

VIRGINIA PUBLIC SCHOOL AUTHORITY
BOND SALE AGREEMENT

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

VPSA Sale Date: Expected to be on or about October 16, 2018

Closing Date: Expected to be on or about November 6, 2018

Proceeds Requested: \$5,030,000

Maximum Authorized Par Amount: \$5,285,000

Amortization Period:

Please specify your preferred amortization schedule (*check one preference*):

- Level Debt Service
- Level Principal
- Other (attach proposed amortization structure)

Number of Years of Principal Amortization: 15 years, beginning (*Check requested date*):

- July 15, 2019
- July 15, 2020
- Other

1. Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of VPSA's 2018 Fall Pool Bonds (the "VPSA Bonds"), your general obligation school bond ("local school bond") at a price, determined by VPSA to be within the parameters set forth in your local resolution (as defined below) that, subject to VPSA's *purchase price objective* and market conditions described below, is substantially equal to your Proceeds Requested set forth above (as authorized by your local resolution). The sale date of the VPSA Bonds is tentatively scheduled for the week of October 15, 2018 but may occur, subject to market conditions, at any time between October 1, 2018 and December 31, 2018 (the "VPSA Sale Date"). You acknowledge that VPSA has advised you that its objective is to pay you a purchase price for your local school bond which in VPSA's judgment reflects its market value ("*purchase price objective*") taking into consideration such factors as the amortization schedule you have requested for your local school bond (as set forth above) relative to the amortization schedules requested by the other localities for their respective bonds, the purchase price received by VPSA for the VPSA Bonds and other market conditions relating to the sale of the VPSA Bonds. You further acknowledge that VPSA has advised you that such factors may result in your local school bond having a value other than par and that in order to receive an amount of proceeds that is substantially equal to your Proceeds Requested, you may need to issue your local school bond with a par amount that is greater or less than your Proceeds Requested. You, at the request of VPSA, agree to issue your local school bond in a par

amount not in excess of the Maximum Authorized Par Amount to provide, to the fullest extent practicable given VPSA's *purchase price objective*, a purchase price for your local school bond and a proceeds amount that is substantially equal to your Proceeds Requested. You acknowledge that the purchase price for your local school bond will be less than the Proceeds Requested should the Maximum Authorized Par Amount be insufficient, based upon VPSA's *purchase price objective*, to generate an amount of proceeds substantially equal to your Proceeds Requested.

2. You represent that on or before October 1, 2018, your local governing body will have duly authorized the issuance of your local school bond by adopting a resolution in substantially the form attached hereto as **Appendix B** (the "local resolution") and that your local school bond will be in the form set forth in the local resolution. Any changes that you or your counsel wish to make to the form of the local resolution and/or your local school bond must be approved by VPSA prior to adoption of the local resolution by your local governing body. You represent that a certified copy of the local resolution was filed with the Circuit Court of the County of Rockingham, Virginia, on September __, 2018.
3. You represent that the information provided in your VPSA financing application under the Section entitled "Tax Matters," together with all attachments to such responses and supplemental and/or amendatory letters and information, is, *except to the extent modified by the representations contained in Schedule I hereto*¹, true, accurate and complete on the date hereof and there are no facts or circumstances that would cause such information to be materially inaccurate or incomplete.
4. You hereby covenant that you will comply with and carry out all of the provisions of the Continuing Disclosure Agreement in the form attached hereto as **Appendix D**, which agreement is hereby incorporated by reference herein and expressly made a part hereof for all purposes. VPSA has defined a Material Obligated Person ("MOP") for purposes of the Continuing Disclosure Agreement as any Local Issuer (as defined therein) the principal amount of whose local school bond(s) pledged under VPSA's 1997 Resolution comprises more than 10% of the total principal amount of all bonds of VPSA outstanding under the 1997 Resolution. MOP status with respect to the VPSA Bonds will be determined by comparing the principal amount of your local school bond(s) to the principal amount of the bonds outstanding under the 1997 Resolution. MOP status for future VPSA bonds issued under the 1997 Resolution will be determined by adding the principal amount of your local school bond(s) to be sold to VPSA and the principal amount of your local school bond(s) previously sold to VPSA and pledged under VPSA's 1997 Resolution and measuring the total against 10% of the face value of all bonds of VPSA outstanding as of a bond closing date under VPSA's 1997 Resolution. If you are or may be a MOP with respect to the VPSA Bonds, VPSA will require that you file all the information described in the following paragraph prior to VPSA's distribution of its Preliminary Official Statement, currently scheduled for the week of October 1, 2018.

¹ *To the extent any information in the financing application has changed, please provide a revised application that clearly indicates the updated information.*

You acknowledge that if you are, or in the sole judgment of VPSA may be, a MOP following the issuance of your local school bond that is the subject of this Bond Sale Agreement, VPSA will include by specific reference in its Preliminary Official Statements and final Official Statements (for this sale and, if you remain a MOP or become a MOP again after ceasing to be a MOP, for all applicable future sales) the information respecting you ("Your Information") that is on file with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System. Accordingly, if VPSA has determined that you are at any time a MOP (I) following the delivery of your local school bond to VPSA in connection with this sale, or (II) during the course of any future sale, whether or not you are a participant in such sale, you hereby represent and covenant to VPSA that you will file such additional information, if any, as is required so that Your Information, as of each of (I)(A) the date of VPSA's applicable Preliminary Official Statement (in the case of this sale, expected to be October 1, 2018), (B) the date of VPSA's applicable final Official Statement (in the case of this sale, expected to be October 16, 2018) and (C) the date of delivery of VPSA's Bonds (in the case of this sale, expected to be November 6, 2018) and (II) such other dates associated with future sales as VPSA may specify to you, will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's official statement or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading. You further agree to furnish to VPSA a copy of all filings related to your local school bond(s) you make with the MSRB subsequent to the date of this Agreement. Such copy will be furnished to VPSA on or before the day that any such filing is made.²

VPSA will advise you in writing within 60 days after the end of each fiscal year if you were a MOP as of the end of such fiscal year. Upon written request, VPSA will also advise you of your status as a MOP as of any other date. You hereby covenant that you will provide the certificate described in clause (a)(v) of Section 5 below if VPSA includes Your Information by specific reference in its disclosure documents in connection with this sale or any future sale, whether or not you are a participant in such sale.

5. VPSA's commitment to purchase your local school bond is contingent upon satisfaction of the following conditions.
 - (a) VPSA's receipt on the Closing Date of
 - (i) your local school bond which shall include and otherwise meet the Standard Terms and Conditions contained in Appendix A hereto;

² *To provide you some perspective on this requirement, as of June 30, 2017, VPSA would have had to have pledged under its 1997 Resolution approximately \$243 million of your bonds for you to have been designated a MOP.*

(ii) certified copies of the local resolution (see **Appendix B** attached hereto) and the school board resolution, if applicable (see **Appendix C** attached hereto);

(iii) an executed agreement, among VPSA, you and the other, if applicable, local units simultaneously selling their bonds to VPSA, the depository and the investment manager for the State Non-Arbitrage Program[®] ("SNAP[®]"), providing for the custody, investment and disbursement of the proceeds of your bonds and the other general obligation school bonds, and the payment by you and the other local units of the allocable, associated costs of compliance with the Internal Revenue Code of 1986, as amended, and any costs incurred in connection with your participation in SNAP[®] (the "Proceeds Agreement");

(iv) an executed copy of a Use of Proceeds Certificate and Tax Compliance Agreement (the "Tax Compliance Agreement") in the form provided by VPSA's bond counsel;

(v) if you are a MOP and VPSA has included by specific reference Your Information into VPSA's Preliminary and final Official Statement, your certificate dated the date of the delivery of the VPSA Bonds to the effect that (i) Your Information was as of the date of VPSA's Preliminary and final Official Statements, and is as of the date of the certificate which shall be dated the closing date, true and correct and did not and does not contain an untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's Official Statements or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading, and (ii) you have complied in all material respects with your undertakings regarding the amendments adopted on November 10, 1994 to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, for the preceding five years;

(vi) an approving legal opinion from your bond counsel in form satisfactory to VPSA that:

(A) your local school bond is a valid and binding general obligation of the Locality;

(B) the current and expected use of the proceeds of your local school bond and the financed property by the Locality and the School Board of the Locality will not result in the local school bond being considered a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended;

(C) the terms and provisions of your local school bond conform to the requirements of this Bond Sale Agreement including the appendices attached hereto; and

(D) the Locality has duly authorized, executed and delivered this Bond Sale Agreement, the Continuing Disclosure Agreement, the Tax Compliance Agreement and the Proceeds Agreement, and the Continuing Disclosure Agreement, the Tax Compliance Agreement and the Proceeds Agreement are valid, binding and enforceable in accordance with their terms;

(vii) a transcript of the other customary closing documents not listed above; and

(viii) the proceeds of the VPSA Bonds.

(b) If you will be using the proceeds of your local school bond to retire a bond anticipation note, certificate of participation or other form of financing (the "Refunded Debt"), receipt by VPSA of:

(i) an opinion of your bond counsel that, as of the Closing Date, the Refunded Debt will have been paid in full or defeased according to the provisions of the instrument authorizing the Refunded Debt (in rendering such opinion bond counsel may rely on a letter or certificate of an accounting or financial professional as to any mathematical computations necessary for the basis for such opinion); and

(ii) an executed copy of the escrow deposit agreement/letter of instruction providing for the retirement of the Refunded Debt.

(c) Your compliance with the terms of this Bond Sale Agreement.

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

6. You hereby covenant that you will pay to VPSA the reasonable costs and expenses, including reasonable attorneys' fees, if any, incurred by VPSA in connection with any amendment to or discretionary action that VPSA undertakes at the request of the Locality with respect to the local school bond, or the VPSA Bonds associated with the local school bond, and the Locality shall pay such amounts no later than 30 days after VPSA sends the Locality an invoice for such expenses.
7. Subject to the conditions described in Section 5 hereto, this Bond Sale Agreement shall become binding as of the later of the VPSA Sale Date and the date you execute this Bond Sale Agreement.

Dated as of October 2, 2018.

VIRGINIA PUBLIC SCHOOL AUTHORITY

Name of Jurisdiction: **CITY OF
HARRISONBURG, VIRGINIA**

By: _____
Authorized VPSA Representative

By: _____
Name: Eric D. Campbell
Title: City Manager

(For information only; not part of the Bond Sale Agreement.)

Please have the presiding officer, or other specifically designated agent, of your governing body execute **two (2)** copies of this Bond Sale Agreement and **return them no later than close of business on October 2, 2018 to, Jay Mahone, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879 or by hand or courier service, James Monroe Building- 3rd Floor, 101 N. 14th Street, Richmond, Virginia 23219. VPSA recommends the use of an overnight delivery service to ensure timely arrival of your documents.** If your governing body or bond counsel requires more than one originally signed Bond Sale Agreement, please send the appropriate number; all but one will be returned at closing.

- APPENDIX A - Standard Terms and Conditions
- APPENDIX B - Form of Bond Resolution
- APPENDIX C - Form of School Board Resolution
- APPENDIX D - Continuing Disclosure Agreement

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