



Agenda
Page County Board of Supervisors
Work Session
Board of Supervisors Room – 103 South Court Street, Luray
July 5, 2016 – 7:00 p.m.

Call to Order

- Pledge of Allegiance
- Invocation (Paul Johnson)

Joint Meeting with the School Board:

Update on the Health Science Building at the Technical Center

Establishment of School Contingency Fund

QAZB Bond Discussion (p. 2)

Discussion of School's Health Insurance Proposal

Work Session:

Discussion of TOT Funding for Cavemen Baseball

Approval of Tax Revenue Anticipation Note

Amity Moler

Report on Spring Clean-up Day

Lynda Minke

Adjourn

Mission Statement

To provide essential and desired services to all Page County citizens through an open and responsive decision making process that values ethical conduct, fiscal responsibility, professional expertise, regional collaboration and proactive stewardship.



Harris, Timothy <tharris@pagecounty.k12.va.us>

QZAB Projects

1 message

Harris, Timothy <tharris@pagecounty.k12.va.us>

Mon, May 9, 2016 at 2:20 PM

To: "Whitley-Smith, Donna" <dwsmith@pagecounty.k12.va.us>

PCHS Well	\$85,000.00
SBO Secure Vestibule	\$40,000.00
Springfield Elementary RTU	\$40,000.00
Luray Elementary RTU	\$40,000.00
Luray Middle Auditorium Carpet	\$25,000.00
PCTC, Stanley Elementary, Shenandoah Elementary Fire Panels	\$80,000.00
Springfield, Luray Elementary, Luray Middle Fire Panels	\$60,000.00
PCMS Intercom System	\$125,000.00
(3) 71P, (1) 29P Bus	<u>\$350,000.00</u>
	\$845,000.00

Renewable power by AllSun Trackers for: (\$29,200.00 per unit)	
LES, LMS (10 units)	\$292,000.00 for 20%+ offset
LHS (5 units)	\$146,000.00 for 10% offset
PCHS, PCMS (10 units)	\$292,000.00 for 20%+ offset
STES (5 units)	<u>\$146,000.00</u> for 10% offset
	\$876,000.00

Total	\$1,721,000.00
--------------	-----------------------

(to be adjusted as desired)

—
Tim Harris
Page County Public Schools
Director of Transportation, Safety and Procurement
540-743-6533 ext. 2804



COMMONWEALTH of VIRGINIA

Office of the Governor

Anne B. Holton
Secretary of Education

June 6, 2016

Mrs. Donna L. Whitley-Smith
Division Superintendent
Page County Public Schools
735 West Main Street
Luray, Virginia 22835

Dear Mrs. Whitley-Smith:

Thank you for submitting the Qualified Zone Academy Zone (QZAB) Intent-to-Participate letter for Page County dated February 23, 2016. This is the first step in the revised QZAB application process as announced in Superintendent's Memo #310-15 dated December 11, 2015. Page County has met the free lunch eligibility criteria of at least 35 percent under the state appropriation set as a priority criteria for award of a QZAB allocation. The Virginia Secretary of Education is therefore authorized to award Page County a total of \$2.0 million in QZAB allocations from Virginia's calendar year 2014, 2015, and 2016 authorizations, which will be issued by the Virginia Public School Authority or a lending institution of your choice by December 31, 2016.

Completing the attached QZAB application is the next step in the QZAB financing process. Required deadlines of the process include:

- **July 11, 2016**, is the due date for submitting this application which the division superintendent and the local government administrator must sign. Under federal requirements, the specific qualified zone academy school(s) where the QZAB proceeds will be used must have a free or reduced lunch eligibility percentage of at least 35 percent.
- Within ten days of receipt of the QZAB application package, the Secretary of Education will inform your division in writing if your QZAB application has been approved.
- The 10 percent private contribution letters and the final signed and sealed school board and local governing body resolutions must be received by the Department of Education before **August 31, 2016**.

Prior to the 2002 QZAB awards, school divisions were permitted to request from the Secretary of Education a carry-forward from one year to the next of any unused allocation. Beginning with the 2002 QZAB awards, school divisions are no longer permitted to carry-over unused awards. This change has been made to ensure that all QZABs are issued prior to their expiration dates. Consequently, the QZAB allocation awarded to Page County must be issued by December 31, 2016.

Mrs. Donna L. Whitley-Smith
Division Superintendent
Page 2
June 6, 2016

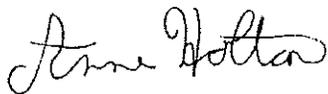
These procedures also established a new total allocation cap of \$15.0 million per division, which is calculated beginning with the 2002 calendar year allocations. When your division has received a total QZAB allocation of \$15.0 million, you will no longer be eligible for an allocation until all eligible school divisions have been provided an allocation.

Please note federal legislation (Tax Extenders and Alternative Minimum Tax Relief Act of 2008) that enacted new restrictions on QZABs. A key provision of this legislation requires school divisions to spend 100 percent of QZAB proceeds within three years of the issuance of the bonds.

Please keep in mind that QZAB financing represents debt of the locality that must be repaid and is not grant funding. As such, approval by your local governing body is required.

Should you have any questions about this program or the QZAB application, please contact Christina Snellings with the Department of Education Budget Office at (804) 225-2025.

Sincerely,



Anne Holton

cc: Dr. Steven R. Staples
Mr. Kent C. Dickey

Enclosure: QZAB Application

SAMPLE – QZAB APPLICATION PACKAGE

This is a sample Qualified Zone Academy Bond application packet. Once a school division provides a letter of intent to participate to the Secretary of Education and receives notification of a QZAB award, the division will be required to submit an application package to the Department of Education. The application package must contain the information listed below; worksheets are attached for your use in providing the necessary application information. Please fill in the required information and submit the documentation to the address at the bottom of this page by **July 11, 2016**.

1. Summary sheet including the signed assurance by the City Manager/County Administrator and Division Superintendent that the school division has a binding commitment with a third party to spend down at least 10 percent of the proceeds within six months after the issue of the QZAB bond, and 100 percent of the funds will be used directly for the project(s) within three years of the date of issuance of the QZAB bond.
2. The name of the school(s) to which QZAB allocations will be applied. The school must fall under the definition of a qualified zone academy, as outlined in Section 1.
3. A detailed description of the project(s) to be undertaken at the school(s). The project(s) must be for a qualified purpose, as defined in Section 1. Included in this description should be the status, total cost, funding source(s) for the project, school division contact name, phone number and e-mail address, and the contact name and phone number of bond counsel.
4. Proof that a private entity qualified contribution has been secured by the school division, as defined in Section 1 of the attached Qualified Zone Academy Bond (QZAB) Allocations & Award Criteria. This proof should include a signed commitment from a private entity or entities for qualified contributions. **Please note that the sum of all contributions must total at least ten percent of the QZAB issuance amount.**
5. Proof that the QZAB to be issued meets the term requirements as defined in Section 1.
6. If the QZAB is to be issued locally (and not via the Virginia Public School Authority), proof that there is a qualified buyer that has shown an interest in purchasing QZABs. This should be in the form of a letter of intent from a participating lending institution outlining, in general, the terms of the bond should the QZAB application be accepted.
7. Original copies of school board and governing body resolutions approving the issuance of a QZAB. Such resolutions should include the amount of the bond issue as well as a description of the projects to be funded. **Each resolution should contain an official raised seal.** Note: Due by August 31, 2016.
8. A timeline for issuance of the bond. This timeline must meet issuance dates outlined in a school division's award letter.

Application packages must be mailed to the following address:

Virginia Department of Education
P.O. Box 2120
Richmond, VA 23218-2120
Attention: QZAB Program, DOE Budget Office

APPLICATION APPROVAL

Within 10 days of receipt of a QZAB application package, the Secretary of Education will inform the school division in writing as to whether a package has been approved. Once approved, the school division will be required to notify the Department of Education in writing once the QZAB is issued (if issued locally).

SUMMARY SHEET

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____ Division Name: _____

Calendar Year Award – 2014, 2015, 2016: \$ _____

The Qualified Zone Academy Bond proceeds will be used for the following purposes:

- | | | |
|----|--|----------------|
| a. | Rehabilitating or repairing the public school facility in which the academy is established | \$ <u>0.00</u> |
| b. | Providing equipment for use at an academy | \$ <u>0.00</u> |
| c. | Developing course materials for education to be provided at an academy | \$ <u>0.00</u> |
| d. | Training teachers and other school personnel in the academy | \$ <u>0.00</u> |
| e. | Issuance costs (maximum – 2% of the proceeds) | \$ <u>0.00</u> |

I hereby certify the following:

- 100 percent of the Qualified Zone Academy Bond proceeds will be used for the qualified zone academy(s) within 3 years of the date of issue;
- The Qualified Zone Academy Bond proceeds will be spent as determined by the Virginia Department of Education and consistent with the permitted uses set forth in Section 1397E of the Internal Revenue Code, Tax Extenders and Alternative Minimum Tax Relief Act of 2008 (Pub. L. No. 110-343), American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5), and the Hiring Incentives to Restore Employment Act (Pub. L. No. 111-147);
- The school division has a binding commitment with a third party to spend at least 10 percent of the proceeds within 6 months after issuance of the Qualified Zone Academy Bond;
- Written agreements have been obtained from one or more businesses or private entities that have pledged contributions having a present value of at least 10 percent of the gross proceeds of the QZAB.

City Manager / County Administrator

Date

Division Superintendent

Date

Name of School(s) and Description of Project(s)

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____

Division Name: _____

Name of the school or schools to which QZAB allocations will be applied:

1. _____
2. _____
3. _____
4. _____

Check applicable QZAB school definition(s):

- The school is designed in cooperation with private business to improve the academic curriculum, enhance graduation and employment rates, and better prepare students for college and the workforce.
- Students of the school are subject to the same academic standards and assessments as other students educated by the local education agency.
- The school's comprehensive education plan is approved by the local education agency.
- The school is located in a federal empowerment zone as of December 31, 2013.
- There is a reasonable expectation when the bonds are issued that at least 35% of the school's students (or program participants) will be eligible for free or reduced price lunches under the school lunch program established under the National School Lunch Act.

Detailed description of the project(s) to be undertaken at the school(s):

Check applicable qualified purpose(s):

- Rehabilitating or repairing a public school facility in which a qualified zone academy is established
- Providing equipment for use at a qualified zone academy
- Developing course materials for education to be provided at a qualified zone academy
- Training teachers and other school personnel in a qualified zone academy
- Issuance costs (maximum – 2% of the proceeds)

Status of the project(s):

Total cost of the project(s):

\$ _____

Funding source(s) for the project(s):

Local contact information:

Name: _____
Title: _____
Telephone number: _____
E-mail: _____

Bond counsel information:

Firm: _____
Attorney contact: _____
Telephone number: _____
E-mail: _____

PROOF OF PRIVATE ENTITY QUALIFIED CONTRIBUTIONS; QUALIFIED BUYERS

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____ Division Name: _____

Entity or Entities:

Short Description of Contributions:

- | | |
|----------|-------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |

- Please note that the total of all contributions must total at least ten percent of the QZAB issuance amount.
- The 10% match partner will help to set up an academic program (academy) to prepare students for college or workforce, as required by the QZAB legislation. This academy program should specify how many students will be trained in which academic areas using what resources, when the program will be implemented, who will direct the implementation and evaluation, and how the evaluation (pre- and post-tests) will be accomplished.
- Please attach signed commitment letter(s) from private entity or entities to this application package.

Term Requirements (if QZAB issued locally):

The maximum term for a QZAB sold in Month: _____, Year: _____ is _____ years.

Participating lending institution: _____

- Please attach a proposal letter from a participating lending institution.
- See <https://www.treasurydirect.gov/GA-SL/SLGS/selectQZABDate.htm> for current rate information.

RESOLUTIONS APPROVING ISSUANCE AND TIMELINE FOR ISSUANCE

Calendar Year 2014, 2015, and 2016 QZAB Allocations

Division Number: _____

Division Name: _____

Resolution/Ordinance:

Date Adopted:

- Please attach original copies of school board and governing body resolutions; each should contain an official raised seal.
- Ordinances should contain the amount of the bond issue and a description of the projects to be financed.

Timeline for Issuance:

Action:

Date:

Superintendent's Memo #310-15**COMMONWEALTH of VIRGINIA
Department of Education**

December 18, 2015

TO: Division Superintendents

FROM: Steven R. Staples, Superintendent of Public Instruction

**SUBJECT: Revised Guidelines and Application Process for the Calendar Year 2014
Qualified Zone Academy Bond Allocations**

The federal Qualified Zone Academy Bond program, better known as QZABs, was authorized by Congress under the Taxpayer Relief Act of 1997. The Virginia Appropriation Act establishes further requirements for the operation of this program in Virginia. A number of school divisions in Virginia have availed themselves of this program since its inception. QZABs are tax credit bonds designed for the state or local issuer to pay zero or near zero interest. The proceeds of these bonds must be used for school renovation, the purchase of school equipment, development of course materials, and/or training of teachers within a qualified zone academy (i.e., any public school or academic program within a public school established by and operated under the supervision of a local education agency). QZAB proceeds cannot be used for new construction and 100 percent of proceeds must be spent within three years of the sale of the bonds.

States or local governments may issue QZABs. Virginia's calendar year 2014 QZAB allocation from the federal government is \$7.4 million. Because of their zero or near zero interest rate, QZABs are a low cost vehicle for school divisions to modernize schools. Purchasers of QZABs receive federal tax credits in lieu of the interest on the bonds. In recent years, the Virginia Public School Authority (VPSA) has assisted with issuing QZABs on behalf of localities, greatly facilitating the use of these bonds in Virginia. Please note that QZAB proceeds represent debt of the locality that must be repaid.

Requirements

The following requirement must be met *before* a school division can receive a QZAB allocation:

- At least 35 percent or greater of students in the division [and in the school where the proceeds would be used] must be eligible for the free or reduced cost lunches under the National School Lunch Program. However, Virginia law gives priority to schools with at least 35 percent of students eligible for free lunch.

In addition, there are requirements that must be met *after* a school division receives a QZAB allocation and before a QZAB can be issued:

- A QZAB application must be completed and signed by the local government administrator and

- accompanied by signed and sealed school board and local governing body resolutions;
- A school division must obtain commitments from private enterprises [not state or local governments or school division employees] equal to 10 percent of the QZAB amount to be borrowed; and
- QZAB renovation projects must be in compliance with the Davis-Bacon Act.

Revised Guidelines

Since 1998, the Virginia Secretary of Education has directly awarded QZAB allocations to school divisions based on a rank ordering of the student eligibility percentage for free lunch under the National School Lunch Program (usually 65 percent or greater). However, to facilitate and expedite the issuance of the calendar year 2014 Qualified Zone Academy Bonds among a larger pool of eligible school divisions meeting the 35 percent free lunch eligibility criteria, the Secretary of Education's guidelines have been revised to an open application process effective with the calendar year 2014 allocation and encourages eligible school divisions that are interested in receiving a QZAB allocation to apply as follows:

- By March 1, 2016, send an initial Intent to Participate form to the **Office of the Secretary of Education**, Patrick Henry Building, 1111 East Broad Street, Richmond, VA 23219. These divisions are then listed in rank order based on their percentage of free lunch eligibility. Failure to meet the March 1 deadline disqualifies a division from further consideration for an allocation.
- By April 1, 2016, among the eligible school divisions that submitted an Intent to Participate form by April 1, a preliminary allocation letter and application form will be sent to approximately the first four divisions based on the rank order of free lunch eligibility.
- The deadline for completed applications received by the Department of Education is June 1, 2016. If this deadline is not met, the school division will be disqualified and a preliminary allocation letter will be sent to the next school division on the free lunch eligibility rank order list.
- The 10 percent private contribution letters as well as the final signed and sealed school board and local governing body resolutions must be received by the Department of Education before August 31, 2016.
- By November or December 2016, the Virginia Public School Authority (VPSA) and/or individual localities will issue Calendar Year 2014 QZABs. December 31, 2016, is the expiration deadline for the issuance of Calendar Year 2014 QZAB bonds.

The attached document "Virginia Guidelines for Calendar Year 2014 QZABs" provides additional information on the QZAB program. It is also important that a school division consult with its local bond counsel to ensure compliance with all applicable federal and state regulations regarding the issuance and use of such bonds. Should you have any questions about this program, please contact Christina Snellings in the Budget Office at (804) 225-2025.

SRS/KCD/cps

Attachments:

- A. Virginia Guidelines for CY 2014 (PDF)
- B. Intent to Participate Form (PDF)

VIRGINIA GUIDELINES FOR CALENDAR YEAR 2014 QUALIFIED ZONE ACADEMY BOND (QZAB) ALLOCATIONS AND AWARD CRITERIA

Revised December 2015

Frequently Asked Questions

What is the Qualified Zone Academy Bond Program?

In 1997, Congress created the Qualified Zone Academy Bond Program (QZAB) so that schools could raise funds to: 1) renovate and repair public school buildings; 2) invest in equipment and current technology; 3) develop challenging curricula; and 4) train quality teachers.

What is a Qualified Zone Academy?

Qualified zone academies are public schools located in economically distressed areas that work with private entities to enhance curriculum, increase graduation and employment rates, and better prepare students for higher education and for the workforce.

How does the QZAB work?

School divisions (through the local governments) borrow funds from financing institutions or other buyers at zero or low interest. Instead of receiving interest on the funds, a financing institution has the option to receive a tax credit in lieu of interest that they would have charged. The credit rate for QZABs is set by the federal government through the Treasury Department. (See <https://www.treasurydirect.gov/GA-SL/SLGS/selectQZABDate.htm> for current rate information.)

In order to issue a QZAB, school divisions must secure a private contribution equal to at least 10 percent of the QZAB issuance. This private contribution can be in the following forms: 1) cash; 2) goods, including equipment and technology; 3) services, including assistance with the use of technology or with curriculum development; and 4) internships, field trips, or other education opportunities.

How much has Virginia been allocated in QZAB authority?

Each state is provided with an allocation using a formula based on state percentages of the national population of individuals with incomes below the poverty line. States have the flexibility to determine how the allocations will be distributed, so long as each school benefiting from a QZAB is either located in a federal Empowerment Zone authorized through December 31, 2014 (Pub. L 113-295) *or* at least 35 percent of its students are eligible for free or reduced price lunches.

In Virginia, the Secretary of Education makes QZAB awards to applying school divisions, giving priority to divisions based on a ranking of division-level free lunch eligibility of 35 percent or greater pursuant to the State appropriation act. The Virginia program does not recognize reduced-priced lunch factors when determining division awards. Consequently, QZAB allocations are awarded only for divisions with 35 percent or greater *free lunch* eligibility pursuant to the appropriation act. However, QZAB proceeds may be used for qualifying purposes at individual qualified zone academy schools with at least 35 percent of students eligible for free or reduced price lunch or located in a federal Empowerment Zone. Awards are typically made to Virginia school divisions based on a minimum allocation of \$1.5 million per division, until an award cap of \$15 million per division is reached.

Are there time limits for QZAB awards?

A school division must (1) secure at the time of issuance a private entity contribution greater than or equal to 10 percent of the QZAB proceeds; (2) incur within a 6 month period from date of issuance a binding contract with a third party to spend at least 10 percent of the available project proceeds; and (3) spend 100 percent of the proceeds within 3 years of the issuance date.

How are school divisions informed of QZAB awards?

The Secretary of Education will correspond with the superintendent of each school division eligible for an award based on a rank-ordering of free lunch eligibility of at least 35 percent or greater. Award information is provided to school divisions throughout the year, depending upon the timing of federal awards and whether or not unused allocations of existing Virginia awards are available.

What steps should a school division take once an award has been received?

Every school division receiving notification of a QZAB allocation award is required to submit a formal application to the Department of Education by the required deadline.

Please note that any school division that intends to participate in the Virginia QZAB program should seek legal advice from local bond counsel because of the complexity of the program and its eligibility requirements.

School divisions desiring to participate in the program must first submit a letter of intent to participate to the Virginia Secretary of Education. For those school divisions receiving an allocation award, the completed QZAB application package must then be submitted to the Virginia Department of Education.

VIRGINIA ALLOCATION AND AWARD GUIDELINES

SECTION I – DEFINITIONS

Private Entity Qualified Contribution - *A written agreement between a qualified zone academy and one or more business(es) or private entities under which the contributor pledges a contribution having a present value of at least 10 percent of the gross proceeds of the QZAB. For this purpose the following list constitutes eligible contributions:*

- Equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment);
- Technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom;
- Services of employees as volunteer mentors;
- Internships, field trips, or other educational opportunities outside the academy for students; or
- Any other property (including cash) or services specified by the local education agency; additional information on private entity qualified contributions can be found on the QZAB web page at: <http://www2.ed.gov/programs/qualifiedzone/index.html>.

Qualified Buyer - *A financial institution(s) or other buyer that is willing to purchase QZAB bonds issued by, or on behalf of, a Virginia locality. The Virginia Public School Authority has in the past served as a conduit issuer of QZAB bonds on behalf of participating Virginia localities.*

Qualified Purpose of QZAB Proceeds

- Rehabilitating or repairing a public school facility in which a qualified zone academy is established;
- Providing equipment for use at a qualified zone academy;
- Developing course materials for education to be provided at a qualified zone academy; and/or
- Training teachers and other school personnel in a qualified zone academy.

Qualified Zone Academy

A qualified zone academy is defined as any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if:

- The school is designed in cooperation with private business to improve the academic curriculum, enhance graduation and employment rates, and better prepare students for college and the workforce, as required by QZAB legislation.
- The school or academic program specifies how many students will be trained in which academic areas using what resources, when the program will be implemented, who will direct the implementation and evaluation, and how the evaluation (pre- and post-tests) will be accomplished.
- Students of the school are subject to the same academic standards and assessments as other students educated by the local education agency.
- The school's comprehensive education plan is approved by the local education agency.
- The school is located in either a federal empowerment zone (current designation authorized through December 31, 2014) or there is a reasonable expectation when the bonds are issued that at least 35 percent of the school's students (or program participants) will be eligible for free or reduced price lunch under the school lunch program established pursuant to the National School Lunch Act.

Qualified Zone Academy Bond (QZAB) - *A bond that is issued by a state or local government for the area where the qualified zone academy is located.*

The bond must meet all of the following requirements:

The issuer:

- a. Designates the bond issue for the use of a qualified zone academy;
- b. Has written assurances that the private business contribution requirement will be met;
- c. Has written assurances that a binding commitment with a third party to spend at least 10 percent of available project proceeds will be incurred within the 6-month period beginning on date of issuance;
- d. Has written approval for the bond issue from the local education agency.

100 percent of the bond proceeds must be used within 3 years of the issue of the Qualified Zone Academy Bond for one or more of the following qualified purposes:

- a. Rehabilitating or repairing the public school facility in which the academy is established;
- b. Providing equipment for use at an academy;
- c. Developing course materials for education to be provided at an academy; or
- d. Training teachers and other school personnel in an academy.

The term of each bond cannot exceed a maximum term. The maximum term is set so that the state or local government's obligation to repay in present value terms will be 50 percent of the borrowed amount. For more information, please see Section 1397E of the Internal Revenue Code:

<http://uscode.house.gov/view.xhtml?req=Section+1397E&f=treesort&fq=true&num=6&hl=true&edition=prelim&granuleId=USC-prelim-title26-section1397E>.

SECTION II - PROGRAM DESCRIPTION

In 1997, Congress created the Qualified Zone Academy Bond to help schools raise funds to achieve the following: (1) renovate and repair buildings; (2) invest in equipment and up-to-date technology; (3) develop challenging curricula; and (4) train quality teachers. The QZAB program is designed to assist school divisions serving low-income students by reducing the burden of interest payments by giving financial institutions holding the bonds a tax credit in lieu of interest, or, when permitted, if interest payments are received by the bond holder, the QZAB issuer may be reimbursed for interest payments through a direct subsidy payment (to date, 2010 QZABs only). A school division must still pay back the amount of money that is initially borrowed, but the school division does not have to pay any interest, or pays low interest.

The federal government provides each state with an allotment of principal bond proceeds that may be borrowed through the QZAB program. The Virginia Secretary of Education determines which school divisions will receive awards based on procedures in these guidelines. The following table provides information on total awards for the Commonwealth of Virginia:

Calendar Year	Virginia Allocation	Expiration
1998	8,188,000	Dec. 31, 2001
1999	9,051,000	Dec. 31, 2002
2000	6,395,000	Dec. 31, 2002
2001	6,288,000	Dec. 31, 2003
2002	6,391,000	Dec. 31, 2004
2003	6,462,000	Dec. 31, 2005
2004	7,683,000	Dec. 31, 2006
2005	7,818,000	Dec. 31, 2007
2006	7,020,000	Dec. 31, 2008
2007	7,020,000	Dec. 31, 2009
2008	7,436,000	Dec. 31, 2010
2009	26,025,000	Dec. 31, 2011
2010	26,185,000	Dec. 31, 2012
2011	7,197,000	Dec. 31, 2013
2012	7,264,000	Dec. 31, 2014
2013	7,264,000	Dec. 31, 2015
2014	7,444,000	Dec. 31, 2016

Before final allocation awards are made to school divisions, the school division must have obtained written commitments from private entities for qualified contributions with a present value (as of the bond issue date) of not less than 10 percent of the proceeds of the bond issue. The school division must have incurred within the 6-month period beginning on the bond issuance date a binding commitment with a third party to spend at least 10 percent of available project proceeds. The proceeds from the bond issue can only be used for schools that fall under the definition of a qualified zone academy.

SECTION III - AWARD PARAMETERS

Consistent with federal regulations, the Virginia Appropriation Act (Chapter 665, 2015 Acts of Assembly, Item 127.A.), states the following:

“The Secretary of Education is hereby authorized to make allocations to qualified zone academies of the portion of the national zone academy bond limitation amount to be allocated annually to the Commonwealth of Virginia pursuant to Section 1397E of the Internal Revenue Code of 1986, as amended, and to provide for carryovers of any unused limitation amount. In making such allocations, the Secretary of Education is directed to give priority to allocation requests for qualified zone academies having at least 35 percent free lunch participation or either located in federal enterprise communities or located in cities and counties within which federal enterprise communities are located.”

Federal regulations allow school divisions to use allocation awards for any qualifying school, which is defined as any school with 35 percent or greater free or reduced price lunch eligibility. If a school division is located in a federal Empowerment Zone as designated through December 31, 2014, then a QZAB allocation may be used for any school, regardless of the free or reduced price lunch eligibility percentage. IRS Notice 2015-26.

QZAB awards to school divisions are based on a rank order of each school division’s free lunch eligibility percentage. Allocation awards are made in rank order of each school division’s free lunch eligibility percentage among those school divisions submitting an Intent to Participate form during an open application period (as detailed in Sections IV and V below). School divisions receiving an award are permitted to use the QZAB allocation for any school with 35 percent or greater free or reduced lunch eligibility or for any school located as of December 31, 2014, in a designated federal Empowerment Zone.

Any school division receiving an award must submit a formal application to the Department of Education by the required deadline. A deadline for application submission will be included in the award letters provided to school divisions. Any school division receiving an award letter from the Secretary of Education must be prepared to issue QZAB bonds within the calendar year of the award notification. If a school division is unable to meet this timeline, then its award for that calendar year may be reallocated. The school division will continue to remain eligible for future awards, until the state QZAB issuance cap of \$15.0 million per division is reached or the division wide free lunch eligibility factor for the division falls below 35 percent.

SECTION IV - APPLICATION PROCESS

The Virginia Secretary of Education will determine the award amount for eligible school divisions based on a rank-ordering of the division level free lunch eligibility percentages of the division’s submitting an initial Intent to Participate form by the required deadline and having a

division-level free lunch eligibility percentage of 35 percent or greater. These school divisions will be notified in writing of their allocation amounts. These school divisions will then be required to submit a formal application to the Department of Education by the required deadline.

If a school division declines its allocation award or misses the application deadline, then another school division will be selected for an award based on the rank-ordering of division free lunch eligibility percentage. However, the school division declining the allocation or missing the application deadline will continue to be eligible for future awards, until the \$15.0 million QZAB issuance cap is reached or it no longer qualifies based on its free lunch rate. Should circumstances arise where a school division indicates its intent to participate and submits an application but later finds that it cannot issue QZABs within the December 31 time frame, the affected school division must notify the Secretary of Education as soon as possible, so that the allocation may be provided to another eligible school division. The affected school division will continue to be eligible for future awards, until the QZAB \$15.0 million issuance cap is reached or it no longer qualifies based on its free lunch rate.

SECTION V – INTENT TO PARTICIPATE/APPLICATION/ISSUANCE DEADLINES

- **March 1, 2016**
Initial Intent to Participate forms submitted by eligible school divisions (35 percent or greater free lunch eligibility) to establish a pool of potential awardees. These divisions are listed in rank order based on percentage of free lunch eligibility. Failure to meet the March 1 deadline disqualifies a division from further consideration for an award.
- **April 1, 2016**
Among the eligible school divisions submitting Intent to Participate Forms by April 1, a preliminary award letter and application form from the Secretary of Education is sent to approximately the first four divisions on the free lunch eligibility rank order list.
- **June 1, 2016**
Completed applications are received by the Department of Education. If this deadline is not met, the school division will be disqualified and a preliminary award letter will be sent to the next school division in the rank order list of divisions.
- **August 31, 2016**
Final signed and sealed resolutions from the local school board and the local governing body as well as the 10 percent private contribution letters received by the Department of Education.
- **November or December 2016**
Virginia Public School Authority (VPSA) and/or individual localities issue Calendar Year 2014 QZABs.
- **December 31, 2016**
Expiration deadline to issue Calendar Year 2014 QZAB bonds.

July 5, 2016
TRAN Financing FY 2016-17

**RESOLUTION AUTHORIZING THE ISSUANCE OF AN UP TO
\$5,000,000 COUNTY OF PAGE, VIRGINIA TAX REVENUE ANTICIPATION NOTE,
SERIES 2016 (“BANK-QUALIFIED”), TO BE SOLD TO BLUE RIDGE BANK, AND
PROVIDING FOR THE FORM AND DETAILS THEREOF**

WHEREAS, the Board of Supervisors (the “Board”) of the County of Page, Virginia (the “County”), has determined that it is necessary and expedient to borrow on a short term basis the principal amount up to \$5,000,000 and to issue its Tax Revenue Anticipation Note, Series 2016 (“Bank-Qualified”), for the purpose of providing funds to meet deficits in the revenues of the County during the period ending June 30, 2017, such date constituting the maturity date of the Note (defined below), and such period between the date hereof and the maturity of the Note being in the current Fiscal Year ending June 30, 2017.

WHEREAS, in accordance with the requirements of Section 15.2-2629, Code of Virginia, 1950, as amended (the “Virginia Code”), the County is duly empowered and authorized to borrow money and to issue its up to \$5,000,000 County of Page, Virginia Tax Revenue Anticipation Note, Series 2016 (“Bank-Qualified”) (the “Note”) in anticipation of the collection of the taxes and revenues of the County for the current year, provided the principal amount thereof may not exceed the anticipated taxes and revenues for such year and such Note shall mature and be paid within one year from the date of issuance thereof.

WHEREAS, the County shall issue the Note pursuant to this Resolution in order to provide the County with funds for its anticipated expenditures during the current Fiscal Year, to be repaid from the taxes and revenues expected to be collected during such period ending on June 30, 2017, the maturity date of the Note, all as recited above.

WHEREAS, it is reasonably anticipated that closing on the Note shall occur on or around July 15, 2016, or as soon thereafter as appropriate documentation thereof can be prepared, in order for the County to assure sufficient availability of funds for its anticipated expenditures during the current Fiscal Year.

WHEREAS, the up to \$5,000,000 principal amount of the Note will not exceed the anticipated taxes and revenues for such period ending June 30, 2017; the Note will mature and be paid within one year from the date of issuance; and, there are no extensions of any note(s) of the County from prior years, all as provided by law.

WHEREAS, the County intends to utilize an exception from the rebate requirements of the Internal Revenue Code of 1986, as amended (the “IRC”); the County does not intend to invest the proceeds of the Note, and, therefore, no rebate will be required; and, further, in order to effect debt service savings to the County, the County will designate the Note as a “qualified tax-exempt obligation” under IRC Section 265(b)(3) during the Calendar Year 2016, among other things.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF PAGE, VIRGINIA, as follows:

1. **Authorization of Borrowing and Use of Proceeds; “Bank Qualified” Designation of Note.** The Board hereby determines that it is advisable to contract certain short-term debt as described herein, and to issue and sell the Note for the purpose of providing funds to meet deficits in the revenues of the County as described above and further illustrated on the attached **Exhibit A** hereto. To such end, the Board hereby authorizes the issuance and sale of the Note in the form and upon the terms established pursuant to this Resolution.

Further, the Board hereby designates the Note as a “qualified tax-exempt obligation” eligible for the exception from the disallowance of the deduction of interest by financial institutions allocable to the cost of carrying tax-exempt obligations within the meaning of IRC Section 265(b)(3). The Board does not reasonably anticipate that the County, the County's subordinate entities, and the entities which issue obligations on the County's behalf, will issue, in the aggregate, more than \$10,000,000 in tax-exempt obligations during Calendar Year 2016. The Board will not designate more than \$10,000,000 of qualified tax-exempt obligations in Calendar Year 2016, and further, hereby makes all such covenants in accordance with the County's reasonable expectations as to its compliance with various \$10,000,000 limitations required under Section 265(b)(3) of the IRC.

2. **Sale of the Note.** It is determined to be in the best interest of the County to accept the offer and terms of Blue Ridge Bank (the “**Bank**”), having business offices in Luray, among other places, to purchase the Note, and for the County to sell the Note to the Bank, at a price that shall equal par upon the terms established pursuant to this Resolution. The Board hereby approves that the short term borrowing shall be structured as a “draw-down” loan offered by the Bank in accordance with its term sheet addressed to the County, as supplemented by the Bank and further described below.

3. **Details of the Note.** The Note shall be issued in registered form; shall be dated the date of issuance and delivery thereof; shall be designated up to “\$5,000,000 County of Page, Virginia Tax Revenue Anticipation Note, Series 2016 (“**Bank-Qualified**”)”; shall bear interest thereon, in arrears, in one of the modes described in the following paragraph; and shall mature on or before June 30, 2017, at which time all principal thereof and accrued interest thereon shall be due and payable by the County, if not sooner paid as provided therein.

The Note shall bear interest either at (a) a fixed rate of 1.50%; or (b) a variable rate that shall be determined, upon each principal advance thereof to the County by the Bank, at a rate of interest that shall be computed based upon the Thirty Day London InterBank Offered Rate (30-Day LIBOR) plus sixty-two and one-half basis points (0.625%), all as described to the County and offered by the Bank in accordance with the term sheet attached hereto as **Exhibit B** and made part hereof (the “**Term Sheet**”). Absent manifest error, the determinations by the Bank of any variable rate of interest that shall accrue during the term of the Note on each principal advance to the County thereunder shall be conclusive.

The Chairman-at-Large, the County Administrator, and the County Treasurer, and such officer or officers of the County as any of them may designate, any one or more of whom may act, are each hereby authorized and directed to accept the offer of the Bank and to determine all the final details and terms of the Note, including the interest rate of the Note (fixed or variable) from the two options described above; *provided, however*, (i) the maximum principal amount of the Note shall not exceed the amount of **\$5,000,000**; and (ii) the final maturity date of the Note shall not be later than June 30, 2017. The County's acceptance and approval of all final terms of the Note shall be evidenced conclusively by the due execution and delivery thereof to the Bank as provided herein, and no further action shall be necessary on the part of the Board acting on behalf of the County.

4. **Form of the Note.** For as long as the Bank is the registered owner of the Note, the Note shall be in the form of a single, temporary typewritten bond substantially in the form attached hereto as **Exhibit C.**

5. **Payment of the Note; Note Registrar and Paying Agent; Directions to County Treasurer.** The following provisions shall apply to the Note:

(a) The entire principal of and accrued interest on the Note, if not sooner paid, shall be paid in immediately available funds to the Bank at or before 11:00 a.m. upon maturity thereof on June 30, 2017, or if such date for the payment of the Note, in whole, is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next preceding such date fixed for prepayment or redemption.

(b) All overdue payments of principal of and interest on the Note shall bear interest at the applicable interest rate on each of the principal advances under the Note.

(c) The County Treasurer is hereby designated as Note Registrar and Paying Agent for the Note. Further, the County Treasurer is authorized and directed to requisition the principal proceeds of the Note, from time to time, in accordance with any draw requirements of the Bank, and to submit such requisitions to the Bank pursuant to the Bank's requisition process and other requirements, as may be necessary or convenient, from time to time, in order to provide the County with funds for its anticipated expenditures during the current Fiscal Year (2016-17) and otherwise provide for the orderly conduct of County business. Further, the County Treasurer is hereby directed to transfer (or otherwise cause to be paid) to the Bank an amount that shall equal **all principal of and accrued interest the Note in order for the County to pay the Bank, in full, on or before June 30, 2017**, in accordance with law and the terms of the Note.

6. **Prepayment or Redemption.** The Note may be prepaid by the County, on any date on or before maturity on June 30, 2017, without premium or other penalty, upon fifteen (15) days' prior written notice to the Bank as provided therein, which notice may be waived.

7. **Execution of the Note.** The Chairman-at-Large is hereby authorized and directed to execute and deliver the Note, in a form that shall be required by the Bank in connection with the short-term borrowing by the County as described herein, in order for the County to reflect, facilitate, and give effect to the terms and provisions of the term sheet as supplemented by the Bank and the transactions contemplated hereby and thereby, within the parameters of this Resolution.

The Clerk of the Board or any Deputy Clerk thereof shall attest such execution of the Note and shall affix the seal of the County thereto and attest or counter-sign the same.

Further, each of the Chairman-at-Large and the County Administrator, and the County Treasurer (each a "Local Representative"), any one or more of whom may act, is authorized to execute and deliver any and all additional short-term financing documents (the "Documents") in connection with the Note, all in such forms as will reflect, facilitate, and give effect to the intent and purposes described in this Resolution and the transactions contemplated thereby, within the parameters and intent hereof. The Clerk of the Board of Supervisors or any Deputy Clerk thereof is authorized to affix the County's seal on any such Documents and attest or counter-sign the same. The County's acceptance and approval of the final terms of the Documents shall be evidenced conclusively by the due execution and delivery thereof, as provided herein, and no further action shall be necessary on the part of the Board acting on behalf of the County.

8. Pledge of Taxes and Revenues for Current Year in Payment of the Note In Anticipation Thereof. To the fullest extent permitted by Article VII, Section 10 of the Constitution of Virginia, and, further, Section 15.2-2629 of the Virginia Code and other relevant provisions of the Virginia Code and as otherwise provided by Virginia law, the County pledges, for the prompt payment of the principal of and the interest on the Note on or before maturity, the taxes and revenues of the County for the current year in anticipation of the collection thereof, in order to provide for the payment of the principal of and the interest on the Note as such principal and interest shall become due upon maturity thereof, if not sooner paid as provided in the Note, to the extent other funds of the County are not otherwise lawfully available and appropriated for such purpose.

9. Certificate as to Non-Arbitrage and Tax Compliance Agreement. The Chairman-at-Large, the County Administrator, and the County Treasurer, any one or more of whom may act, and such other officer or officers of the County as any one of them may designate, are each hereby authorized and directed to execute an appropriate Certificate as to Non-Arbitrage and Tax Compliance Agreement (the "Agreement"), in a form comparable to the form of Agreement delivered by the County in connection with its prior issuance of tax revenue anticipation note financings, and further, any other certificates as to the County's use of proceeds of the Note, setting forth the use of the proceeds of the Note and containing such covenants as may be necessary in order to show compliance with the provisions of the IRC and applicable regulations relating to the exclusion from gross income of interest on the Note. The Board covenants on behalf of the County that (i) the proceeds from the issuance and sale of the Note will be expended as set forth herein and described in such Agreement and any other certificates or instruments relating thereto, such that the County shall comply with the provisions of the IRC, including regulations thereunder, and further, as may be permitted under the Virginia Code, and that the County shall comply with such covenants and representations contained herein and therein, and (ii) the County shall comply with the provisions of the IRC so that interest on the Note will remain excludable from gross income for Federal income tax purposes.

10. Additional Documentation; Other Tax Documents. The Chairman-at-Large, the Clerk of the Board, the County Treasurer, and such other officer or officers of the County as any of them may designate, any one or more of whom may act, are each hereby authorized and directed to execute such additional documentation as may be advised by the County Attorney or Bond Counsel to the County, including but not limited to agreements, reports, questionnaires, certificates and any tax documentation, in order for the County to carry out the intent and purposes of this Resolution,

and further, to set forth the expected use of the proceeds of the Note, such documentation to contain such covenants as may be necessary in order to show compliance with the provisions of the Virginia Code and the IRC, including applicable regulations thereunder relating to the exclusion from gross income of interest on the Note and any other matters or tax requirements in connection with the Note.

11. **Adoption of Post-Issuance Tax Compliance Procedures.** The Board hereby ratifies and confirms its prior adoption, on September 18, 2012, of post-issuance tax compliance procedures in connection with tax-exempt financings, in order for the County to monitor its post-issuance compliance with respect to the Note (as a tax-exempt obligation issued by the County) and any other obligations issued by the County that are subject to exempt-bond financing rules. The County Administrator (and any designee(s) of the County Administrator from time to time) shall coordinate with legal counsel and any others as may be necessary or convenient, and from time to time, in order for the County to continue to satisfy its post-issuance compliance responsibilities with respect to the Note and any other obligations issued by, or for the benefit of, the County that are subject to exempt-bond financing rules, whether such obligations are presently existing or shall be issued subsequent to the date hereof.

12. **Financial Statements; Record-Keeping Duties.** During the term of the Note, the County shall provide to the Bank updated financial statements in order for Bank to be in receipt of audited financial information as well as copies of such other financial information relating to the Note, all as may be reasonably requested by the Bank.

In addition, the County agrees to maintain and/or retain the records and documents in connection with the Note, including documentation to evidence the use of proceeds thereof, in a manner that shall ensure their complete access to the Internal Revenue Service, until the third anniversary of the later of the final maturity of the Note or any other applicable provision of the IRC or any Treasury Regulations thereunder.

13. **Term Sheet as Supplemented and this Resolution Constitute Agreement With Bank.** It is the intent of this Resolution, together with the Term Sheet as supplemented by the Bank, to the full extent permitted by applicable law, among other things, to create a valid and binding contract and agreement between the County and the Bank in connection with the sale of the Note and the purchase thereof by the Bank, including the terms and provisions of the loan from the Bank to the County represented thereby. All provisions of this Resolution and the Term Sheet as supplemented by the Bank shall be construed accordingly.

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

15. **Further Actions; Effective Date.** The Chairman-at-Large, the County Administrator/ Clerk of the Board, the County Treasurer, and all officers, employees and agents of the County are each hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance, sale and award of the Note and any such actions previously taken in conformity with the provisions of this Resolution are hereby ratified and confirmed, in all respects.

16. **Resolution Effective Immediately.** This Resolution shall take effect immediately upon the approval hereof.

Date: July 5, 2016

Chairman-at-Large
Board of Supervisors
County of Page, Virginia

Exhibit A: Cash Flow Analysis 2016/2017 (Draft)
Exhibit B: Term Sheet
Exhibit C: Form of Specimen Note

CERTIFICATE OF VOTES

The undersigned Clerk of the Board of Supervisors of the County of Page, Virginia, hereby certifies that the foregoing Resolution constitutes a true and correct copy thereof adopted by the Board at a duly held regular public meeting on the date hereof on July 5, 2016, at which meeting at least a quorum thereof was present and acting throughout, and that the record of the roll-call vote by the Board is as follows:

NAME	AYE	NAY	ABSTAIN	ABSENT
Johnny Woodward, Chairman At-Large				
D. Keith Guzy, Jr. (District 1)				
C. David Wiatrowski (District 2)				
Mark Stroupe (District 3)				
Larry Foltz (District 4)				
Dorothy F. Pendley (District 5)				

Dated: July ____, 2016

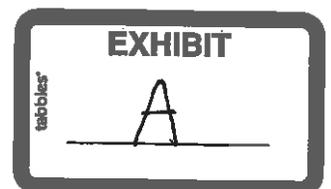
[SEAL]

Clerk of Board of Supervisors
County of Page, Virginia

Cash Flow Analysis FY 17

	Projected Revenue	Projected Expenses	Monthly Deficit	Surplus/(Deficit)
Beginning Balance 6/26/2016 - UN-AUDITED				\$ 6,547,527.30
Prior Year Carryover	\$ -			\$ -
Less Reasonable Working Capital Reserve				\$ 1,621,592.50
Available Cash Flow Balance 7/1/2015				\$ 1,621,392.50
Jul-16	\$ 1,118,987.50	\$ 5,381,400.61	\$ (4,262,413.11)	\$ 663,721.69
Aug-16	\$ 1,118,987.50	\$ 2,370,267.58	\$ (1,251,280.08)	\$ (587,558.39)
Sep-16	\$ 1,118,987.50	\$ 2,370,267.58	\$ (1,251,280.08)	\$ (1,838,838.47)
Oct-16	\$ 1,118,987.50	\$ 2,370,267.58	\$ (1,251,280.08)	\$ (3,090,118.55)
Nov-16	\$ 5,118,987.50	\$ 2,370,267.58	\$ 2,748,719.92	\$ (341,398.63)
Dec-16	\$ 6,618,987.50	\$ 2,370,267.58	\$ 4,248,719.92	\$ 3,907,321.29
Jan-17	\$ 1,118,987.50	\$ 3,343,773.56	\$ (2,224,786.06)	\$ 1,682,535.23
Feb-17	\$ 1,118,987.50	\$ 2,370,267.58	\$ (1,251,280.08)	\$ 431,255.15
Mar-17	\$ 1,118,987.50	\$ 2,370,267.58	\$ (1,251,280.08)	\$ (820,024.93)
Apr-17	\$ 1,118,987.50	\$ 2,370,267.58	\$ (1,251,280.08)	\$ (2,071,305.01)
May-17	\$ 5,118,987.50	\$ 2,370,267.58	\$ 2,748,719.92	\$ 677,414.91
Jun-17	\$ 6,618,987.50	\$ 2,370,267.61	\$ 4,248,719.89	\$ 4,926,134.80
Year-end Total	\$ 32,427,850.00	\$ 32,427,850.00	\$ 0.00	

Updated 6/29/16





Luray Office
17 West Main Street
Luray, VA 22835
540.743.6521
www.mybrb.com

June 17, 2016

Ben Blevins
Via Email Delivery

RE: Revenue Anticipation Note

Dear Mr. Blevins,

On behalf of Blue Ridge Bank (hereinafter referred to as "Bank"), we are pleased to offer to you this Term Sheet outlining the following proposed terms and conditions upon which the Bank would consider your loan request. Please understand this is not a loan commitment or an agreement of any kind by the Bank. Neither this term sheet nor any other discussions between us shall imply any obligation on the part of the Bank to continue to discuss or enter into any future agreement with respect to any financing. Notwithstanding the exchange of term sheets such as this one; or correspondence or discussions relating to financing, whether or not containing expressions suggesting an agreement or understanding; no such commitment or agreement will exist unless and until it is embodied in a formal document and executed specifically as a loan commitment or other agreement by an authorized officer of the Bank. This term sheet is communicated CONFIDENTIALLY for your sole use and entities shown below, and it may not be forwarded or disclosed to others without the express consent of the Bank. This term sheet will expire on July 15, 2016.

Borrower: County of Page, Virginia

Purpose: Provide financing for operating expenses

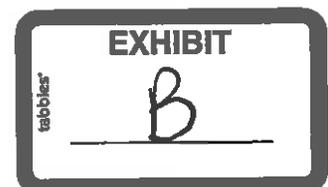
Loan Amount: upto \$5,000,000.00 draw note

Collateral: Tax revenues for the County of Page, Virginia in FY 2016-2017

Term/Maturity: The draw note would be monthly payments of interest due, with principal due at maturity in 12 months. The rate options are as follows:
A) 1.50% fixed
B) 30 Day LIBOR + 0.625%

Fees: All associated legal fees with the note borne by the borrower for issuance of this facility will be the only fees for this transaction

Prepayment Premium: There is no prepayment penalty for this note.



- Other Conditions:
- The Borrower will be responsible for all reasonable and customary costs and expenses incurred in connection with the note, including, but not limited to, attorney and consultant fees, unless approved by the Bank for funding within the proposed terms.
 - This facility must qualify as a tax-exempt issuance under the Internal Revenue Service code

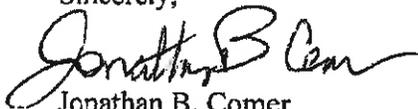
Documentation: Should the proposed facilities contained herein be approved and committed by the Bank all documentation will be executed in form and content satisfactory to the Bank and its counsel.

Issuance of a commitment by Blue Ridge Bank is subject to, among other things, the completion of the foregoing items.

I sincerely appreciate the opportunity to provide this Term Sheet. If the above terms and conditions are acceptable, please indicate your willingness for us to proceed towards formal underwriting by signing below and returning a copy of this letter.

Thank you again for the opportunity to review your financing needs and we look forward to hearing back from you!

Sincerely,



Jonathan B. Comer
Market President

The above Terms and Conditions are accepted this _____ day of _____, 2016.

Signers:

Johnny Woodward, Chairman
Board of Supervisors

Amity Moler
County Administrator

Ben Blevins
Budget Director

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

COUNTY OF PAGE, VIRGINIA TAX REVENUE ANTICIPATION
NOTE, SERIES 2016 ("BANK-QUALIFIED")

DATED DATE: JULY __, 2016

The County of Page, Virginia (the "County") for value received, hereby acknowledges itself indebted and promises to pay to the order of BLUE RIDGE BANK, having business offices in Luray, Virginia (the "Bank"), as registered owner hereof, the principal sum equal to the amount of principal advances shown on the Certificate of Principal Advances attached hereto (the "Certificate"), but not to exceed the sum of FIVE MILLION DOLLARS (\$5,000,000) and to pay the registered owner hereof interest on the unpaid principal hereof pursuant to terms and conditions set forth herein.

Interest shall accrue on this Note, in arrears, based upon each Principal Advance hereunder, from time to time, as shown on the Certificate and being computed as described below. The entire principal of and accrued interest on this Note, if not sooner paid, shall be payable by the County, in whole, on June 30, 2017.

The rate of interest ("Tax-Exempt Rate") to be borne on each Principal Advance under this Note shall be [One and one-half percent (1.50%) *per annum*] [a variable rate and shall be computed based upon the Thirty Day London InterBank Offered Rate (30 Day LIBOR) plus sixty-two and one half basis points (0.625%). Accordingly, the Tax-Exempt Rate on the respective Principal Advances hereunder shall be adjusted for each Principal Advance hereunder as of the date of each such Principal Advance. The Bank shall determine such Tax-Exempt Rate on each Principal Advance hereunder, and, absent manifest error, such determinations by the Bank shall be conclusive.]

The rate of interest on each Principal Advance under this Note, as described above, shall be computed by the Bank on an accrual basis of actual number of days elapsed divided by a 360-day year.

Both principal of and interest on the Note are payable in lawful money of the United States of America by wire (or other credit) transfer sent to the Bank as registered owner of the Note.



If the date of maturity hereof of all principal of and accrued interest hereon, or any sooner date as provided herein, shall not be a business day for Virginia banks or for the Commonwealth of Virginia, then such installment shall be due and payable at or before 11:00 a.m. on the business day next preceding such date fixed for payment, and if made on such date no additional interest shall accrue for the period after such date of payment. All overdue payments of the principal of and interest on this Note shall bear interest at the applicable Tax-Exempt Rate on this Note.

The Note may be prepaid prior to maturity, at any time, in part or in whole, on any date on or before maturity on June 30, 2017, without premium or other penalty, upon fifteen (15) days' prior written notice thereof delivered to the Bank, which notice may be waived.

The proceeds of this Note will be used by the County to provide funds for its anticipated expenditures during the ensuing year, to be repaid from the taxes and revenues expected to be collected during such period ending on June 30, 2017, such date being the maturity date hereof when all principal of and accrued interest on this Note shall be due and payable, if not sooner paid as provided herein.

This Note is being issued pursuant to the Virginia Constitution and the statutes of the Commonwealth of Virginia, and has been authorized by a Resolution duly adopted by the Board of Supervisors of the County on July 5, 2016 (the "Authorizing Resolution"), authorizing and approving the issuance, sale and delivery of this Note, all in specific accordance with Article VII, Section 10 of the Virginia Constitution and Section 15.2-2629 of the Code of Virginia, of 1950, as amended, among other relevant provisions of law. Accordingly, as provided in the Authorizing Resolution, **THE COUNTY HEREBY PLEDGES TO THE PAYMENT OF PRINCIPAL AND INTEREST ON THIS NOTE THE TAXES AND REVENUES OF THE COUNTY FOR THE CURRENT YEAR, SUCH PLEDGE BEING MADE IN ANTICIPATION OF THE COLLECTION THEREOF BY THE COUNTY.** Further, as recited the Authorizing Resolution, the principal amount of this Note does not exceed the anticipated taxes and other revenues of the County for the current year, all in accordance with law.

Further, pursuant to the Authorizing Resolution, the County has designated this Note as a "qualified tax-exempt obligation" pursuant to the terms and provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "IRC"), such designation being made in accordance with the County's reasonable expectations as to its compliance with the "bank qualification" requirements of Section 265(b)(3) of the IRC regarding the various \$10,000,000 limitations therein during Calendar Year 2016.

The Tax-Exempt Rate shall be subject to adjustment as set forth in the following paragraphs:

- A. The Tax-Exempt Rate on this Note is subject to increase or decrease as provided herein. So long as no event of taxability has occurred, if at any time, or from time to time, there is an increase or decrease in the maximum federal marginal income tax rate applicable to the Bank, then the applicable Tax-Exempt Rate for each such Principal Advance hereunder shall be increased or decreased, effective as of the effective date of the increase or decrease in such maximum federal marginal income tax rate, to the tax equivalent yield on such Principal Advance under this Note multiplied by the difference between one (1) and the new federal marginal income tax rate (expressed as a decimal). If there shall be any change in the federal income tax laws, by statute or regulation, or in the interpretation thereof the effect of which is to increase the Bank's cost of holding the Note (e.g., a change in Section 265 of the IRC), by the complete or partial disallowance of a deduction or otherwise, the County shall reimburse the Bank for such increase in cost plus the additional federal and state income taxes which the Bank will incur by reason of including the reimbursement in its income. The Bank's good faith estimate of such increase and such additional taxes absent clear and manifest error shall be determinative of the amount payable by the County as provided herein. Such amount shall be payable with respect to each taxable year of the Bank and shall be paid within thirty (30) days after the later of (i) the Bank's notification to the County of the amount payable with respect to such taxable year, and (ii) the last day of such taxable year. For purposes of this paragraph, the failure of the Note to be a qualified tax-exempt obligation (as defined in Section 265(b)(3) of the IRC) shall be deemed to be such a change in the federal income tax laws.
- B. From and after an event of taxability, in addition to the Tax-Exempt Rate hereon, as set forth above, the County shall pay to the Bank supplemental interest hereon such that the interest hereon is equal to the corresponding taxable conventional rate of interest to be equivalent to the Tax-Exempt Rate stated herein applicable to each such Principal Advance hereunder. Accordingly, the term "interest" as used herein, shall include such supplemental interest, to the extent payable, if at all. Supplemental interest accruing prior to a determination of taxability shall be immediately due and payable on the date of such determination of taxability. Supplemental interest accruing thereafter shall be payable at the same time, together with any regularly scheduled monthly installments of interest hereunder, at the same time and in the same manner.
- C. Additionally, the Bank hereof shall be paid a supplemental payment equal to the amount required to be paid by the County to reimburse the Bank for any interest, penalties or other charges assessed by reason of failure to include interest on this Note in the Bank's federal gross income (hereinafter "Unpaid Tax Penalties"). The County shall make payments of supplemental interest and Unpaid Tax Penalties to each person who presents written proof satisfactory to the County that on or after the event of taxability, such person was a Bank. It is expressly intended that to the extent interest received on this Note may become subject to federal income taxation as a result of a determination of taxability, the supplemental interest and Unpaid Tax Penalties which would have been payable to the Bank hereof but for the payment hereof shall continue, notwithstanding such payment, as an obligation of the County.
- D. The Bank by its acceptance hereof shall agree, if requested by the County, to have an attorney-in-fact, qualified to practice before the Internal Revenue Service, designated by the County for the purpose of appealing or challenging any determination of taxability, provided the County, to the extent permitted by law, shall provide indemnity or other assurance reasonably satisfactory to the Bank to indemnify or otherwise save it harmless

against any additional tax liability, penalties or interest that may result from any such appeal and agrees to pay legal fees and costs incurred in prosecuting such appeal including all reasonable legal fees and costs. In the event a final judgment or order shall have been entered within ninety (90) days of the determination of taxability finding that no event of taxability has occurred, the Bank shall reimburse to the County all supplemental interest which has been paid hereon, and no additional supplemental interest shall be payable unless and until an event of taxability shall subsequently occur. Notwithstanding anything herein to the contrary, the right of the County to challenge any determination of taxability shall terminate if no such final judgment or order shall have been entered within ninety (90) days after the occurrence of the determination of taxability, unless the Bank shall otherwise agree, and after the expiration of such ninety (90) day period without the entry of a final judgment or order, the Bank may exercise its right to call the Note in full, in which case the County shall prepay the Note in full. In addition, unless the County shall otherwise provide reasonable indemnification of other acceptable assurance to the Bank, the right of the County to challenge any determination of taxability shall terminate if the exercise of such right would cause any tax return of the Bank to be inaccurate or would delay the timely filing thereof or would in the Bank's opinion result in an adverse impact on its tax returns.

The intent of the foregoing provisions is to fix for the Bank hereof a yield on each Principal Advance under this Note equal at all times to the yield receivable under tax law, regulations and interpretations existing as of the date of each Principal Advance hereunder, computed as described above, which yield has been used in determining the computation methodology for the Tax-Exempt Rate on each Principal Advance under this Note, and, further, to impose on the County the obligation to pay supplemental interest in an amount necessary to compensate the Bank hereof if the interest hereon is not excluded from gross income, or is not exempt from the alternative minimum tax imposed on corporations and taxpayers other than corporation, or the deduction for "cost of carry" as described herein is not available under Section 265 of the IRC. Such provisions should be construed accordingly.

This Note 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 of Title 15.2, Code of Virginia, 1950, as amended, and the terms and provisions of the Authorizing Resolution.

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 Note have happened, exist and have been performed in due time, form and manner as so required, and this Note, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

THE REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK

SPECIMEN

IN WITNESS WHEREOF, the County of Page, Virginia, has caused this Note to be executed in the name of the County of Page, Virginia, to be signed by the Chairman-at-Large, its seal to be affixed hereto and attested by the signature of its Clerk of the Board of Supervisors, and this Note to be dated July __, 2016.

COUNTY OF PAGE, VIRGINIA

[SEAL]

By _____
Chairman At-Large

Attest:

By: _____
Clerk of Board of Supervisors
County of Page, Virginia

SPECIMEN

NOTE REGISTER

This Note is hereby registered on July __, 2016, in the name of Blue Ridge Bank, as purchaser thereof, with an address of 17 West Main Street, Luray, VA 22835.

The further transfer of this Note (if any) shall be registered by the registered owner or his duly authorized attorney upon presentation hereof to the County Treasurer of the County of Page, Virginia (being the appointed as Registrar of this Note), who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SPECIMEN