

**RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$5,285,000 GENERAL OBLIGATION SCHOOL BOND OF THE
CITY OF HARRISONBURG, VIRGINIA, TO BE SOLD TO THE
VIRGINIA PUBLIC SCHOOL AUTHORITY AND PROVIDING
FOR THE FORM AND DETAILS THEREOF.**

WHEREAS, the City Council (the "Council") of the City of Harrisonburg, Virginia (the "City"), has determined that it is necessary and expedient to borrow an amount not to exceed \$5,285,000 and to issue its general obligation school bond (as more specifically defined below, the "Local School Bond") for the purpose of financing a portion of the costs of capital projects for school purposes for the Harrisonburg City Public Schools, more specifically the acquisition of land for a new high school (the "Project"), as well as financing costs of issuance;

WHEREAS, the City held a public hearing, duly noticed, on September 11, 2018, on the issuance of the Local School Bond in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (the "Virginia Code");

WHEREAS, the School Board of the City has, by resolution, requested the Council to authorize the issuance of the Local School Bond and consented to the issuance of the Local School Bond;

WHEREAS, Virginia Public School Authority ("VPSA") has offered to purchase the Local School Bond along with the local school bonds of certain other localities with a portion of the proceeds of certain bonds to be issued by VPSA in the fall of 2018 (the "VPSA Bonds");

WHEREAS, the Bond Sale Agreement (as defined below) shall indicate that \$5,030,000 is the amount of proceeds requested (the "Proceeds Requested") from VPSA in connection with the sale of the Local School Bond;

WHEREAS, VPSA's objective is to pay the City a purchase price for the Local School Bond which, in VPSA's judgment, reflects the Local School Bond's market value (the "VPSA Purchase Price Objective"), taking into consideration of such factors as the amortization schedule the City has requested for the Local School Bond relative to the amortization schedules requested by other localities, the purchase price to be received by VPSA from the sale of the VPSA Bonds and other market conditions relating to the sale of the VPSA Bonds; and

WHEREAS, such factors may result in the Local School Bond having a purchase price other than par and consequently (i) the City may have to issue the Local School Bond 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 Local School Bond 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 City, given the VPSA Purchase Price Objective and market conditions, will be less than the Proceeds Requested.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HARRISONBURG, VIRGINIA:

1. Authorization of Local School Bond and Use of Proceeds. The Council hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bond in an aggregate principal amount not to exceed \$5,285,000 (the "Local School Bond") for the purpose of financing the Project and paying the costs of issuance. The Council hereby authorizes the issuance and sale of the Local School Bond in the form and upon the terms established pursuant to this Resolution.

2. Sale of the Local School Bond. The sale of the Local School Bond, within the parameters set forth in paragraph 4 of this Resolution, to VPSA is authorized. Given the VPSA Purchase Price Objective and market conditions, the City acknowledges that the limitation on the maximum principal amount of the Local School Bond set forth in paragraph 1 of this Resolution restricts VPSA's ability to generate the Proceeds Requested, however, the Local School Bond may be sold for a purchase price not lower than 100% of the Proceeds Requested. The Mayor and Vice Mayor of the City and the City Manager, any of whom may act (each a "Delegate"), and such other officer or officers of the City as a Delegate may designate, are hereby authorized and directed to enter into an agreement with VPSA providing for the sale of the Local School Bond to VPSA (the "Bond Sale Agreement"). The Bond Sale Agreement shall be in substantially the form submitted to the Council at this meeting, which form is hereby approved, with such completions, insertions, omissions and changes not inconsistent with this Resolution as may be approved by the Delegate executing the Bond Sale Agreement.

3. Details of the Local School Bond. The Local School Bond shall be dated 16 days prior to the date of its issuance and delivery or such other date designated by VPSA; shall be designated "General Obligation School Bond, Series 2018"; shall bear interest from its dated date payable semi-annually on each January 15 and July 15 beginning July 15, 2019 (each an "Interest Payment Date"), at the rates established in accordance with paragraph 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal Payment Date") and in the amounts acceptable to a Delegate (the "Principal Installments"), subject to the provisions of paragraph 4 of this Resolution.

4. Interest Rates and Principal Installments. Each Delegate is hereby authorized and directed to accept the interest rates on the Local School Bond established by VPSA, provided that each interest rate shall be five one-hundredths of one percent (0.05%) over the interest rate to be paid by VPSA for the corresponding principal payment date of the VPSA Bonds, a portion of the proceeds of which will be used to purchase the Local School Bond, and provided further that the true interest cost of the Local School Bond does not exceed five and fifty one-hundredths percent (5.50%) per annum. The Interest Payment Dates and the Principal Installments are subject to change at the request of VPSA. Each Delegate is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of VPSA based on the final term to maturity of the VPSA Bonds, requirements imposed on VPSA by the nationally-recognized rating agencies and the final principal amount of the Local School Bond; provided, however, that the principal amount of the Local School Bond shall not exceed the amount authorized by this Resolution and the final maturity of the Local School Bond shall not exceed sixteen (16) years from the date of the issuance and delivery of the Local School Bond. The execution and delivery of the Local School Bond as described in paragraph 8 hereof shall

conclusively evidence the approval and acceptance of all of the details of the Local School Bond by the Delegate as authorized by this Resolution.

5. Form of the Local School Bond. The Local School Bond shall be initially in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A.

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

(a) For as long as VPSA is the registered owner of the Local School Bond, all payments of principal, premium, if any, and interest on the Local School Bond 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 Virginia banks 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 Local School Bond.

(c) U.S. Bank National Association, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Local School Bond. The City may, in its sole discretion, replace at any time the Bond Registrar with another qualified bank or trust company as successor Bond Registrar and Paying Agent for the Local School Bond. The City shall give prompt notice to VPSA of the appointment of any successor Bond Registrar and Paying Agent.

7. Prepayment or Redemption. The Principal Installments of the Local School Bond held by VPSA coming due on or before July 15, 2028, and the definitive bond for which the Local School Bond held by VPSA may be exchanged that mature on or before July 15, 2028, are not subject to prepayment or redemption prior to their stated maturities. The Principal Installments of the Local School Bond held by VPSA coming due on or after July 15, 2029, and the definitive bond(s) for which the Local School Bond held by VPSA may be exchanged that mature on or after July 15, 2029, are subject to prepayment or redemption at the option of the City prior to their stated maturities in whole or in part, on any date on or after July 15, 2028, upon payment of the prepayment or redemption prices (expressed as percentages of Principal Installments to be prepaid or the principal amount of the Local School Bond to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2028 through July 14, 2029	101%
July 15, 2029 through July 14, 2030	100½
July 15, 2030 and thereafter	100

Provided, however, that the Principal Installments of the Local School Bond 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 other registered owner of the Local School Bond.

Notice of any such prepayment or redemption shall be given by the Bond Registrar to VPSA or other registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

If VPSA refunds the VPSA Bonds in the future and such refunding causes the Local School Bond to be deemed refunded, the prepayment or redemption of the Local School Bond will be subject to VPSA approval and subject to similar prepayment or redemption provisions as set forth above that correspond to the call period of the VPSA bonds issued in part to refund the Local School Bond.

8. Execution of the Local School Bond. The Mayor or Vice Mayor and the City Clerk or any Deputy City Clerk are each authorized and directed to execute and deliver the Local School Bond and to affix the seal of the City thereto.

9. Pledge of Full Faith and Credit. For the prompt payment of the principal of, premium, if any, and the interest on the Local School Bond as the same shall become due, the full faith and credit of the City are hereby irrevocably pledged, and in each year while any portion of the Local School Bond shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the City subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Local School Bond as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

10. Use of Proceeds Certificate and Tax Compliance Agreement. Each Delegate and such other officer or officers of the City or the School Board as a Delegate may designate are hereby authorized and directed to execute and deliver on behalf of the City 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 Local School Bond 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 Council covenants on behalf of the City that (i) the proceeds from the issuance and sale of the Local School Bond will be invested and expended as set forth in such Tax Compliance Agreement and that the City shall comply with the other covenants and representations contained therein and (ii) the City 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. State Non-Arbitrage Program; Proceeds Agreement. The Council hereby determines that it is in the best interests of the City to authorize and direct each Delegate, the City Finance Director and the City Treasurer to participate in the State Non-Arbitrage Program in connection with the Local School Bond. Each Delegate, the City Finance Director, the City Treasurer and such officer or officers of the City as a Delegate, the City Finance Director or the City Treasurer may designate are each hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Local School Bond by and

among the City, the other participants in the sale of the VPSA Bonds, VPSA, the investment manager and the depository.

12. Continuing Disclosure Agreement. Each Delegate and such other officer or officers of the City as a Delegate may designate are each hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix D to the Bond Sale Agreement, setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12, under the Securities Exchange Act of 1934, as amended, and directed to make all filings required by Section 3 of the Bond Sale Agreement should the City be determined by VPSA to be a MOP (as defined in the Bond Sale Agreement).

13. Refunding. The Council hereby acknowledges that VPSA may issue refunding bonds to refund any bonds previously issued by VPSA, including the VPSA Bonds issued to purchase the Local School Bond, and that the purpose of such refunding bonds would be to enable VPSA to pass on annual debt service savings to the local issuers, including the City. Each Delegate is authorized to execute and deliver to VPSA such allonge to the Local School Bond, revised debt service schedule, IRS Form 8038-G or such other documents reasonably deemed necessary by VPSA and VPSA's bond counsel to be necessary to reflect and facilitate the refunding of the Local School Bond and the allocation of the annual debt service savings to the City by VPSA. The City Clerk and any Deputy City Clerk are each authorized to affix the City's seal on any such documents and attest or countersign the same.

14. Amendment to Reimbursement Resolution. The Council previously adopted on July 10, 2018 a reimbursement resolution in connection with the Project (the "Reimbursement Resolution"). The Council hereby amends the Reimbursement Resolution by increasing the maximum principal amount of the indebtedness related to the Project as set forth in such resolution from \$5,025,000 to \$5,030,000. The provisions of the Reimbursement Resolution, except as modified by the preceding sentence, remain in full force and effect and are ratified and confirmed hereby.

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

16. Election to Proceed under Public Finance Act. In accordance with Section 15.2-2601 of the Virginia Code, the Council elects to issue the Local School Bond pursuant to the provisions of the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Virginia Code, and without regard to the City Charter.

17. Further Actions. The members of the Council and all officers, employees and agents of the City 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 Local School Bond and otherwise in furtherance of this Resolution and any such action previously taken is hereby ratified and confirmed.

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

The undersigned Deputy City Clerk of the City of Harrisonburg, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on September 11, 2018, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present. The resolution was adopted by a majority of all members of the City Council present by a roll call vote, such vote being recorded in the minutes of the meeting as shown below:

<u>COUNCIL MEMBER</u>	<u>PRESENT/ABSENT</u>	<u>VOTE</u>
Deanna R. Reed, Mayor		
Richard Baugh, Vice Mayor		
Ted Byrd		
Christopher B. Jones		
George Hirschmann		

WITNESS MY HAND and the seal of the City of Harrisonburg, Virginia, this ____ day of September, 2018.

Deputy City Clerk of the City of Harrisonburg,
Virginia

[SEAL]

EXHIBIT A

(FORM OF TEMPORARY BOND)

NO. TR-1

\$ _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF HARRISONBURG
General Obligation School Bond
Series 2018**

Dated Date: October __, 2018

Issue Date: November 6, 2018

The **CITY OF HARRISONBURG, VIRGINIA** (the "City"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** ("VPSA") the principal amount of _____ DOLLARS (\$_____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 2019 and annually on July 15 thereafter to and including July 15, 2033 (each a "Principal Payment Date"), together with interest from the dated date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2019 (each an "Interest Payment Date"; 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 interest and premium, if any, 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, as bond registrar and paying agent (the "Bond Registrar"), shall make all payments of the principal of and interest and premium, if any, 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 the principal of and interest and premium, if any, 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 City 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 City 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 City Council authorizing the issuance of this Bond provides, and Section 15.2-2624, Code of Virginia 1950, as amended (the "Virginia Code"), requires, that there shall be levied and collected an annual tax upon all taxable property in the City subject to local taxation sufficient to provide for the payment of the principal of and interest and premium, if any, on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the City to the extent other funds of the City 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 City Council of the City and the School Board of the City to provide funds for capital projects for school purposes.

This Bond may be exchanged without cost, on twenty (20) days written notice from the 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 the VPSA on the books of the City 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 hereinabove provided, 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 July 15, 2028 and the definitive bonds for which this Bond may be exchanged that mature on or before July 15, 2028, are not subject to prepayment or redemption prior to their stated maturities. The principal installments of this Bond coming due on or after July 15, 2029, and the definitive bonds for which this Bond may be exchanged that mature on or after July 15, 2029, are subject to prepayment or redemption at the option of the City prior to their stated maturities in whole or in part, on any date on or after July 15, 2028, upon payment of the prepayment or redemption prices (expressed as percentages of principal installments to be prepaid or the principal amount of this Bond to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2028 through July 14, 2029	101%
July 15, 2029 through July 14, 2030	100½
July 15, 2030 and thereafter	100

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 VPSA or other registered owner of this Bond. Notice of any such prepayment or redemption shall be given by the Bond Registrar to VPSA or other registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

If VPSA refunds its bonds issued in part to purchase this Bond in the future and such refunding causes this Bond to be deemed refunded, the prepayment or redemption of this Bond will be subject to VPSA approval and subject to similar prepayment or redemption provisions as set forth above that correspond to the call period of the VPSA bonds issued in part to refund this Bond.

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, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City Council of the City of Harrisonburg has caused this Bond to be issued in the name of the City of Harrisonburg, Virginia, to be signed by its Mayor or Vice Mayor, its seal to be affixed hereto and attested by the signature of the City Clerk or any Deputy City Clerk, and this Bond to be dated October __, 2018.

CITY OF HARRISONBURG, VIRGINIA

(SEAL)

ATTEST:

Deputy City Clerk,
City of Harrisonburg, Virginia

Mayor, City of Harrisonburg, 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: _____

Registered Owner

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.

(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.)