bond, subject to the terms and conditions herein, including a condition that the refunding achieve an aggregate net present value debt service savings of not less than 3.00% of the refunded par amount of the Refunded Bond (the "Targeted Savings");

WHEREAS, VPSA has offered to purchase the Bonds from the proceeds of certain bonds to be issued by VPSA in connection with its stand-alone financing program (the "VPSA Bonds"), in accordance with the terms of a Bond Sale Agreement (the "Bond Sale Agreement"), between VPSA and the County, the form of which has been presented to this meeting of the County Board;

WHEREAS, the Bond Sale Agreement shall indicate that the County desires to receive from VPSA an amount of net proceeds from the sale of the Bonds that will be sufficient to pay the principal of and accrued interest on the Refunded Bond and to pay the related costs of issuance and refunding (the "Proceeds Requested");

WHEREAS, VPSA's objective is to pay to the County a purchase price for the Bonds that, in VPSA's judgment, reflects the Bonds' market value (the "VPSA Purchase Price Objective"), taking into consideration such factors as the maximum principal amount of the Bonds, the Targeted Savings, the purchase price to be received by VPSA for the VPSA Bonds and other market conditions relating to the sale of the VPSA Bonds; and

WHEREAS, such factors may result in the Bonds having a purchase price other than par and consequently (i) the County may have to issue the Bonds in a principal amount that is greater than or less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested or (ii) if the maximum authorized principal amount of the Bonds set forth in Section 1 below does not exceed the Proceeds Requested by at least the amount of any discount, the purchase price to be paid to the County, given the VPSA Purchase Price Objective and market conditions, will be less than the Proceeds Requested;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MONTGOMERY COUNTY, VIRGINIA:

1. **Authorization of Bonds and Use of Proceeds**. The County Board hereby determines that it is advisable and in the best interests of the County and its citizens to contract a debt and issue and sell its general obligation school refunding bonds (the "Bonds") for the purpose of refunding the Refunded Bond and paying the related costs of issuance and refunding. The County Board hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution and in accordance with the provisions of the Public Finance Act of the Code of Virginia of 1950, as amended (the "Virginia Code").

2. **Sale of the Bonds**. It is determined to be in the best interests of the County to accept the offer of VPSA to purchase from the County, and to sell to VPSA, the Bonds at a price, determined by VPSA to be fair and accepted by the Chairman or Vice Chairman of the County Board or the County Administrator, any of whom may act, that is substantially equal to the Proceeds Requested; except that the Bonds may not be sold for a purchase price lower than 95% of the Proceeds Requested. The Chairman of the County Board, the County Administrator and such officer or officers of the County as either may designate, any of whom may act, are hereby authorized and directed to enter into the Bond Sale Agreement with VPSA, providing for the sale of the Bonds to VPSA. The Bond Sale Agreement shall be in substantially the form submitted to the County Board at this meeting, which form is hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer executing the Bond Sale Agreement, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

3. **Details of the Bonds**. The Bonds shall (a) be issued in fully registered form, dated the date of their issuance and delivery or such other earlier date requested by VPSA, (b) be designated "General Obligation School Refunding Bond, Series 2016" or such other designation as the County Administrator shall determine, (c) bear interest from their dated date payable semi-annually on dates to be selected by the County Administrator in consultation with VPSA (each an "Interest Payment Date"), and at the rates established in accordance with Section 4 of this Resolution, (d) mature or be payable in installments on dates (each a "Principal Payment Date") established in accordance with Section 4 of this Resolution, provided that the final Principal

Payment Date occurs not later than December 31, 2032; and (e) are payable in amounts (the "Principal Installments") established in accordance with Section 4 of this Resolution, provided that the aggregate amount of Principal Installments shall not exceed $78,000,000. The refunding of the Refunded Bond shall achieve at least the Targeted Savings.

4. **Interest Rates and Principal Installments**. The County Administrator is hereby authorized and directed to accept the interest rates on the Bonds established by VPSA, provided that the true interest cost of the Bonds does not exceed five percent (5.00%) per annum. The County Administrator is hereby authorized and directed to accept the Interest Payment Dates, the Principal Payment Dates and the amounts of the Principal Installments as may be determined by VPSA based on the final terms of the VPSA Bonds, subject to the parameters set forth in Section 3 of this Resolution. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence that the final terms of the Bonds have been so accepted by the County Administrator as authorized by this Resolution.

5. **Form of the Bonds**. The Bonds shall be initially issued in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing the Bonds, whose approval shall be evidenced conclusively by the execution and delivery of the Bonds.

6. **Payment; Paying Agent and Bond Registrar**. The following provisions shall apply to the Bonds:

(a) For as long as VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to VPSA, at or before 11:00 a.m. on the applicable Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption, or if such date is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next succeeding such Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption.

(b) All overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rate or rates on the Bonds.

(c) U.S. Bank National Association is designated as bond registrar and paying agent for the Bonds (the "Bond Registrar"). The County may, in its sole discretion, replace at any time the Bond Registrar with another qualified bank or trust company as successor Bond Registrar. The County shall give prompt written notice to VPSA of the appointment of any successor Bond Registrar.

7. **Prepayment or Redemption**. The Principal Installments of the Bonds and the definitive bonds for which the Bonds held by VPSA may be exchanged will be subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any dates and at prices as shall be determined by VPSA and agreed to by the County Administrator, provided that the prepayment or redemption premium shall not exceed 3% of the principal amount of the aggregate principal amount thereof. Notwithstanding the preceding

provisions, the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without first obtaining the written consent of VPSA or the registered owner of the Bonds and complying with the applicable notice provisions of the Bond Sale Agreement.

8. **Execution of the Bonds**. The Chairman or Vice Chairman of the County Board, either of whom may act, and the Clerk or any Deputy Clerk of the County Board, any of whom may act, are authorized and directed to execute and deliver the Bonds and to affix the seal of the County thereto.

9. **Pledge of Full Faith and Credit**. For the prompt payment of the principal of and premium, if any, and interest on the Bonds as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law, at the same time and in the same manner as other taxes of the County are assessed, levied and collected, an annual ad valorem tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on the Bonds as such principal, premium, if any, and interest shall become due to the extent other funds of the County are not lawfully available and appropriated for such purpose.

10. **Use of Proceeds Certificate and Certificate as to Arbitrage**. The Chairman and Vice Chairman of the County Board, the County Administrator and such other officer or officers of the County as either may designate, any of whom may act, are hereby authorized and directed to execute a Use of Proceeds Certificate and Tax Compliance Agreement (the "Tax Compliance Agreement") setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations relating to the exclusion from gross income of interest on the VPSA Bonds. The County Board covenants on behalf of the County that (a) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in the Tax Compliance Agreement and that the County shall comply with the other covenants and representations contained therein and (b) the County shall comply with the provisions of the Code so that interest on the VPSA Bonds will remain excludable from gross income for federal income tax purposes.

11. **Continuing Disclosure Agreement**. The Chairman and Vice Chairman of the County Board, the County Administrator and such other officer or officers of the County as either may designate, any of whom may act, are hereby authorized and directed to execute a Continuing Disclosure Agreement, substantially in the form attached as an appendix to the Bond Sale Agreement or as otherwise requested by VPSA, setting forth the reports and notices to be filed by the County and containing such covenants as may be necessary in order to show compliance with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and are hereby directed to make all filings required by the Bond Sale Agreement.

12. **Disclosure of County Information**. If requested by VPSA, the County approves the inclusion of information regarding the County (including financial, economic and

demographic information) in the preliminary official statement to be used in connection with the marketing of the VPSA Bonds and approves the distribution of such preliminary official statement by VPSA. The County also consents to the distribution by VPSA of a final official statement (the preliminary official statement marked to include information regarding the pricing of the VPSA Bonds) including such County information.

13. **Redemption of Refunded Bond.** The County Administrator is authorized and directed to determine which principal installments of the 2011A Bond, if any, shall be refunded and constitute the Refunded Bond. The County Administrator is further authorized to provide the appropriate redemption notices to VPSA in accordance with the resolution and documents providing for the issuance of the 2011A Bond.

14. **Escrow Deposit Agreement.** The County Administrator is authorized and directed to enter into an escrow deposit agreement (the "Escrow Agreement") with VPSA and an escrow agent to be appointed by VPSA, if and as necessary, to provide for the redemption of the Refunded Bond and to enable VPSA to effect a redemption of the corresponding maturities of the 2011 VPSA Bonds. The Escrow Agreement shall be in the form approved by the County Administrator, in collaboration with the County Attorney and the County's bond counsel, the execution thereof by the County Administrator to constitute conclusive evidence of such officer's approval of the Escrow Agreement. The Escrow Agreement shall provide for the irrevocable deposit of a portion of the proceeds of the Bonds in an escrow fund that shall be sufficient, when invested in noncallable, direct obligations of the United States Government, to provide for payment of principal of and premium, if any, and interest on the Refunded Bond and corresponding maturities of the 2011 VPSA Bonds.

15. **SNAP Investment Authorization; Proceeds Agreement.** The County Board has heretofore received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool I (the "Contract"), and the County Board has determined to authorize the County to use SNAP in connection with the investment of the non-refunding proceeds of the Bonds, if the County Administrator determines that the utilization of SNAP is in the best interests of the County. The County Board acknowledges the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the County in connection with SNAP, except as otherwise provided in the Contract.

16. **Filing of Resolution**. The appropriate officers or agents of the County are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the County.

17. **Further Actions**. The members of the County Board and all officers, employees and agents of the County are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and the refunding of the Refunded Bond, and any such action previously taken is hereby ratified and confirmed.

18. **Effective Date**. This Resolution shall take effect immediately.

VIRGINIA PUBLIC SCHOOL AUTHORITY

BOND SALE AGREEMENT

Name of County, City or Town (the "Locality"): County of Montgomery, Virginia

VPSA Sale Date: Expected to be on or about October 11, 2016

Closing Date: Expected to be on or about October 27, 2016

Proceeds Requested: an amount sufficient to refund the obligations referred to on Appendix A attached hereto (subject to adjustment as provided in Section 4(b)), plus costs of issuance.

Maximum Authorized Par Amount: $78,000,000

Amortization Period: Matched Maturity Refunding

****

1. The Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of VPSA's Special Obligation School Financing [and Refunding] Bonds, Montgomery County Series 2016 (the "VPSA Bonds"), your general obligation school bond and local school bond at a price, determined by VPSA to be within the parameters set forth in your local resolution (as defined below), that is substantially equal to your Proceeds Requested set forth above (as authorized by your local resolution). The sale date of the VPSA Bonds is tentatively scheduled for October 11, 2016 but may occur, subject to market conditions, at any time (the "VPSA Sale Date").

2. You represent that on or before September __, 2016, your local governing body will have duly authorized the issuance of your local school bond by adopting a resolution authorizing the issuance and sale of the general obligation school bond of the County of Montgomery, Virginia (the "local resolution") and that your local school bond will be in the form set forth in the local resolution. Any changes that you or your counsel wish to make to the form of the local resolution and/or your local school bond must be approved by VPSA prior to adoption of the local resolution by your local governing body. You represent that a certified copy of the local resolution was filed with the Circuit Court for the County of Montgomery, Virginia, on September ___, 2016.

3. You hereby covenant that you will comply with and carry out all of the provisions of the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") substantially in the form of the Continuing Disclosure Agreement appearing as Appendix B to this Agreement. For purposes of the VPSA Bonds, you hereby acknowledge that you will be considered a Material Obligated Person and you represent and warrant that as of each of (A) the date of VPSA's Preliminary Official Statement (expected to be October 4, 2016), (B) the date of VPSA's applicable final Official Statement (to be dated the sale date of the VPSA Bonds) and (C) the date of delivery of the VPSA Bonds (in the case of this sale, expected to be October 27, 2016) the information relating to the County of Montgomery, Virginia in the Preliminary and final Official Statement, including Appendices A and B thereto ("Your Information"), will be true and correct and will not contain any untrue

statement of a material fact or omit to state a material fact which should be included in Your Information or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading. You further agree to furnish to VPSA a copy of all continuing disclosure and material event notices filings you make pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), subsequent to the date of this Bond Sale Agreement. Such copy will be furnished to VPSA on the same date any such filing is made.

4. VPSA's commitment to purchase your local school bond is contingent upon (a) your compliance with the terms of this Bond Sale Agreement, (b) your providing to VPSA a final list of obligations to be refunded on or before the VPSA Sale Date and (c) VPSA's receipt on the Closing Date of:

(1) your local school bond which shall include and reflect the terms and provisions thereof as described in the final Official Statement,

(2) certified copies of the local resolution and the school board resolution,

(3) an executed copy of a Use of Proceeds Certificate and Tax Compliance Agreement (the "Tax Compliance Agreement") in form and substance acceptable to VPSA,

(4) certificates of your Chairman and County Administrator, dated the date of the delivery of the VPSA Bonds, to the effect that (i) Your Information was as of the date of VPSA's Preliminary and final Official Statements, and is as of the date of the certificate which shall be dated the closing date, true and correct and did not and does not contain an untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference therein or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading, and (ii) except as set forth in the Preliminary and Final Official Statement, you have, for the past five years, complied in all material respects with your prior undertakings made pursuant to the Rule,

(5) such items as the underwriters of the VPSA Bonds may reasonably request,

(6) an approving legal opinion from your bond counsel in form satisfactory to VPSA that (i) the local school bond is a valid and binding general obligation of the Locality, (ii) based on representations of the Locality and its school board, under current law, the local school bond will not be a "private activity bond" within the meaning of Section 141(a) of the Internal Revenue Code of 1986, as amended, (iii) pursuant to current Virginia law, the interest on the local school bond is excluded from Virginia taxable income for purposes of the individual income tax and the income taxation of corporations by the Commonwealth of Virginia, (iv) the terms and provisions of the local school bond conform to the requirements of this Bond Sale Agreement, and (v) this Bond

Sale Agreement, the Tax Compliance Agreement and the Continuing Disclosure Agreement are valid, binding and enforceable in accordance with their terms,

(7) a transcript of the other customary closing documents not listed above, and

(8) VPSA's receipt of the proceeds of the VPSA Bonds.

5. One complete original transcript of the documents listed above shall be provided by your counsel to McGuireWoods LLP, bond counsel to VPSA, on the Closing Date or, with VPSA's permission, as soon as practicable thereafter but in no event more than thirty (30) business days after the Closing Date.

6. Subject to the conditions described in Section 4 hereto, this Bond Sale Agreement shall become binding as of the later of the VPSA Sale Date and the date you execute this Bond Sale Agreement.

[Signature Page Follows]

Dated as of _____, 2016.

Virginia Public School Authority

By:_____
Name: James D. Mahone
Title: Authorized VPSA Representative

County of Montgomery, Virginia

By:_____
Name: _____
Title: _____

[Signature Page to Bond Sale Agreement]

APPENDIX A

OBLIGATIONS TO BE REFUNDED

(to be updated on or before the sale date)

APPENDIX B

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated as of _____ ___, 2016, is executed and delivered by the County of Montgomery, Virginia (the "County") in connection with the issuance by the Virginia Public School Authority (the "Authority"), of $_____ principal amount of the Authority's Special Obligation School Refunding Bonds, Montgomery County Series 2016 (the "VPSA Bonds"), dated _____ ___, 2016, and pursuant to a resolution adopted by the Board of Supervisors of the County on _____ ___, 2016 (the "Resolution"). The proceeds of the VPSA Bonds are being used by the Authority to purchase the General Obligation School Bond of the County pursuant to a bond sale agreement between the Authority and the County (the "Bond Sale Agreement"). Capitalized terms used in this Agreement shall have the respective meanings specified above or in Article I hereof. Pursuant to the Bond Sale Agreement and the Resolution, the County hereby agrees as follows:

ARTICLE I
DEFINITIONS

1.1 **Definitions**. The following terms used in this Agreement shall have the following respective meanings:

"Annual Financial Information" means, collectively, (1) the financial information and operating data with respect to the County for each fiscal year of the type described in Appendix A to the Official Statement relating to the VPSA Bonds, dated _____ ___, 2016 in the tables captioned _____ and (2) information regarding any amendments to this Agreement required pursuant to Sections 4.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (1) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

"Audited Financial Statements" means the annual financial statements, if any, of the County, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the County may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to EMMA, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

"Counsel" means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the County.

"EMMA" means the MSRB's Electronic Municipal Market Access system, the current Internet address of which is http://emma.msrb.org, and any successor thereto.

"Event Notice" means a notice of a Notice Event.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB").

"Notice Event" means any of the following events with respect to the VPSA Bonds, whether relating to the County or otherwise:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570-TEB) or other material notices or determinations with respect to or events affecting the tax-exempt status of the security;

(g) modifications to rights of security holders, if material;

(h) bond calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution, or sale of property securing repayment of the securities, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the County; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material; and

(n) appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Official Statement" means the "final official statement" with respect to the VPSA Bonds as defined in paragraph (f)(3) of the Rule.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

"SEC" means the United States Securities and Exchange Commission.

"State" means the Commonwealth of Virginia.

"Unaudited Financial Statements" has the same meaning as Audited Financial Statements, except the same shall not have been audited.

"Underwriters" means any of the original underwriters of the VPSA Bonds required to comply with the Rule in connection with the offering of such VPSA Bonds.

ARTICLE II
THE UNDERTAKING

2.1 **Purpose**. This Agreement shall constitute a written undertaking for the benefit of the holders of the VPSA Bonds, and is being executed and delivered solely to assist the Underwriters in complying with paragraph (b)(5) of the Rule.

2.2 **Annual Financial Information**.

(a) The County shall provide Annual Financial Information for the County with respect to each fiscal year of the County, on or before the March 31 after the end of such fiscal year (commencing with its fiscal year ended June 30, 2016) to the MSRB.

(b) The County shall provide, in a timely manner, notice of any failure of the County to provide the Annual Financial Information by the date specified in subsection (a) above to EMMA.

2.3 **Audited Financial Statements**. If not provided in conjunction with the Annual Financial Information by the dates required by Section 2.2(a) hereof, the County shall provide Audited Financial Statements, when and if available, to the MSRB.

2.4 **Notices of Notice Events**.

(a) If a Notice Event occurs, the County shall provide, within 10 business days of the occurrence of the Notice Event, an Event Notice to the MSRB.

(b) Upon any legal defeasance of the VPSA Bonds, the County shall cause to be provided notice of such defeasance to the MSRB, which notice shall state whether the VPSA Bonds to be defeased have been defeased to maturity or to a redemption date and the timing of such maturity or redemption.

2.5 **Additional Disclosure Obligations**. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County, and that under some circumstance compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

2.6 **Additional Information**. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Event Notice, in addition to that which is required by this Agreement. If the County chooses to include any information in any Annual Financial Information or Event Notice in addition to that which is specifically required by this Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

2.7 **No Previous Non-Compliance**. The County represents that, except as set forth in the Official Statement dated _____ ___, 2016, relating to the VPSA Bonds, it has not failed, in the five years preceding the date hereof, to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE III
OPERATING RULES

3.1 **Reference to Other Documents**. It shall be sufficient for purposes of Section 2.2 hereof if the County provides Annual Financial Information by specific reference to documents (i) either (1) provided to EMMA, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from EMMA.

3.2 **Submission of Information**. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. The County shall provide such information (or cause such information to be provided) to the MSRB in an electronic format as prescribed by the MSRB and with the identifying information as prescribed by the MSRB.

3.3 **Event Notices**. Each Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the VPSA Bonds.

3.4 **Transmission of Information and Notices**. Unless otherwise required by law and, in the County's sole determination, subject to technical and economic feasibility, the County shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the County's information and notices.

ARTICLE IV
TERMINATION, AMENDMENT AND ENFORCEMENT

4.1 **Termination**.

(a) The County's obligations under this Agreement shall terminate upon legal defeasance, prior redemption or payment in full of all of the VPSA Bonds.

(b) This Agreement or any provision hereof shall be null and void in the event that the County (1) receives an opinion of Counsel, addressed to the County, to the effect that those portions of the Rule which require the provisions of this Agreement or any of such provisions do not or no longer apply to the VPSA Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to EMMA.

4.2 **Amendment**.

(a) This Agreement may be amended, by written agreement of the County Executive of the County, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the County shall have received an opinion of Counsel addressed to the County, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the holders of the VPSA Bonds, and (4) the County delivers copies of such opinion and amendment to EMMA.

(b) In addition to subsection (a) above, this Agreement may be amended and any provision of this Agreement may be waived, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Agreement, (2) the County shall have received an opinion of Counsel to the effect that performance by the County under this Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the County shall have delivered copies of such opinion and amendment to EMMA.

(c) To the extent any amendment to this Agreement results in a change in the types of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made shall present, to the

extent practicable, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the County to EMMA.

4.3 Benefit; Third-Party Beneficiaries; Enforcement.

(a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the VPSA Bonds. Beneficial owners of the VPSA Bonds shall be third-party beneficiaries of this Agreement.

(b) Except as provided in this subparagraph (b), the provisions of this Agreement shall create no rights in any person or entity. The obligations of the County to comply with the provisions of this Agreement shall be enforceable by the holders of the VPSA Bonds, including beneficial owners thereof. The rights of the holders of VPSA Bonds to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Agreement and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of VPSA Bonds pursuant to subsection (a) of this Section 4.3, beneficial owners shall be deemed to be holders of VPSA Bonds for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Agreement shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

COUNTY OF MONTGOMERY, VIRGINIA

By: _____

Title: County Administrator

TABLE OF CONTENTS

MONTGOMERY COUNTY, VIRGINIA 2
- General 2
- Form of Government 2
- Certain Staff Members 3
- Constitutional Officers 3
- Organizational Chart 5
- Education System 6
- Summary of Certain School Statistics 6
- Fall Student Membership by Grade (Active Enrollees on September 30) 7
- Higher Education 7
- Transportation 7
- Wastewater Treatment, Water and Sewer Systems 9
- Solid Waste and Recycling 10
- Electric 10
- Telecommunications - Fiber Providers 10
- Broadband Service 10
- Planning 10
- Parks, Recreation and Libraries 11
- Police, Fire and Rescue Protection 11

COUNTY ECONOMIC AND DEMOGRAPHIC FACTORS 12
- Population 12
- Median Household Income 13
- Per Capita Personal Income 13
- Total Land Book Assessed Values 13
- General Economic Information 13
- Industrial Employment Distribution 15
- Top Employers within the County 15
- Unemployment Rates 16

TAX BASE DATA 17
- Tax Rates 17
- Real Property Rates for Last Ten Calendar Years for the County and Towns of Christiansburg and Blacksburg 17
- Top Ten Principal Taxpayers as of June 30, 2015 18
- Assessed Value of Taxable Property 18
- Property Tax Levies and Collections 19

FINANCIAL INFORMATION 19
- Five-Year Summary of General Fund Revenues, Expenditures and Changes in Fund Balance 19
- General Fund Balance Last Five Fiscal Years 21
- Fiscal Year 2017 Budget Highlights 21
- Comparison of Budgets for Fiscal Years 2016 and 2017 22
- Property Damage and Liability Insurance 23
- Retirement Plan 23
- Labor Relations 23
- Landfill Post-Closure Care 24
- Other Post-Employment Benefits (OPEB) 24
- Capital Improvements Program 25
- Capital Spending Plan 25

DEBT MANAGEMENT 26
- Debt Structure 26
- Annual Debt Service Requirements as of June 30, 2015 [???] 26
- Subsequent Debt Issuance 27
- Changes in Long-Term Obligations 27
- Computation of Direct and Overlapping Debt 28

MONTGOMERY COUNTY, VIRGINIA

General

The County is located in the southwestern portion of the Commonwealth of Virginia in the area known as the New River Valley (which also includes the Counties of Floyd, Giles and Pulaski and the City of Radford). The Town of Christiansburg, Virginia, the County seat, is located at the intersection of Interstate 81 and United States Highways 460 and 11. The Town of Blacksburg, Virginia, is also located in the County and is the home of Virginia Polytechnic Institute and State University ("Virginia Tech"). The County is bordered on the southwest by Pulaski County, on the southeast by Floyd County, on the west by Giles County, on the northwest by Craig County, and on the northeast by Roanoke County. It is approximately 200 miles west of the City of Richmond, Virginia, 30 miles southwest of the City of Roanoke, Virginia, 150 miles southwest of the City of Charlottesville, Virginia, and 150 miles northwest of the City of Danville, Virginia. The County contains approximately 393 square miles of land. Major highways in the County are Interstate 81, US Highway 460 and US Highway 11.

Form of Government

The County is governed by an elected seven-member Board of Supervisors (the "Board of Supervisors"), which appoints a County Administrator and establishes policies for the administration of the County. The Board of Supervisors is required by law to adopt a budget by every June 30 for the following July 1 - June 30 fiscal year. Each member of the Board of Supervisors is elected by the voters of the election district in which such member resides. Members of the Board of Supervisors serve four-year (staggered) terms, each expiring as set forth below:

Member	Occupation	Term Expires December 31
Mary W. Biggs	Retired Teacher, Montgomery County Public Schools	2019
Gary D. Creed	Property Manager	2017
April DeMotts	Property Manager	2019
M. Todd King	Maintenance, New River Nissan	2017
Annette S. Perkins	Retired Principal, Montgomery County Public Schools	2017
Darrell Sheppard	Retired, Virginia Tech Police Department	2019
Christopher A. Tuck	Attorney	2019

The Chair of the Board of Supervisors is Christopher A. Tuck and the Vice Chair is Gary D. Creed. The Chair and Vice Chair are elected annually by the members of the Board of Supervisors.

The County is organized under the traditional county form of government (as defined under Virginia law). Under this form of government, the Board of Supervisors appoints the County Administrator to serve as the chief executive officer of the County. The County Administrator serves at the pleasure of the Board of Supervisors, implements its policies, appoints department heads and directs business administration procedures. The County Administrator is responsible for the development, management and control of County operating and capital budgets. The County currently employs approximately [478] people, both full- and part-time (not including public school system employees), which includes the following constitutional officers: Commonwealth's Attorney, Commissioner of the Revenue, County Treasurer, Sheriff and Clerk of the Circuit Court.

Certain Staff Members

F. Craig Meadows, age [54], has served as County Administrator since August 2009. Mr. Meadows has served in local government management for over twenty-six years and previously served as City Manager of Monroe, North Carolina, and Bedford, Virginia (now the Town of Bedford). Mr. Meadows has also served as Interim Town Manager of Red Springs, North Carolina, Assistant City Manager and Director of Finance for Monroe, North Carolina, and Assistant City Manager/Director of Finance for Mount Airy, North Carolina. Mr. Meadows earned his undergraduate degree in Accounting from Gardner-Webb University and has completed the Municipal and County Administration certification program at the University of North Carolina – Chapel Hill. Mr. Meadows is a Certified Public Accountant and serves on the Executive Committee of the Virginia Local Government Management Association.

L. Carol Edmonds, age [60], has served as Deputy County Administrator since 1997. She has also served as Interim County Administrator from March 2009 to August 2009. She had previously served as Director of Finance for the County from 1994 to 1997. Ms. Edmonds earned her undergraduate degree from Radford College and a Master's degree in Public Administration from Virginia Commonwealth University. She has been working in state and local government for over thirty-five years, including positions as senior budget analyst for the Virginia Department of Planning and Budget and as a management consultant with the Virginia Department of Information Technology.

Angela M. Hill, age [49], has served as Director of Financial and Management Services for the County since October 1997. Ms. Hill holds a Bachelor of Science degree in Accounting from Virginia Tech. She was previously employed as an audit manager and consultant with a regional certified public accounting firm with clients that included local governments and private businesses. She is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants, the Virginia Society for Certified Public Accountants and the Government Finance Officers Association.

Martin M. McMahon, age [53], was appointed by the Board of Supervisors to serve as County Attorney in September 1996. Mr. McMahon holds a Bachelor of Arts degree from Old Dominion University and earned his Juris Doctor degree from George Mason University. He previously served as Assistant City Attorney for the City of Chesapeake for six years. Mr. McMahon is a member of the Virginia State Bar Association and the Local Government Attorneys of Virginia.

Constitutional Officers

Within the County Administrator form of government, in addition to the Board of Supervisors and the Administrator, there are a number of other independently elected County officers who serve as an integral part of the County government. These are the Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court and Commonwealth's Attorney.

C.H. "Hank" Partin, age [54], was elected as Sheriff in November 2015 and began his term January 1, 2016. His current term ends December 31, 2019. Sheriff Partin has 28 years of law enforcement experience, and the last 22 years of service have been with the Montgomery County Sheriff's Office. From January 1987 until December 1993, he worked for the Christiansburg Police Department, earning the rank of patrol sergeant. Since joining the Sheriff's Office he has served as patrol deputy, criminal warrants supervisor, Lieutenant and Captain in charge of the Courthouse Security, Civil Process, and Criminal Warrants Divisions. Sheriff Partin is also a veteran of the United States Army, with over 22 years of service, and is a 2003 graduate of The United States Army Sergeants Major Academy. He retired in November 2004 at the rank of Sergeant Major, E-9. He is a graduate of Cape Charles High School on Virginia's Eastern Shore and Chowan University in North Carolina.

Mary K. Pettitt, age [54], has served as Commonwealth's Attorney since January 1, 2012, having been re-elected in November 2015. Her current term ends December 31, 2019. Ms. Pettitt received her undergraduate degree from the College of William & Mary and her Juris Doctor degree from the T.C. Williams School of Law at the University of Richmond. Ms. Pettitt is a member of the Virginia State Bar.

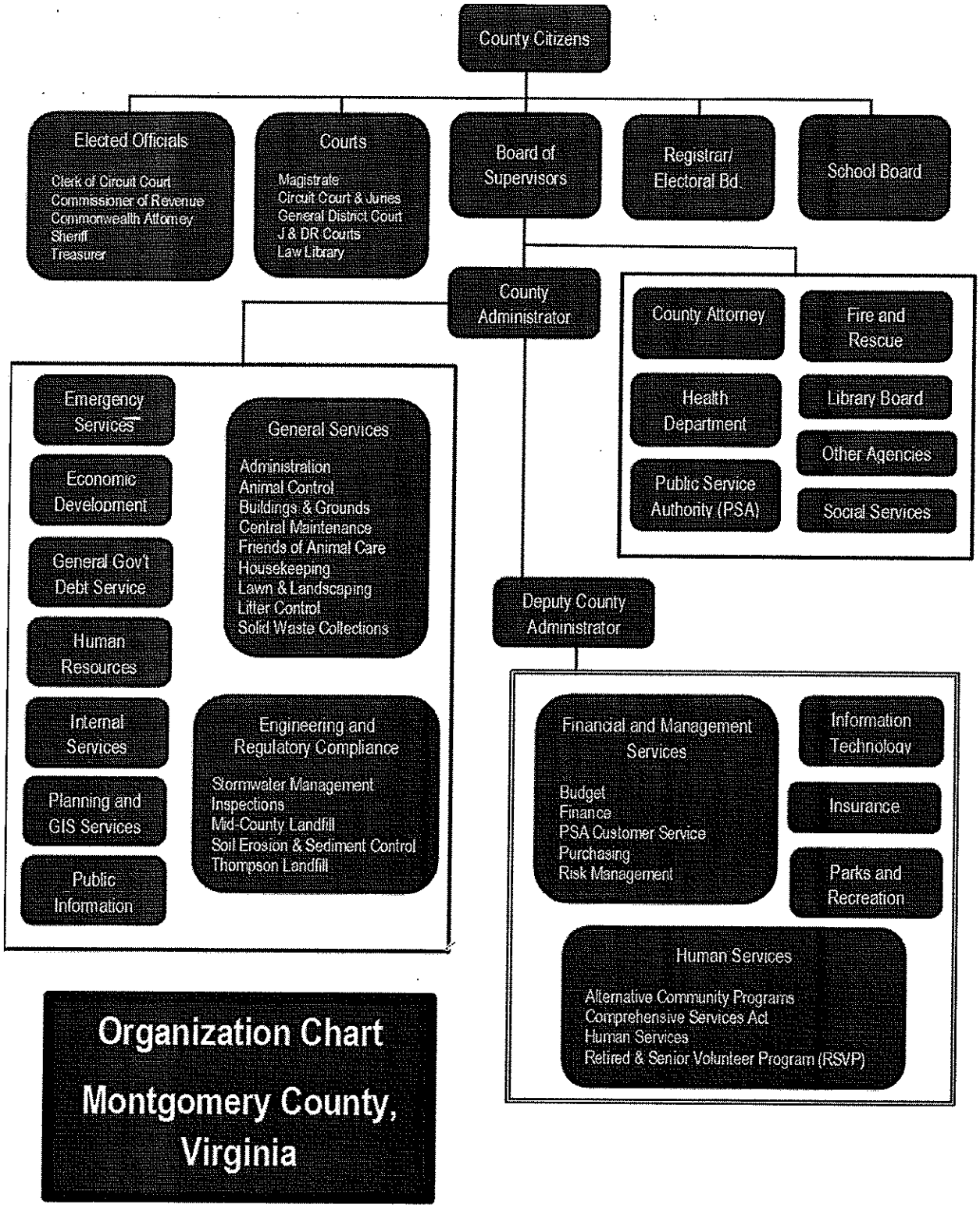
Helen Royal, age [65], has served as Commissioner of Revenue since January 1, 2012, having been re-elected in November 2015. Her current term ends December 31, 2019. She serves as the Chief Assessing Officer for the County. Ms. Royal has worked in the Commissioner's office since November 1986, when she started as a tax technician and tax specialist.

W. Richard Shelton, age [65], has served as County Treasurer since January 1, 2004, having been re-elected most recently in November 2015. His current term ends [December 31, 2019]. Mr. Shelton is a graduate of Virginia Western Community College and holds an Associate's degree in Business Management. He owned and operated Shelton and Walters Men's Shop in Christiansburg from 1975 to 2002.

Erica W. Williams, age [43], has served as Clerk of the Circuit Court since January 1, 2008, having been re-elected in November 2015. Her current term ends December 31, 2023. Ms. Williams received an Associate's degree in Paralegal studies from Virginia Western Community College. Ms. Williams is a member of the Virginia Court Clerk's Association.

[Remainder of this page intentionally left blank]

Organizational Chart



Education System

The Montgomery County Department of Education is under the direction of a seven-member school board (the "School Board"), the members of which are elected by the voters for four-year terms at the same time as the Board of Supervisors (staggered terms every two years). Public school facilities include 11 elementary schools, four middle schools and four high schools offering vocational programs. The County's public school system currently employs approximately [2,000] [2015 CAFR suggests 1,400; table below suggests 1,504] people. The Superintendent of Schools is Dr. Mark Miear. There are approximately [9,719] [reconcile with tables?] students in the County School System.

The School Board is responsible for the operation of the County's public school system and, in its corporate capacity, is vested with all the powers and charged with all the duties, obligations and responsibilities imposed upon school boards by law and may sue, be sued, contract, be contracted with, and purchase, take hold, lease and convey school property, both real and personal.

At the time of election to office, each member of the School Board must be a qualified voter and bona fide resident of the school division and district that they represent and meet any other criteria set forth under Virginia law. If a board member shall cease to be a resident of the school division or that district that the board member represents, that position on the School Board shall be deemed vacant.

Summary of Certain School Statistics [Update 2015-2016 & 2016-2017]

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Kindergarten Enrollment	884	811	753	750	782
Elementary School Enrollment	3,483	3,558	3,685	3,649	3,670
Secondary School Enrollment	5,077	5,182	5,080	5,074	5,087
Total Enrollment	9,444	9,551	9,518	9,473	9,539
Teachers and Administrators	1,000	988	978	969	970
Other Employees	544	533	533	533	534
Total Employees	1,544	1,521	1,511	1,502	1,504
Elementary Schools and Middle Schools	15	15	15	15	15
Secondary Schools (includes Vocational)	4	4	4	4	4
Total Buildings	19	19	19	19	19

Source: Superintendent of Schools, Montgomery County, Virginia.
Note: Enrollment figures do not include Pre-K students.

[Remainder of this page intentionally left blank]

Fall Student Membership by Grade (Active Enrollees on September 30) [update available before printing?]

Grade	2011	2012	2013	2014	2015
Pre-K	180	180	180	180	180
K	884	811	753	750	782
1	883	707	809	737	731
2	864	750	713	815	745
3	586	707	749	695	791
4	539	736	691	730	692
5	611	658	723	672	711
6	759	758	642	746	690
7	687	762	766	648	741
8	759	693	754	744	646
9	824	852	800	820	800
10	711	761	778	724	787
11	716	686	716	736	704
12	621	670	624	656	719
Total	9,624	9,731	9,698	9,653	9,719

Source: Superintendent of Schools, Montgomery County, Virginia.

Higher Education

The County is home to Virginia Tech, which is Virginia's largest research university and one of the top 40 research universities in the United States. The Virginia Tech Corporate Research Center is adjacent to the campus and offers a first-class research environment to its 180 tenants, who employ more than 3,000 individuals. Within five minutes of the County is Radford University, which graduates over [2,000] students a year and comprises seven colleges, including the College of Business and Economics and the College of Science and Technology. New River Community College is also nearby and is considered one of Virginia's top workforce training community colleges, offering courses such as welding, robotics and instrumentation.

Transportation

The Metropolitan Planning Organization ("MPO") is a transportation policy-making organization serving the urbanized portion of the Counties of Montgomery and Pulaski, the City of Radford and the Towns of Blacksburg and Christiansburg. The MPO provides the information, tools and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community's vision.

Interstate 81 spans the County and is a major North-South truck route. There are five Interstate 81 interchanges located within the County. Interstate 81 is identified as a Corridor of Statewide Significance ("COSS") in the statewide plan called VTRANS. Interstate 81 is identified as the Crescent Corridor.

U.S. Route 460 provides an East-West transportation route connecting the Port of Hampton Roads and the state of West Virginia. Route 460 extends from Roanoke County to the east through the towns of Christiansburg and Blacksburg to Giles County to the west and continues into West Virginia, connecting with Interstate 77. With the completion of the Route 460 Bypass between Blacksburg and Christiansburg, an interstate quality, limited access highway exists from the west of Blacksburg to Interstate 81. This allows traffic to bypass the congested commercial areas on Route 460 business in both Towns and the County. Route 460 is also identified as a COSS in the statewide plan—VTRANS. Route 460 is identified as the Heartland Corridor.

U.S. Route 11 parallels Interstate 81 throughout the County and most of Virginia. Interstate 77 connects with Route 460 just 50 miles to the northwest of the County in West Virginia. Interstate 77 intersects with Interstate 81 in Wythe County, 40 miles southwest of the County.

The Virginia Department of Transportation ("VDOT"), working with the Virginia Tech Transportation Institute and the Federal Highway Administration, has built the first section of the Smart Road, a fully equipped 1.7 mile test bed where safety advances and innovations can be analyzed under a broad range of traffic conditions. Construction plans for the remaining road will unfold in phases to accommodate traffic demand and emerging technologies. Virginia's Smart Road has two main purposes: to provide a direct route for motorists between I-81 and Blacksburg, alleviating congestion on Route 460, and to offer researchers and product developers a state-of-the-art research lab for testing new transportation technologies. The Smart Road will open to the traveling public after the entire 5.7-mile road is constructed. Virginia's Smart Road is an ideal testing environment for safety and human factors research, vehicle dynamics, road-to-vehicle communications, Intelligent Transportation Systems ("ITS") product evaluation, and automated vehicle control. The Smart Road will be a limited-access highway linking Interstate 81 and Blacksburg, Virginia, home of Virginia Tech's Transportation Institute ("VTTI"), one of the country's three ITS Research Centers of Excellence. VTTI continues to be a leader in transportation research, and the Smart Road is a leading test facility in the United States.

Over forty-five state carriers serving the southern states are authorized to serve the New River and Roanoke Valleys.

The Town of Blacksburg has been served by the Blacksburg Transit system for over 32 years. It serves residents of the New River Valley, as well as Virginia Tech students, with routes throughout Blacksburg and a connecting route to Christiansburg. Blacksburg Transit, working with the Town of Christiansburg, also serves all of the Town of Christiansburg. Blacksburg Transit added nine hybrid-electric buses to its fleet in 2009. Blacksburg Transit currently serves over 3.7 million passengers annually with a fleet of 63 buses. Of the 63 buses, 46 of them are regular fixed route buses and 17 are smaller body-on-chassis vehicles. The fleet also includes five 60-foot articulated buses and nine are hybrid-electric powered.

In 2003, through a joint effort by the City of Roanoke, the County and the Towns of Christiansburg and Blacksburg and Virginia Tech, Valley Metro, the public transportation system in Roanoke, began operating a bus service called the Smart Way Bus that links the Roanoke Valley and the New River Valley. The Smart Way service begins at Campbell Court, with stops at the Hotel Roanoke, the Roanoke Regional Airport, two park and ride lots along Interstate 81 at exits 140 and 118A, the Christiansburg K-mart, the Virginia Tech Corporate Research Center, Main Street in downtown Blacksburg, and the Squires Student Center on the campus of Virginia Tech. The annual ridership is over 60,000. The cost is $4.00 each way and operates Monday through Saturday.

Serving the County with a main line, Norfolk Southern Corporation has a nearly 20,000 mile rail network that extends west to Kansas City, east to Norfolk and the Port of Virginia (the "POV"), north to Chicago and Detroit, and south to New Orleans and Jacksonville. For sites that are not directly served by rail, Norfolk Southern has a common siding for spotting railcars located in the mid-county area. Containerized or piggyback facilities are not available locally, but are available in Roanoke, approximately 30 minutes away via highway.

The Lynchburg AMTRAK station is within 1.5 hours of the County and offers convenient daily trips along the Crescent Corridor, which spans from New York City to the City of New Orleans. A demonstration project providing a bus connection to Lynchburg, called the SmartWay Connector, began in mid-2011 to ascertain the need for extension of passenger rail to Roanoke and the New River Valley. Service is seven days a week from Roanoke and Friday, Saturday and Sunday from the New River Valley. The service has limited stops and begins at the Squires Student Center on the Virginia Tech Campus. The only stops are at the Park and Ride lots at Exits 118 and 140 and the Civic Center in Roanoke. [In 2017, passenger rail service is expected to begin serving Roanoke. Currently, there is an effort underway to extend passenger rail to the New River Valley.] [still accurate?]

Roanoke-Blacksburg Regional Airport ("ROA"), established in 1934, offers more than 50 scheduled airline flights arriving and departing daily and provides nonstop service to 9 major cities including Charlotte, Atlanta, Washington Dulles, Philadelphia, New York LaGuardia, Detroit, Chicago, Orlando, and St. Petersburg. Regional affiliates of major airlines, including American Airlines, United Airlines, and Delta, fly out of ROA daily. Allegiant Air provides full sized jets and frequent service to Florida. ROA is well equipped to accommodate passenger airlines, airfreight carriers, general aviation, corporate, air taxi and charter operators, as well as the military. Located in the scenic Blue Ridge Mountains and just minutes away from Roanoke's downtown business district, ROA is western Virginia's only full-service airport.

Over the past decade, nearly $10,000,000 has been invested in the general aviation area of ROA to improve drainage, rehabilitate tie-down/parking areas and renovate taxi lanes. Recently one 18,000-square foot and two 4,800-square foot aircraft storage hangars were constructed and have been added to the facility inventory. Approximately 125 aircraft are based at ROA.

ROA's general aviation services include a full-service Fixed Base Operator, providing fuel and open 24 hours a day, 7 days a week, and three specialty Fixed Base Operator service providers offering services ranging from aircraft and engine maintenance and repair to aircraft charter services and flight training.

The Virginia Tech Montgomery Executive Airport located in Blacksburg officially opened in 1931 and is owned and operated by Virginia Tech/Montgomery Regional Airport Authority, an authority created by the Virginia General Assembly in 2001 and composed of the member jurisdictions of the Towns of Christiansburg and Blacksburg, Virginia Tech and the County. The Airport is located three miles south of the central business district of Blacksburg, has a runway of 4,550 feet and an instrument landing system, which includes a localizer and a non-directional beacon. Other services include hangar, fuel, maintenance, and repair facilities. A new terminal was built in 1995, and construction is underway to lengthen and widen the runway. New River Aero, which utilizes the Airport as its main operations base, offers chartered passenger and cargo destinations anywhere in the United States.

The New River Valley Airport in Dublin is a 20-minute drive from Christiansburg. The runway length is 6,200 feet, and the airport is currently equipped to accommodate precision instrument landing approaches. Services include hangar, fuel, maintenance, and repair facilities.

Federal Express and United Parcel Service ("UPS") provide convenient and efficient package delivery service. The Roanoke hub of the UPS facility fully supports "Synchronized Commerce". The Roanoke hub serves inbound and outbound volume for Southwest Virginia to include the New River Valley Region and is also a key link in the East Coast network of UPS. It is capable of handling heavy volumes of Ground, Air and International shipments ranging from multiple tractor-trailer load pickups to standard package car pickups, which can be customized to meet customer needs. UPS currently successfully serves the needs of many national and international corporations with facilities in Southwest Virginia.

Wastewater Treatment, Water and Sewer Systems

The County's primary water source is the New River, the largest river in southwestern Virginia. Water drawn from the river is pumped to the treatment plants of the NRV Regional Water Authority (the "Water Authority") and the City of Radford to be treated and then distributed to the Towns of Blacksburg and Christiansburg, Virginia Tech, the City of Radford and the Montgomery County Public Service Authority ("PSA"). From these water treatment plants and through the previously-mentioned jurisdictions, the PSA provides water to 9 community systems in the unincorporated areas of the County. The water source for the Riner and Woodview systems is groundwater wells. The PSA also provides sewage treatment to [10] systems in the rural areas of the County.

The PSA operates 3 wastewater treatment plants within the County and provides sewer services for another 8 systems. The PSA pumps wastewater for treatment to Peppers Ferry Regional Wastewater Treatment Authority, the Blacksburg-VPI Sanitation Authority, which serves most of the Town of Blacksburg, Virginia Tech and the Stroubles Creek Basin area of the County, and to Christiansburg's sewage treatment plant, which serves the Town of Christiansburg, the Crab Creek Basin, and the Midway/Hightop Road area of the County.

The Water Authority is a wholesale provider of water to the PSA, Virginia Tech and the Towns of Blacksburg and Christiansburg. Draining an area of 2,748 square miles, the New River provides the Water Authority with an average daily flow of 3.2 billion gallons. Water withdrawn from the river is pumped approximately 3 miles to the Water Authority's 12.4 MGD treatment plant on Peppers Ferry Road. Treated water is then pumped via twin 16-inch water mains for distribution to the PSA, Virginia Tech and the Towns of Blacksburg and Christiansburg.

The Town of Blacksburg provides water and wastewater services to residential, commercial and industrial customers within the incorporated Town of Blacksburg. Limited service is also available to some consumers just outside the town limits in unincorporated areas of the County.

The Town of Christiansburg provides water and wastewater services to residential, commercial and industrial customers within the incorporated Town of Christiansburg. Limited service is also available to some consumers just outside the town limits in unincorporated areas of the County.

Solid Waste and Recycling

The County is a member of the Montgomery Regional Solid Waste Authority ("MRSWA"), which was created in December 1994 and is composed of the County, the Towns of Christiansburg and Blacksburg and Virginia Tech. MRSWA provides the County, and the Towns of Blacksburg and Christiansburg with a fully-integrated solid waste management plan that includes closed landfill management, education, a transfer station, recycling, and state-of-the-art technology. The County transferred its Enterprise Funds and the Mid-County Landfill to MRSWA in 1995. MRSWA has since closed the local landfill and constructed a Regional Recycling Center and Regional Transfer Station and became a member of the New River Resource Authority (a multi-region solid waste authority) in 1998. The County maintains consolidated collection sites throughout the County. The Towns of Blacksburg and Christiansburg provide curbside service in the incorporated areas.

Waste Management of Blue Ridge - Salem, a subsidiary of Waste Management, Inc., is the waste services provider in the Greater Roanoke & New River Valleys.

Electric

Appalachian Power is a subsidiary of American Electric Power, serving 11 states and providing reliable, low-cost electric power throughout the County. American Electric Power is one of the nation's largest investor-owned utilities and has over 420,000 customers in central and southwestern Virginia. The County is tied to the world's largest fully interconnected ultra-high voltage (765,000 volt) transmission system that serves 48,000 square miles across portions of seven Midwest states.

Virginia Tech Electric Service provides reliable, low-cost electric power only to the campus of Virginia Tech, the Virginia Tech Corporate Research Center and certain sections of the Town of Blacksburg.

Telecommunications - Fiber Providers

Verizon provides telephone service in the County, deploying a technologically advanced network that benefits both small and large customers. In addition to Verizon data and phone service, NTELOS and Citizens in collaboration with Mid-Atlantic Broadband provide fiber optic data service. Among the advanced products and services offered to customers are: high-speed data services including DS1 (T-1), DS3, OC-3, OC-12, OC-48 and OC-91; extensive fiber optic mileage throughout the New River Valley; Integrated Services Digital Network (ISDN), SDS, Frame Relay, etc.; and SONNET technology which provides reliable networks.

Broadband Service

In addition to high speed data services, Verizon and Shentel offer high-speed broadband internet service to homes and businesses in the County.

Planning

The County adopted its original zoning ordinance in 1969, and the Board of Supervisors adopted the current zoning ordinance in December 1999. The County's Comprehensive Plan was adopted in 2004.

In 2007 the Board of Supervisors adopted Village Plans, which designated 6 villages in the County as rural growth areas. The six villages are Shawsville, Elliston & Lafayette, Price's Fork, Riner, Belview and Plum Creek.

Parks, Recreation and Libraries

The citizens of the County are afforded many opportunities through the services offered by the Parks and Recreation Department ("PRD"). The PRD serves over 97,000 citizens, including the Towns of Blacksburg and Christiansburg. Citizens have access to recreation and fitness centers, indoor and outdoor aquatic facilities, athletic facilities and paved greenways. Furthermore, citizens have opportunities to participate in three recreation departments programs, which feature diverse services for seniors, adults and youth, including day camps, trips and tours, outdoor adventure, historical and cultural events as well as health and wellness education. The Parks and Recreation Departments of the Towns of Blacksburg and Christiansburg primarily serve the needs of their residents.

The County has numerous park offerings throughout the County. Each park is unique, ranging from small pocket parks, linear biking/walking, disc golf, a public pool, baseball/softball/teeball fields and hiking trails to the 110-acre Mid-County Park.

The County offers outdoor trips, events and education for all ages. Citizens can kayak, raft, rock climb, hike, zipline, mountain bike, take swimming lessons, participate in Senior Olympics, play disc golf, ski, snowboard and snowtube.

Music, dance and arts and crafts are all available through festivals, galleries and museums. The New River Valley Symphony and the Roanoke Ballet Theatre perform regularly. Virginia Tech and Radford University each offer a comprehensive selection of cultural events, including plays, concerts, dance performances, art exhibits and lectures.

The Montgomery-Floyd Regional Library, serving a population of over 109,000 within two counties, maintains four libraries, one in each of Blacksburg, Shawsville, Christiansburg and Floyd. During the past decade the library system has seen many changes, including the addition of the Meadowbrook branch in Shawsville as well as an expanded building in Floyd. The library system's collection of over 235,000 items includes DVDs, books, large print books, magazines, newspapers, books on CD, musical CDs and databases. E-Books, downloadable audio books and movies to stream are also available through the library system's website. Kindles and iPad minis are available to check out. Computers and wireless connections provide internet access for the public.

There are many programs offered every day by the libraries, including book clubs, computer classes, story times, author talks and programs simply to entertain. Other services include books-by-mail, test proctoring, ask-a-Librarian for help with computers, email or electronic devices, and reader's advisory service. Notaries are on duty, and the libraries are now passport acceptance facilities.

Police, Fire and Rescue Protection

The County provides public safety services to its citizens including police protection, fire protection, emergency medical services and a comprehensive building inspection system. The County maintains five volunteer fire departments with 169 volunteer firefighters, working from fire stations located in the Towns of Blacksburg and Christiansburg and the villages of Elliston, Longshop/McCoy and Riner. The County maintains five active rescue squads with 230 volunteers. The squads are located in the Towns of Blacksburg and Christiansburg and the villages of Longshop/McCoy, Riner and Shawsville. Police protection is provided by the County's Sheriff's department, with [130] [CAFR p.103] full-time employees. The Sheriff's Department headquarters is located in the Town of Christiansburg. The Towns of Blacksburg and Christiansburg also have police departments that serve their citizens.

The Montgomery County Department of Emergency Services provides preplanning, preparation, mitigation, response and recovery for natural and man-made disasters and major emergencies. This includes provisions for law enforcement, fire services, emergency medical response, specialty rescue, emergency communications, enhanced 911, and hazardous material responses for the Town of Blacksburg, the Town of Christiansburg and the unincorporated areas of the County.

The Montgomery County Fire and Rescue Commission, which is composed of one member from each fire department and rescue squad, one staff member from each jurisdiction, one member of the Board of Supervisors,

and the Emergency Services Coordinator, serves in an advisory capacity to the Board of Supervisors to review capital equipment and other needs for fire and rescue operations.

Helicopter landing sites have been established in the County, which provide access points for Carilion Life-Guard Air Ambulance. This service provides urgent transport to a level one trauma center, greatly improving the safety and well-being of people injured in the County.

The County, along with the Counties of Franklin and Roanoke and the City of Salem, is a member of the Western Virginia Regional Jail Authority ("WVRJA"), which was created in June 2005. The WVRJA was formed to own, operate, manage, maintain, regulate, plan for and finance the Western Virginia Regional Jail located in western Roanoke County near Dixie Caverns, which opened on April 9, 2009. The state-of-the-art jail facility is approximately 265,000 square feet and provides a rated capacity for 605 inmates, with an additional 378 beds enabling the facility to house a total of 983 inmates. This facility has helped to ease the overcrowded and potentially unsafe conditions that existed at the local jail facilities of the four partnering jurisdictions prior to the opening of the Western Virginia Regional Jail.

COUNTY ECONOMIC AND DEMOGRAPHIC FACTORS

Population

The following table presents the County's estimated population for the last ten years.

Year	Population
2006	89,823
2007	91,041
2008	93,126
2009	93,714
2010	94,654
2011	94,996
2012	95,626
2013	96,867
2014	97,405
2015	98,121

Source: Weldon Cooper Center for Public Service.

[Remainder of this page intentionally left blank]

Median Household Income

The following table presents comparative total median household income figures for the County, the Commonwealth and the United States for selected years.

	2010	2011	2012	2013	2014
Montgomery County	$43,229	$44,231	$44,166	$45,543	$44,810
Commonwealth of Virginia	61,406	63,302	63,636	63,907	64,792
United States	51,914	52,762	53,046	53,046	53,482

Source: U.S. Census Bureau. Most recent information available. [5-year summary]
Note: The large Virginia Tech student population captured in the County's data significantly depresses the median household income figures for the County.

Per Capita Personal Income

The following table presents comparative total per capita income figures for the County, the Commonwealth and the United States for selected years.

	2010	2011	2012	2013	2014
Montgomery County	$22,040	$22,861	$23,292	$23,548	$23,727
Commonwealth of Virginia	32,145	33,040	33,326	33,493	33,958
United States	27,334	27,915	28,051	28,155	28,555

Source: U.S. Census Bureau. Most recent information available. [5-year summary]
Note: The large Virginia Tech student population captured in the County's data significantly depresses the per capita personal income figures for the County.

Total Land Book Assessed Values

The following table presents the County's total land book assessed values for selected years.

Calendar Year	Commercial /Industrial Parcels	Commercial/ Industrial Assessed Value	Nontaxable Parcels	Nontaxable Assessed Value[1]	Total Other Parcels	Total Other Taxable Assessed Value	Total Parcels	Land Book Total Assessed Value (Includes Taxable and Nontaxable)
2006	2,002	$ 845,594,500	1,514	$1,709,540,900	32,704	$3,995,624,400	36,220	$ 6,550,759,800
2007	1,990	1,046,145,900	1,512	1,846,539,800	33,355	5,447,397,400	36,857	8,340,083,100
2008	2,046	1,094,156,100	1,527	1,875,813,300	33,926	5,575,530,400	37,499	8,545,499,800
2009	2,047	1,122,174,500	1,546	1,922,688,000	34,138	5,712,876,900	37,731	8,757,739,400
2010	2,160	1,202,673,000	1,553	2,448,644,700	34,287	5,730,028,500	38,000	9,381,346,200
2011	2,249	1,234,238,300	1,583	2,450,327,500	34,228	5,925,330,300	38,060	9,609,896,100
2012	2,705	1,315,243,100	1,663	2,493,765,000	33,790	5,872,044,100	38,158	9,493,777,900
2013	2,715	1,329,303,300	1,621	2,723,497,100	33,744	5,907,078,200	38,080	9,770,159,700
2014	2,725	1,349,770,400	1,634	2,839,448,700	33,881	5,947,728,700	38,240	9,948,329,900
2015	2,734	1,429,066,000	1,637	3,344,074,200	34,004	6,112,318,700	38,375	$10,697,363,100

Source: Commissioner of Revenue.
(1) The property owned by Virginia Tech within the County constitutes a significant percentage of Nontaxable Assessed Value. For instance, it made up approximately 61% of the Nontaxable Assessed Value in calendar year 2015.

General Economic Information [update?]

The service and manufacturing sectors each provide a large percentage of jobs in the County. Two hospitals, Carilion New River Valley Medical Center and Montgomery Regional Hospital, collectively employ over 1,600 employees. The County's largest industrial employer, BAE Systems, Inc., employs approximately 1,000 workers through contracts with the federal government to manufacture defense products. Other large companies in the County include DISH Network Corporation (direct broadcast satellite television products and services), Federal-

Mogul Corporation (automotive bearings), Moog Components Group (aerospace, transportation, military and communications components), Rowe Furniture (residential furniture), Wolverine Advanced Materials (automotive gaskets), Backcountry.com (outdoor product distribution) and Rackspace Hosting (software).

The Virginia Tech Corporate Research Center ("VTCRC"), developed by the Virginia Tech Foundation, is a business/research park that is the catalyst for the County's high-tech industry cluster. The VTCRC currently has 33 buildings totaling over one million square feet of office and lab space and is home to over 180 high-tech companies and research facilities, collectively employing more than 3,000 workers. In September 2009, the VTCRC was named the "2010 Outstanding Science/Research Park" – globally – by the Association of University Research Parks. The majority of the tenants located in the VTCRC are research and development oriented companies operating in the information technology, biotechnology and advanced materials industries.

Montgomery County's second largest industry sector, government, provides approximately 32 percent of the County's jobs and helps to stabilize the local economy during times of recession. This percentage reflects the large number of state workers employed by Virginia Tech, the Commonwealth's largest public university and the largest employer in the County with approximately 12,000 employees. Another [1,400] [compare with education section] individuals are employed through the Montgomery County Public School System, making education the largest employment sector in the County.

[Several new commercial developments were completed in fiscal year 2015. Florida-based Frank Theaters opened a 60,000-square foot CineBowl and Grille at First & Main Shopping Center. The $8 million-project included an IMAX theater and 12 conventional screens, a bowling alley, and a bar and restaurant. In downtown Blacksburg, The Brownstone—a $12 million, 100,000-square foot mixed-use development that includes office space, retail space and luxury condominiums—opened in October 2014. In May 2015, developers completed a $45 million, 911-bedroom student housing development near Virginia Tech.] [update for 2016?]

[Since December 2013, companies in the County announced $28.4 million in new capital investment (industrial/commercial, non-retail) and the addition of 230 related jobs as shown in the chart below.] [update for 2016?]

Company Name	Business Description	Month Announced	New Jobs	Investment (MM$)
TORC Robotics LLC	Autonomous vehicles and robotics	Apr-2014	8	$2.7
Polymer Solutions Incorporated	Laboratory, chemical analysis, physical testing, research and development and litigation services	Dec-2013	5	2.9
Luna Innovations	Biomedical research & development	Sept-2014	0	1.7
InMotion USA	Electric motors	Oct-2014	24	5.0
Wolverine	Gaskets	Nov-2014	93	10.0
Hubbell Lighting	LED lighting products	Mar-2015	100	6.1

Wolverine and Hubbell Lighting, included in the preceding chart, are existing industries. These two manufacturing companies are currently undertaking major expansions of their manufacturing lines. The County's Technology Manufacturing Building is now fully leased, as Luna Innovations, another existing industry, expanded to occupy 42,000 square feet and InMotion USA leased 60,000 square feet. The Economic Development Authority of Montgomery County completed the 20,000-square foot TORC Robotics building, and TORC Robotics moved into the building in March 2015. Polymer Solutions opened their new 20,000-square foot headquarters and testing laboratory in Falling Branch Corporate Park in February 2015.

The County is a member of the New River Valley Economic Development Alliance (a five member association to promote the region) and is a founding member of Virginia's First Regional Economic Development

Facilities Authority. The Economic Development Authority of Montgomery County, Virginia, the Economic Development Commission and the Montgomery/Blacksburg/Christiansburg Development Corporation continue to support business, create jobs and improve the County's standard of living through diversifying the economy, expanding existing business and attracting new economic activity.

Industrial Employment Distribution

The average number of employed workers in the County, broken down by sector, for the fourth quarter of the calendar year 2015, ended December 31, 2015, was as follows:

Type of Industry	Number Employed
Educational Services	10,450
Retail Trade	5,345
Manufacturing	5,016
Health Care and Social Assistance	5,069
Accommodation and Food Services	4,472
Professional, Scientific & Technical Services	2,346
Administrative, Support and Waste Management	1,917
Construction	1,081
Other Services (except Public Administration)	968
Real Estate and Rental and Leasing	950
Public Administration	854
Transportation and Warehousing	659
Arts, Entertainment, and Recreation	642
Finance and Insurance	534
Information	527
Wholesale Trade	467
Agriculture, Forestry, Fishing and Hunting	152
Management of Companies and Enterprises	131
Mining, Quarrying, and Oil and Gas Extraction	71

Source: Labor Market Information, Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW).

Top Employers within the County [update?]

The estimate of the top employers located in the County for the fiscal year 2015, is listed below.

Employer	Type of Business	Approximate Number of Employees
Virginia Tech	Educational	5,000 and over
Virginia Tech Corporate Research Center	Educational Services	1,000 - 4,999
Montgomery County School Board	Educational Services	1,000 - 4,999
Carilion New River Valley Medical Center	Hospitals	500 to 999
Moog Inc	Electrical Equipment and Appliances	500 to 999
DISH Network	Administrative and Support Services	500 to 999
BAE Systems	Defense	500 to 999
HCA Virginia Health System	Hospitals	500 to 999
New River Valley Community Services	Mental Health	500 to 999
Federal-Mogul Corp	Automotive Equipment	500 to 999

Source: County's Audited Financial Statements for the fiscal year ended June 30, 2015.

Unemployment Rates

The table below provides comparative average annual unemployment rates (not seasonally adjusted) for the County, the Commonwealth and the United States.

Year	Montgomery County	Virginia	United States
2006	3.1%	3.1%	4.6%
2007	3.2	3.0	4.6
2008	4.1	3.9	5.8
2009	7.0	6.7	9.3
2010	7.1	7.1	9.6
2011	6.3	6.6	8.9
2012	5.9	6.0	8.1
2013	5.6	5.7	7.4
2014	5.1	5.2	6.2
2015	4.3	4.4	5.3
2016[1]	4.5	4.0	5.1

Sources: Virginia Employment Commission; Bureau of Labor Statistics.
[1] As of July 2016 (latest information available).

[Remainder of this page intentionally left blank]

TAX BASE DATA

Tax Rates [update?]

The property tax rates in the County over the last ten calendar years were as follows:

Calendar Year	Real Estate	Personal Property	Machinery & Tools	Merchants' Capital
2006	$0.74	$2.45	$1.82	$3.05
2007	0.63	2.45	1.82	3.05
2008	0.71	2.45	1.82	3.05
2009	0.71	2.45	1.82	3.05
2010	0.74	2.45	1.82	3.05
2011	0.75	2.45	1.82	3.05
2012	0.87	2.45	1.82	3.05
2013	0.89	2.55	1.82	3.05
2014	0.89	2.55	1.82	3.05
2015	0.89	2.55	1.82	3.05

Source: County's Audited Financial Statements for the fiscal year ended June 30, 2015.

Real Property Rates for Last Ten Calendar Years for the County and Towns of Christiansburg and Blacksburg [update?]

The real property tax rates in the County and the Towns of Christiansburg and Blacksburg over the last ten calendar years were as follows:

Calendar Year	County of Montgomery	Town of Christiansburg	Town of Blacksburg	Total Rate for Christiansburg Residents	Total Rate for Blacksburg Residents
2006	$0.7400	$0.1126	$0.2200	$0.8526	$0.9600
2007	0.6300	0.1126	0.2200	0.7426	0.8500
2008	0.7100	0.1126	0.2200	0.8226	0.9300
2009	0.7100	0.1126	0.2200	0.8226	0.9300
2010	0.7400	0.1126	0.2200	0.8526	0.9600
2011	0.7500	0.1126	0.2200	0.8626	0.9700
2012	0.8700	0.1126	0.2200	0.9826	1.0900
2013	0.8900	0.1300	0.2200	1.0200	1.1100
2014	0.8900	0.1300	0.2200	1.0200	1.1100
2015	0.8900	0.1600	0.2500	1.0500	1.1400

Source: County's Audited Financial Statements for the fiscal year ended June 30, 2015.

[Remainder of this page intentionally left blank]

Top Ten Principal Taxpayers as of June 30, 2015

The top ten principal taxpayers as of June 30, 2015, were as follows:

Business Name	Type of Business	FY 2015 Real Estate Assessed Valuation	Percent of Total County Taxable Assessed Value
Jeannie Stosser	Real Estate Development	$124,077,300	1.51%
Foxridge	Apartments	104,500,000	1.27
Appalachian Power	Utility	94,563,353	1.15
MCS Virginia Tech LLC	Apartments	76,000,000	0.92
Shelor Properties	Real Estate Holdings	68,453,600	0.83
Roger Woody	Developer	63,893,600	0.78
PR Financing (NRV Mall)	Shopping Center	58,400,000	0.71
SHP-The Village at Bburg LLC	Shopping Center	47,000,000	0.57
Norfolk and Western	Rail	45,377,163	0.55
Maple Ridge	Apartments	34,085,700	0.41
	Total	**$716,350,716**	**8.70%**

Source: County's Audited Financial Statements for the fiscal year ended June 30, 2015.

Assessed Value of Taxable Property

The assessed value of taxable property in the County over the last ten fiscal years was as follows:

Calendar Year	Real Estate	Personal Property and Mobile Homes	Machinery & Tools	Merchants' Capital	Public Service	Total Assessed value
2006	$4,841,218,900	$487,862,951	$122,587,600	$33,021,661	$140,490,906	$5,625,182,018
2007	6,493,543,300	495,833,387	124,587,600	31,606,662	181,050,272	7,326,621,221
2008	6,669,686,500	529,368,631	118,621,114	32,342,481	181,116,686	7,531,135,412
2009	6,835,051,400	502,394,734	115,931,340	33,633,822	193,786,466	7,680,797,762
2010	6,932,701,500	555,498,413	114,428,458	29,055,945	196,055,790	7,827,740,106
2011	7,159,568,600	564,429,352	113,349,970	30,263,200	207,151,562	8,074,762,684
2012	7,187,287,200	597,697,604	121,643,809	31,231,378	229,863,391	8,167,723,382
2013	7,236,381,500	615,927,418	122,801,871	36,729,664	217,589,620	8,229,430,073
2014	7,297,499,100	648,612,838	128,710,287	40,709,267	252,755,710	8,368,287,202
2015	7,541,394,700	664,804,040	129,605,659	41,233,623	273,923,820	8,650,961,842

Source: County's Audited Financial Statements for the fiscal year ended June 30, 2015.
Notes: Property is assessed at full market value. Properties are reassessed once every four years.

[Remainder of this page intentionally left blank]

Property Tax Levies and Collections

Property tax levies and collections for the County over the last ten fiscal years were as follows:

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Taxes Levied for the Fiscal Year	Amount	Percent of Levy	Collections in Subsequent Years	Amount	Percentage of Levy [1]
2006	$50,945,541	$48,355,245	94.92%	$1,086,031	$49,441,276	97.05%
2007	56,102,315	52,198,510	93.04	1,049,139	53,247,649	94.91
2008	63,108,366	58,295,872	92.37	2,755,394	61,051,266	96.74
2009	65,440,819	62,288,701	95.18	1,327,535	63,616,236	97.21
2010	67,027,509	63,697,514	95.03	1,059,153	64,756,667	96.61
2011	70,260,817	66,804,327	95.08	1,693,227	68,497,554	97.49
2012	73,613,538	72,812,497	98.91	1,677,402	74,489,899	101.19
2013	79,883,115	78,623,115	98.42	1,922,825	80,545,940	100.83
2014	82,261,271	80,650,339	98.04	1,465,473	82,115,812	99.82
2015	84,688,412	82,375,988	97.27	-	82,375,988	97.27

Source: County's Audited Financial Statements for the fiscal year ended June 30, 2015.
[1] Fiscal Years 2012 and 2013 show more collected than levied due to subsequent adjustments to the tax owed.

FINANCIAL INFORMATION

Five-Year Summary of [General Fund] Revenues, Expenditures and Changes in Fund Balance

The [General Fund] is maintained by the County to account for revenue derived from County-wide ad valorem taxes, other local taxes, licenses, fees, permits, charges for services, certain revenue from federal and State governments and interest earned on invested cash balances. [General Fund] expenditures and transfers include the costs of general County government, transfers to pay the local share of operating the County public schools, transfers for annual debt service costs and transfers to capital project funds to pay for certain capital improvement projects. Additional financial information with respect to the County and its accounting structure is contained in the audited financial statements of the County for the fiscal year ended June 30, 2015, attached hereto as Appendix [B]. The County's outside auditor has not participated in the review of this Official Statement.

The following tables present a summary for the five fiscal years ended June 30, 2011, 2012, 2013, 2014 and 2015 of the County's revenues, expenditures and changes in fund balances accounted for in the County's [General Fund] [numbers shown are from Governmental Fund]. The summaries for fiscal years 2011 through 2015 have been compiled from the financial statements of the County and should be read in conjunction with the related financial statements and footnotes thereto appearing in Appendix [B].

[Remainder of this page intentionally left blank]

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Revenues					
General Property Taxes	$63,089,362	$ 69,570,424	$ 75,762,039	$78,614,119	$ 80,823,652
Other Local Taxes	10,605,105	11,104,376	11,597,565	11,512,053	12,123,477
Permits, Privilege Fees & Regulatory Licenses	666,849	772,968	784,979	736,908	803,833
Fines & Forfeitures	116,968	130,919	134,154	129,993	122,265
Use of Money and Property	332,786	398,749	442,890	803,117	1,339,719
Charges for Services	733,701	698,281	678,997	632,447	491,921
Recovered Costs	1,160,388	1,289,418	1,237,952	1,092,706	1,235,343
Intergovernmental	18,274,576	18,278,921	17,472,984	17,969,578	18,463,956
Total Revenues	**$94,979,735**	**$102,244,056**	**$108,111,560**	**$111,490,921**	**$115,404,166**
Expenditures					
General Government Administration	$ 7,659,535	$ 6,696,527	$ 6,646,567	$ 8,360,028	$ 8,143,965
Judicial Administration	2,760,189	2,183,562	3,216,924	3,263,725	3,307,130
Public Safety	12,729,447	14,258,983	14,235,137	15,791,071	15,518,087
Public Works	4,286,792	3,718,932	3,699,143	4,097,717	4,364,754
Health & Welfare	9,609,463	8,921,480	7,597,546	7,224,463	7,456,915
Education - Local Community College	37,065,839	37,540,554	40,082,257	41,136,639	42,766,205
Parks, Recreation & Cultural	2,807,902	2,926,645	2,868,281	3,318,180	3,042,563
Community Development	1,365,242	1,564,984	1,393,140	1,626,977	1,919,458
Total Expenditures	**$78,284,409**	**$77,811,667**	**$79,738,995**	**$84,818,800**	**$86,519,077**
Excess (deficiency) of Revenues over Expenditures	**$16,695,326**	**$24,432,389**	**$28,372,565**	**$26,672,121**	**$28,885,089**
Debt Service					
Principal Retirement	$11,218,254	$11,386,500	$12,944,479	$13,495,681	$13,980,224
Interest and Fiscal Charges	7,360,740	7,214,788	11,876,151	10,953,467	10,441,882
Total Debt Service	**$18,578,994**	**$18,601,288**	**$24,820,630**	**$24,449,148**	**$24,422,106**
Other Financing Sources (Uses):					
Transfers in	$ 3,225,264	$ 1,870,683	$ 932,223	$ 246,417	$ 665,975
Transfers out	(2,859,385)	(941,676)	(944,897)	(9,431,337)	(2,913,348)
Total other financing sources (uses)	**$ 365,879**	**$ 929,007**	**$ (12,674)**	**$ (9,184,920)**	**$(2,247,373)**
Net change in fund balances	**$(1,517,789)**	**$ 6,760,108**	**$ 3,539,261**	**$ (6,961,947)**	**$ 2,215,610**

Source: County's Audited Financial Statements for the fiscal years ended June 30, 2011 through 2015.

[Remainder of this page intentionally left blank]

General Fund Balance Last Five Fiscal Years

	2011	2012	2013	2014	2015
General Fund					
Nonspendable	$ 6,390,102	$ 6,142,736	$ 6,142,736	$ 6,142,736	$6,142,736
Restricted	163,400	218,640	198,007	246,442	633,493
Committed	1,637,026	1,231,209	811,116	1,104,829	2,629,271
Assigned	2,153,987	2,623,848	4,983,773	6,658,479	8,006,468
Unassigned	23,049,803	29,937,993	31,558,055	22,579,254	22,359,382
Total General Fund	$33,394,318	$40,154,426	$43,693,687	$36,731,740	$39,771,350

Source: County's Audited Financial Statements for the fiscal years ended June 30, 2011 through 2015.

Fiscal Year 2017 Budget Highlights

For the fiscal year ending June 30, 2017, the General Fund budget totals $116.5 million, including a transfer to the School Operating Fund totaling $45.5 million (a $1.3 million increase in the transfer from the previous fiscal year). The general government portion of the General Fund (net of transfers to other funds) totals $46.2 million, and the School Operating Fund (net of transfers) totals $104.5 million.

Calendar year 2015 is a reassessment year for real estate values in the County. The reassessment resulted in a 2% increase in value from $7.3 billion in 2014 to $7.5 billion in 2015. However, property tax rates will remain constant at the approved rate of $0.89 per $100 of assessed value.

For the fiscal year ending June 30, 2017, the County projects an increase of approximately $3.1 million in total undesignated revenue. Nearly one-third of this increase ($1 million) is associated with the proration of motor vehicle values. Normal yearly motor vehicle growth provides an additional $0.3 million for a total of $1.3 million in new revenue for personal property. New real estate construction is estimated to provide a $1.4 million increase in real property revenue. Increased sales tax collections ($0.2 million) and all remaining categories of undesignated revenue ($0.2 million) are expected to comprise the remainder of the increase.

[Remainder of this page intentionally left blank]

Comparison of Budgets for Fiscal Years 2016 and 2017

The following table is a comparison of the Fiscal Year 2016 approved budget and the Fiscal Year 2017 approved budget (all County funds). [brackets are additions not shown in budget doc]

DIVISION	FY 16 Approved Budget	FY 17 Approved Budget	Change	% Growth
Revenue Sharing	$ 175,000	$ 195,000	$ 20,000	11%
Board of Supervisors	249,794	265,259	15,465	6
County Administration	1,621,060	1,713,476	92,416	6
County Attorney	270,459	282,511	12,052	4
Financial & Management Services	1,080,643	1,106,651	26,008	2
Insurance	227,962	257,962	30,000	13
Information Technology	1,456,154	1,468,886	12,732	1
Commissioner of Revenue-Comp	578,940	587,974	9,034	2
Assessment – County	374,626	425,867	51,241	14
Treasurer – Comp Board	608,777	501,233	(107,544)	-18
Collections – County	325,337	466,653	141,316	43
Electoral Board	445,639	432,035	(13,604)	-3
Internal Services	322,072	344,517	22,445	7
Commonwealth Attorney	1,046,846	1,091,170	44,324	4
Circuit Court	176,459	177,713	1,254	1
General District Court	21,711	21,711	-	0
J & D Relations Court	20,524	20,524	-	0
Magistrate	5,000	5,000	-	0
Circuit Court Clerk	707,487	647,429	(60,058)	-8
Sheriff – Comp Board	7,298,168	7,433,928	135,760	2
Sheriff – County	6,951,383	6,848,538	(102,845)	-1
Fire and Rescue	1,373,461	1,399,544	26,083	2
General Services	4,822,222	4,914,099	91,877	2
Engineering & Regulatory Comp	674,202	673,322	(880)	0
Comprehensive Services Act	1,651,969	1,651,969	-	0
Human Services	389,524	386,406	(3,118)	-1
Public Health	493,266	580,606	87,340	18
Social Services	5,479,825	5,313,810	(166,015)	-3
Parks and Recreation	1,065,804	1,093,866	28,062	3
Regional Library	1,931,766	1,963,182	31,416	2
Planning & GIS	636,410	657,384	20,974	3
Economic Development	379,987	390,646	10,659	3
Other Agencies	1,664,328	2,048,152	383,824	23
Contingencies – General	424,000	462,000	38,000	[9]
Contingencies – Special	198,937	478,872	279,935	141
Adjustments	(91,700)	(91,700)	-	0
Transfer to School Operating	44,211,833	45,522,664	1,310,831	3
Transfer to Debt Service	21,527,532	21,336,953	(190,579)	-1
Transfer to School Capital	1,460,000	1,496,000	36,000	2
Transfer to the EDA	380,000	380,000	-	0
Transfer to County Capital	765,000	1,557,000	792,000	104
Total General Fund	**$113,402,407**	**$116,508,812**	**$3,106,405**	**2.7%**
Law Library Fund	$17,600	$17,600	-	0%
School Operating Fund	100,505,755	104,535,805	$4,030,050	4
School Nutrition Fund	4,552,043	5,029,272	477,229	10
School Capital Construction	1,681,920	1,496,000	(185,920)	[-11]
County Capital Construction	765,000	1,557,000	792,000	104
Debt Service Fund	23,921,038	23,359,513	(561,525)	-2
EDA	380,000	380,000	-	0
Grand Total All Funds (including transfers)	**$ 245,225,763**	**$ 252,884,002**	**$ 7,658,239**	**3.1%**
Interfund Transfers	**$ (68,974,945)**	**$ (70,701,277)**	**$ (1,726,332)**	**2.5%**
Grand total Excluding Transfers	**$ 176,250,818**	**$ 182,182,725**	**$ 5,931,907**	**3.4%**

Property Damage and Liability Insurance

The County maintains personal property, public officials' liability and general liability coverage with limits of $5 million per occurrence through the Virginia Association of Counties Group Self Insurance Risk Pool. Workers' Compensation liability is also covered as stated by the Virginia Workers' Compensation Act.

Law Enforcement Liability coverage is provided by the Department of General Services, Virginia Local Government Risk Management Plan.

Retirement Plan [changes?]

The County contributes to the Virginia Retirement System ("VRS"), a mixed agent and cost-sharing multiple-employer defined benefit pension plan. All full-time salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan. Within VRS, there are three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid. The County's contributions are actuarially determined by VRS every two years at rates that provide for both normal and accrued funding liability. The VRS basis calculation method is an entry age normal cost calculation with 30 year amortization of the unfunded accrued liability.

The entry age actuarial cost method is designed to produce normal costs over the working lifetime of the participating employees and to permit the amortization of any unfunded liability over a period of years. The unfunded liability arises because the normal costs based on the current benefit formula have not been paid throughout the working lifetime of current employees. The value of the unpaid normal costs, adjusted for actuarial gains and losses, constitutes the unfunded liability. Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to VRS. The 5% member contribution had been assumed by the employer. As of July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay their 5% member contribution. This could be phased in over a period of up to 5 years, and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees.

The County and School Board (non-professional employees) contribution rates for the fiscal year ended June 30, 2015, were 13.11% and 8.70% of annual covered payroll, respectively. These rates do not include the 5% member contribution that was paid by the employees.

For fiscal year 2015, the County's annual pension cost of $2,204,416 and the School Board's annual pension cost of $451,982 for non-professional employees were equal to their required and actual contributions.

See Note 11 to the Financial Statements, Appendix [B], for additional details on the Pension Plan.

Labor Relations

At the present time there are no strikes or work stoppages by employees of the County either in progress or threatened. Pursuant to the ruling of the Supreme Court of Virginia in *Commonwealth of Virginia v. County Board of Arlington County, et al.,* 217 Va. 558, 232 SE 2d, 30 (1977), the County is not empowered to recognize a labor organization as the exclusive representative of its public employees and cannot negotiate or enter into binding contracts with any such organization concerning the terms and conditions of employment of its employees. The County has neither negotiated nor bargained with its employees in any manner concerning any aspect of the terms and conditions of the employment of its employees.

The County does provide, pursuant to state law, a grievance procedure for the resolution of various personnel complaints.

Landfill Post-Closure Care

The County maintains the Thompson and Mid County Landfills, which were closed in 1993 and 1997, respectively. State and federal laws and regulations required the County to perform certain maintenance and monitoring functions at the site for ten years after closure. Certain contaminants and a high concentration of gas have been detected at the landfills. As a result, the Virginia Department of Environmental Quality has required an additional monitoring period. The $1,044,753 reported as landfill post-closure care liability represents what it would cost to perform all post-closure care in 2015. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County intends to fund these costs from general revenues. The County uses the financial test method of demonstrating assurance for post-closure care cost.

Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described above, the County and the School Board offer eligible retirees post-employment medical and dental benefits to its retirees and their eligible dependents who elect to stay in the plan. At retirement, retirees may stay in one of three health plans with an additional choice of staying in one or two dental plans and can continue coverage under all the benefits until age 65 or becoming eligible for Medicare, whichever comes first. The retiree pays 100% of all premiums. Participants are eligible for the plan at age 50 if they have completed ten years of service, or at age 55 if they have completed five years of service. Retiring employees must have been permanent active employees and have coverage in effect when they retire.

The Governmental Accounting Standards Board ("GASB") adopted Statement #45 entitled "Accounting and Financial Reporting by Employers for Post-Retirement Benefits other than Pensions" that requires localities to recognize the post-retirement benefits other than pensions (such as healthcare and related costs) that localities have agreed to provide their retired employees. The County is required to implement GASB Statement #45, and such information has been incorporated into its financial statements beginning in fiscal year 2009.

As of June 30, 2015, the County's annual OPEB cost (expense) was $209,231. The payment of current retiree claims net of retiree contributions towards premiums, which totaled $85,300 for retirees, resulted in a net OPEB obligation of $1,826,831 for the fiscal year ended June 30, 2015.

As of June 30, 2015, the School Board's annual OPEB cost (expense) was $751,992. The payment of current retiree claims net of retiree contributions towards premiums, which totaled $453,000 for retirees, resulted in a net OPEB obligation of $6,979,681 for the fiscal year ended June 30, 2015.

The County and the School Board currently fund post-employment health care benefits on a pay-as-you-go basis. Neither the County nor the School Board intend to establish a trust to pre-fund this liability.

See Note 12 to the Financial Statements, Appendix [B], for additional details on the Other Post-Employment Benefits as of June 30, 2015.

[Remainder of this page intentionally left blank]

Capital Improvements Program [update?]

The County annually develops a five-year Capital Improvements Program (the "CIP"). Normally, only the first year of the CIP is actually appropriated and is referred to as the Capital Budget. The CIP is reviewed by the Board of Supervisors but does not represent a legislative commitment to expend capital funds for the projects indicated. It is a plan for future spending and establishes priorities for the orderly development of the County. The CIP is subject to continuing examination and revision.

The fiscal year 2017 through 2021 CIP serves as a planning tool for the efficient and effective distribution of public improvements throughout the County and school system. The five-year CIP includes funding necessary for completion of the new public safety building, construction of an animal care and adoption center and future projects that have not yet been identified. The following is a summary of the current CIP.

Capital Spending Plan

Projects	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Total Fiscal Years 2016-2020
Auburn High School	$ 761,564	$ 0	$ 0	$ 0	$ 0	$ 761,564
Auburn Middle School Renovation	124,944	0	0	0	0	124,944
Blacksburg High School	211,319	0	0	0	0	211,319
Security Upgrades	1,451	0	0	0	0	1,451
Future School Projects	8,793,229	1,460,000	1,460,000	1,460,000	1,460,000	14,633,229
Courthouse Renovation	109,825	0	0	0	0	109,825
Parks and Recreation Improvements	62,394	0	0	0	0	62,394
Public Safety Building	1,636,693	0	0	0	0	1,636,693
Government Center	582,934	0	0	0	0	582,934
Animal Shelter	4,096,628	0	0	0	0	4,096,628
Future County Capital	2,000,000	0	0	0	0	2,000,000
Fire and Rescue Capital Equipment	1,440,218	730,000	730,000	730,000	730,000	4,360,218
Total Project Costs	**$19,821,199**	**$2,190,000**	**$2,190,000**	**$2,190,000**	**$2,190,000**	**$28,581,199**

Funding Proceeds to Date	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Total Fiscal Years 2016-2020
2 cent tax rate for future schools	$ 1,460,000	$1,460,000	$1,460,000	$1,460,000	$1,460,000	$ 7,300,000
County Cash to Capital Fire and Rescue	1,440,218	730,000	730,000	730,000	730,000	4,360,218
Prior Years Excess	16,920,981	0	0	0	0	16,920,981
Total Funding Sources	**$19,821,199**	**$2,190,000**	**$2,190,000**	**$2,190,000**	**$2,190,000**	**$28,581,199**

DEBT MANAGEMENT

Debt Structure

Pursuant to the Virginia Public Finance Act, a county is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of principal and interest on such bonds the governing body is authorized and required to levy on all taxable property within the County such ad valorem taxes as may be necessary. Although the issuance of bonds by Virginia counties is not subject to any limitation on amount, counties are generally prohibited from issuing general obligation bonds unless (1) the issuance of such debt has been approved by public referendum, (2) such debt is for public school purposes and is sold to the Literary Fund or Virginia Public School Authority or (3) such indebtedness is issued in anticipation of the collection of the current year's taxes and other revenues.

Counties may, with voter approval, elect to be treated as cities for the purpose of incurring debt which would then allow the issuance of bonds without voter approval in an aggregate principal amount of up to 10% of the assessed valuation of the real estate in the county subject to taxation. However, the County has not elected to be treated as a city for this purpose.

Information on the County's long-term obligations is summarized as of June 30, 2015, in the tables that follow in this section. Additional information is provided in the County's audited financial statements for the year ended June 30, 2015, a copy of which is attached as Appendix [B] to this Official Statement.

Annual Debt Service Requirements as of June 30, 2015 [update?]

	County			Schools			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	$ 3,888,351	$ 1,632,535	$ 5,520,886	$ 10,478,052	$ 6,539,653	$ 17,017,705	$ 14,366,403	$ 8,172,188	$ 22,538,591
2017	3,969,463	1,471,346	5,440,809	10,754,239	6,222,946	16,977,185	14,723,702	7,694,292	22,417,994
2018	4,066,526	1,322,379	5,388,905	10,957,362	5,903,848	16,861,210	15,023,888	7,226,227	22,250,115
2019	4,157,617	1,154,881	5,312,498	11,292,582	5,547,454	16,840,036	15,450,199	6,702,335	22,152,534
2020	3,549,823	983,592	4,533,415	12,787,802	5,168,880	17,956,682	16,337,625	6,152,472	22,490,097
2021	3,617,235	843,608	4,460,843	12,728,226	4,707,347	17,435,573	16,345,461	5,550,955	21,896,416
2022	2,851,944	710,195	3,562,139	13,975,040	4,259,313	18,234,353	16,826,984	4,969,508	21,796,492
2023	2,911,049	585,723	3,496,772	11,887,720	3,781,474	15,669,194	14,798,769	4,367,197	19,165,966
2024	2,204,752	451,492	2,656,244	11,707,720	3,324,478	15,032,198	13,912,472	3,775,970	17,688,442
2025	1,452,574	363,144	1,815,718	11,567,720	2,853,606	14,421,326	13,020,294	3,216,750	16,237,044
2026	1,452,574	290,515	1,743,089	10,487,720	2,389,735	12,877,455	11,940,294	2,680,250	14,620,544
2027	1,452,574	217,886	1,670,460	9,242,720	1,974,864	11,217,584	10,695,294	2,192,750	12,888,044
2028	1,452,574	145,257	1,597,831	9,432,426	1,623,493	11,055,919	10,885,000	1,768,750	12,653,750
2029	1,452,574	72,628	1,525,202	9,327,426	1,175,622	10,503,048	10,780,000	1,248,250	12,028,250
2030	-	-	-	7,035,000	754,250	7,789,250	7,035,000	754,250	7,789,250
2031	-	-	-	5,460,000	447,500	5,907,500	5,460,000	447,500	5,907,500
2032	-	-	-	4,390,000	219,500	4,609,500	4,390,000	219,500	4,609,500
Total	$38,479,630	$10,245,181	$48,724,811	$173,511,755	$56,893,963	$230,405,718	$211,991,385	$67,139,144	$279,130,529

Source: County Department of Financial and Management Services.

Note A: Interest shown does not include interest due on the County's qualified school construction bonds.

Note B: The debt service requirements in this table reflect both (i) general obligation indebtedness for which the full faith and credit of the County have been pledged and (ii) various leasing and other financing arrangements for which the County has undertaken to make payments subject to the annual appropriation of sufficient funds for such purposes. See the table on page A-27 for more detail as to the type and outstanding principal amount of the County's indebtedness.

Subsequent Debt Issuance

The County has not issued any additional debt since June 30, 2015. [confirm]

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the primary government for the year ended June 30, 2015.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities:					
General obligation bonds	$124,192,120	-	$ 4,715,329	$119,476,791	$ 5,161,626
Lease revenue bonds	68,115,127	-	4,792,533	63,322,594	4,836,777
Literary fund loans	2,000,000	-	250,000	1,750,000	250,000
Refunding bonds	31,915,147	$11,572,000	15,642,362	27,844,785	4,312,763
Landfill post-closure	1,062,644	-	17,891	1,044,753	99,841
OPEB	1,560,151	191,693	85,300	1,666,544	-
Compensated absences	2,992,558	1,939,100	2,030,683	2,900,975	2,030,683
Governmental activities long-term liabilities	$231,837,747	$13,702,793	$27,534,098	$218,006,442	$16,691,690
Business-Type Activities:					
Revenue bonds	$ 5,952,598	-	$ 259,795	$ 5,692,803	$ 266,232
Membership fee payable	1,278,478	-	21,953	1,256,525	22,392
OPEB	142,749	17,538	-	160,287	-
Compensated absences	147,199	126,192	103,040	170,351	119,246
Business-type activities long-term liabilities	$ 7,521,024	$ 143,730	$ 384,788	$ 7,279,966	$ 407,870
Component Unit-School Board:					
OPEB	$ 6,680,689	$ 751,992	$ 453,000	$ 6,979,681	-
Compensated Absences	3,845,187	2,466,740	2,615,664	3,696,263	2,615,664
Component unit – School Board long-term liabilities	$ 10,525,876	$ 3,218,732	$ 3,068,664	$ 10,675,944	$ 2,615,664

Source: County's Audited Financial Statements for the fiscal year ended June 30, 2015.

[Remainder of this page intentionally left blank]

Computation of Direct and Overlapping Debt [update?]

Name of Governmental Unit	Real Estate Assessed Value [1]	Percent of Assessed Value to Countywide Total	Pro-Rated Share of Countywide Net Bonded Debt[2]	Towns Net Bonded Debt	Total Direct and Overlapping Debt
Town of Christiansburg	$2,063,087,856	27%	$57,881,318	$20,649,474	$78,530,792
Town of Blacksburg	2,770,114,940	36	77,717,438	30,115,454	107,832,892
Unincorporated Area	2,940,161,812	38	82,488,217	-	82,488,217
Total	$7,773,364,608	100%	$218,086,973	$50,764,928	$268,851,901

Sources: Commissioner of the Revenue, County of Montgomery; Finance Director, Town of Christiansburg; Finance Director, Town of Blacksburg.

(1) This figure represents the original taxable land book value without supplements or exonerations.

(2) This includes all County bonded debt, including lease revenue bonds.

EXHIBIT A

(FORM OF TEMPORARY BOND)

NO. TR-1 **$_____**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

MONTGOMERY COUNTY

General Obligation School Refunding Bond

Series 2016

MONTGOMERY COUNTY, VIRGINIA (the "County"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** ("VPSA") the principal amount of _____ ($_____), in annual installments in the amounts set forth on Schedule I attached hereto payable on [_____ __, 20__], and annually on [each _____ __] thereafter to and including [_____ __, 20__] (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on each [_____ __] and [_____ __], beginning [_____ __, 20__] (each an "Interest Payment Date" and, together with any Principal Payment Date, a "Payment Date"), at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

For as long as VPSA is the registered owner of this Bond, [U.S. Bank National Association], or any successor appointed by the County, as bond registrar and paying agent (the "Bond Registrar"), shall make all payments of principal of and premium, if any, and interest on this Bond, without the presentation or surrender hereof, to VPSA, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal of or premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next succeeding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the County shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the County Board of Supervisors authorizing the issuance of this Bond provides, and Section 15.2-2624, Code of Virginia of 1950, as amended (the "Virginia Code"), requires, that there shall be

levied and collected, at the same time and in the same manner as other taxes of the County are assessed, levied and collected, an annual ad valorem tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on this Bond as such principal, premium, if any, and interest shall become due to the extent other funds of the County are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code, and resolutions duly adopted by the County Board of Supervisors and the County School Board to provide funds to refund [all or a portion of] the outstanding principal installments of the County's $86,115,000 General Obligation School Bond, Series 2011A, and to pay the related costs of issuance and refunding.

This Bond may be exchanged without cost, on twenty (20) days written notice from VPSA, at the office of the Bond Registrar on one or more occasions for one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of $5,000 and whole multiples thereof, and having an equal aggregate principal amount, having principal installments or maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of VPSA on the books of the County kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive bonds as provided above, such definitive bonds to be registered on such registration books in the name of the assignee or assignees named in such assignment.

The principal installments of this Bond coming due on or before [_____ __, 20__], and the definitive bonds for which this Bond may be exchanged that mature on or before [_____ __, 20__], are not subject to prepayment or redemption prior to their stated maturities. The principal installments of this Bond coming due on and after [_____ __, 20__], and the definitive bonds for which this Bond may be exchanged that mature on and after [_____ __, 20__], are subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any date on or after [_____ __, 20__], upon payment of [___]% of the amount of the principal installments of this Bond to be redeemed plus accrued interest to the date fixed for redemption. Provided, however, that the principal installments of this Bond shall not be subject to prepayment or redemption prior to their stated maturities as described above without the prior written consent of the registered owner of this Bond. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) days and not less than sixty (60) days before the date fixed for prepayment or redemption.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond complies with the debt provisions prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Board of Supervisors of Montgomery County, Virginia, has caused this Bond to be issued in the name of Montgomery County, Virginia, to be signed by its Chairman or Vice Chairman, its seal to be affixed hereto and attested by the signature of its Clerk of the Board of Supervisors or any of its Deputy Clerks of the Board of Supervisors, and this Bond to be dated [_____ __, 2016].

MONTGOMERY COUNTY, VIRGINIA

_____
[Chairman], Board of Supervisors,
Montgomery County, Virginia

(SEAL)

ATTEST:

_____
[Clerk], Board of Supervisors,
Montgomery County, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

_____

_____

_____

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and irrevocably constitutes and appoints

_____ attorney to exchange said Bond for definitive bonds in lieu of which this Bond is issued and to register the transfer of such definitive bonds on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

_____

(NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar which requirements will include Membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

_____

(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 change.)

SCHEDULE I

[ATTACH FINAL DEBT SERVICE SCHEDULE]