# Special Meeting Agenda
# Staunton City Council
# Caucus Room
# April 4, 2019
# 7:00 p.m.

**Call to Order**

**SPECIAL MEETING**

**A. Consideration of Resolution Authorizing the Issuance of General Obligation School Bonds through Virginia Public School Authority**

**Adjournment**

**CITY COUNCIL** **AGENDA BRIEFING**

Staunton, VA

| | | |
|---|---|---|
| **Meeting Date:** | **April 4, 2019** | **Staff Member:**<br>**Jeanne Colvin** |
| **Item #** | **A** | |
| **Ordinance #** | | |
| **Department:** | **Budget Office** | |
| **Council Vision:** | **Responsive, Efficient Government**<br>**Education** | |
| **Subject:** | **Resolution Authorizing the Issuance of General Obligation School Bonds through Virginia Public School Authority** | |

**Background:** In anticipation of the issuance of general obligation bonds to finance capital improvements to Staunton High School, since 2018, City Council has adopted various bond documents. On February 22, 2018, Council adopted a reimbursement resolution in the amount of $2 million, to allow the City to incur expenses for architectural fees, engineering fees, site surveys, geotechnical surveys and a traffic study for the project, prior to receiving bond proceeds. On February 14, 2019, Council conducted a public hearing and adopted an ordinance authorizing the issuance of general obligation school bonds in an amount not to exceed $46 million. The debt will be issued through the Virginia Public School Authority (VPSA).

To complete the financing, Council is required to adopt a bond resolution. The proposed bond resolution provides for the terms of the financing, including the use of proceeds; authorizes the bond sale agreement between the City and VPSA and its execution by the City Manager; addresses bond details, disclosure requirements and tax compliance and private activity use of the proceeds; and authorizes the City to utilize the State Non-Arbitrage Program of the Commonwealth of Virginia (SNAP) in connection with the investment of the proceeds of the bonds.

The preliminary debt financing schedule provided by VPSA provides for a 3.38% true interest rate cost. The bond sale and final interest rate will be determined after April 29, 2019. The annual debt service will be approximately $2,433,300 for 30 years. The City used an annual appropriation of $300,000 and, in 2017, increased the real estate, personal property and meals tax rates to generate $1,423,700 each year for the debt service, beginning in FY2018. Combined with annual debt service savings, and financial planning prior to this date, the Debt Service Fund will have sufficient funds to pay the debt service on the school bonds with only $1,423,700 budgeted each year for the debt.

Bids were received for the project on March 28, 2019, with the apparent lowest bid received from Nielsen Construction Company, in the amount of $45,595,000. City and school staff are currently negotiating with the company to reduce the bid price. The School Board is scheduled to accept the bid, as finally negotiated, at its April 8, 2019 meeting.

Staff expects to provide and review with Council the final project budget, reflective of the outcome of negotiations, during the budget work session on April 4.

**Attachments:**

Attachment 1—Bond Resolution
Attachment 2—Bond Sale Agreement

**City Manager's Recommendation:** Recommend the resolution be adopted, as presented.

**Suggested Motion:** I move that Council adopt the proposed Resolution Providing for the Issuance of General Obligation School Bonds of the City of Staunton, Virginia, in an Aggregate Principal Amount Not to Exceed $46,000,000, for the City's public school system, including but not limited to renovation of the high school.

**City Manager:** Stephen F. Owen

**RESOLUTION PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION SCHOOL BONDS OF THE CITY OF STAUNTON, VIRGINIA, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $46,000,000, TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY AND PROVIDING FOR THE FORM AND DETAILS THEREOF**

**WHEREAS**, the School Board (the "School Board") of the City of Staunton, Virginia (the "City"), has, by resolution adopted on February 11, 2019, requested the Council of the City (the "Council") to authorize the issuance of general obligation school bonds and consented to the issuance of such bonds;

**WHEREAS**, the City held a public hearing, duly noticed, on February 14, 2019, on the issuance of its general obligation school bonds in the estimated maximum principal amount of $46,000,000 in accordance with the requirements of Section 15.2-2606 of the Code of Virginia of 1950, as amended (the "Virginia Code");

**WHEREAS,** on February 14, 2019, the Council adopted an ordinance (the "Ordinance") authorizing the issuance of its general obligation school bonds in an aggregate principal amount not to exceed $46,000,000;

**WHEREAS,** the Council has determined that it is necessary and expedient to issue a series of general obligation school bonds in an aggregate principal amount not to exceed $46,000,000 (as further described herein, the "Local Bond") and use the proceeds thereof to finance various capital improvements for the City's public school system, including but not limited to renovation of the high school (collectively, the "Project");

**WHEREAS,** the Virginia Public School Authority ("VPSA") has offered to purchase the Local Bond along with local bonds of certain other localities using a portion of the proceeds of certain bonds issued by VPSA in the spring of 2019 (the "VPSA Bonds"), in accordance with the terms of a Bond Sale Agreement (the "Bond Sale Agreement"), between VPSA and the City, the form of which has been presented to this meeting of the Council;

**WHEREAS,** the Bond Sale Agreement shall indicate that $46,000,000 is the amount of proceeds requested (the "Proceeds Requested") from VPSA in connection with the sale of the Local Bond;

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

**WHEREAS,** such factors may result in the Local Bond having a purchase price other than par and consequently (i) the City may have to issue the Local Bond in a principal amount that is greater 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 Bond set forth in Section 1 below does not exceed the Proceeds Requested by at least the amount of any discount attributable to the VPSA Bonds, 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 COUNCIL OF THE CITY OF STAUNTON, VIRGINIA**:

**1. Issuance and Sale of the Local Bond and Use of Proceeds.** The Council hereby determines to issue and sell the Local Bond in an aggregate principal amount not to exceed $46,000,000 for the purpose of financing the Project and paying the issuance and financing costs of the Local Bond. The Local Bond shall be issued in the form and upon the terms established pursuant to this Resolution.

**2. Sale of the Local Bond.** It is determined to be in the best interests of the City to accept the offer of VPSA and to sell the Local Bond to VPSA at a price, determined by VPSA to be fair and accepted by the City Manager (such term as used herein is hereby defined to include any Deputy City Manager), that is substantially equal to the Proceeds Requested; provided, however, the purchase price for the Local Bond shall not be less than 95% of the aggregate principal amount authorized by Section 1 of this Resolution. The City Manager and such other officer or officers of the City as he may designate, any of whom may act, are hereby authorized and directed to enter into the Bond Sale Agreement with VPSA, providing for the sale of the Local Bond to VPSA. 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, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer executing the Bond Sale Agreement, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

**3. Details of the Local Bond.** The Local Bond shall (a) be issued in fully registered form, dated 16 days prior to the date of its issuance and delivery or such other date designated by VPSA, (b) be designated "General Obligation School Bond, Series 2019," or such other designation as the City Manager shall determine, (c) bear interest from its dated date, payable semi-annually on each January 15 and July 15, beginning January 15, 2020 (each an "Interest Payment Date"), at the rates established in accordance with Section 4 of this Resolution, and (d) shall mature in installments (the "Principal Installments") payable on each July 15 in the years (each a "Principal Payment Date") and the amounts to be approved by the City Manager and attached to the form of the Local Bond, subject to the provisions of Section 4 of this Resolution.

**4. Interest Rates and Principal Installments.** The City Manager is hereby authorized and directed to accept the interest rates on the Local 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 Bond, and provided further that the true interest cost of the Local Bond shall 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. The City Manager is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of VPSA, provided that the aggregate principal amount of the Local Bond shall not exceed the maximum principal amount authorized by this Resolution and provided further that the final maturity of the Local Bond occurs no later than December 31, 2049. The execution and delivery of the Local Bond as described in Section 8 hereof shall conclusively evidence the approval and acceptance of all of the details of the Local Bond by the City Manager, as authorized by this Resolution.

**5.** **Form of the Local Bond.** The Local 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 Bond:

(a) For as long as VPSA is the registered owner of the Local Bond, all payments of principal, premium, if any, and interest on the Local 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 banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next succeeding such Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption.

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

(c) U.S. Bank National Association, is designated as bond registrar and paying agent for the Local Bond (the "Bond Registrar"). 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. The City shall give prompt written notice to VPSA of the appointment of any successor Bond Registrar.

**7.** **Prepayment or Redemption.** Unless otherwise directed by VPSA, the Principal Installments of the Local Bond held by VPSA coming due on or before July 15, 2029, and the definitive bond(s) for which the Local Bond held by VPSA may be exchanged that mature on or before July 15, 2029, are not subject to prepayment or redemption prior to their stated maturities. The Principal Installments of the Local Bond held by VPSA coming due on or after July 15, 2030, and the definitive bond(s) for which the Local Bond held by VPSA may be exchanged that mature on or after July 15, 2030, 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, 2029, upon payment of the prepayment or redemption prices (expressed as percentages of Principal Installments to be prepaid or the principal amount of the Local Bond to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

| Dates | Prices |
|---|---|
| July 15, 2029, through July 14, 2030 | 101% |
| July 15, 2030, through July 14, 2031 | 100½ |

| | |
|---|---|
| July 15, 2031, and thereafter | 100 |

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

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

**8. Execution of the Local Bond.** The Mayor and Vice Mayor, either of whom may act, and the Clerk of Council and any Deputy Clerk of Council, either of whom may act, are hereby authorized and directed to execute and deliver the Local 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 and premium, if any, and interest on the Local 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 Bond shall be outstanding there shall be levied and collected in accordance with law, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, an annual ad valorem tax on all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on the Local Bond as such principal, premium, if any, and interest shall become due to the extent other funds of the City are not lawfully available and appropriated for such purpose.

**10. Use of Proceeds Certificate and Certificate as to Arbitrage.** The Mayor, the City Manager and such other officer or officers of the City as either may designate, any of whom may act, are hereby authorized and directed to execute and deliver 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 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 "Tax 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 (a) the proceeds from the issuance and sale of the Local Bond will be invested and expended as set forth in the Tax Compliance Agreement and that the City shall comply with the other covenants and representations contained therein and (b) the City shall comply with the provisions of the Tax 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 participate in the State Non-Arbitrage

Program in connection with the investment of the proceeds of the Local Bond. The Mayor, the City Manager and such officer or officers of the City as either may designate, any of whom may act, are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Local Bond by and among the City, the other participants benefitting from the sale of the VPSA Bonds, VPSA, the investment manager and the depository, in such form as may be approved by the officer executing such Proceeds Agreement, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

**12. Continuing Disclosure Agreement.** The Mayor, the City Manager and such other officer or officers of the City as either may designate, any of whom may act, are hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement, substantially in the form attached as 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 Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and are hereby directed to make all filings required by the Bond Sale Agreement should the City be determined by VPSA to be a "materially obligated person" for purposes of the VPSA Bonds.

**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 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. The Mayor and the Vice Mayor, either of whom may act, are hereby authorized to execute and deliver to VPSA, from time to time, such allonges to the Local Bond, revised debt service schedules, IRS Forms 8038-G or such other documents reasonably deemed by VPSA and VPSA's bond counsel to be necessary to reflect and facilitate the refunding of the Local Bond and the allocation of annual debt service savings to the City by VPSA. The Clerk of Council and any Deputy Clerk of Council, either of whom may act, are hereby authorized to execute and deliver such documents and to affix the seal of the City thereto.

**14. 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 Bond pursuant to the provisions of the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code.

**15. Further Actions.** The members of the Council and all officers, employees and agents of the City are hereby authorized to take such actions as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Local Bond, and any such actions previously taken are hereby ratified and confirmed.

**16. Repeal of Conflicting Resolutions.** All resolutions or parts of resolutions in conflict with the provisions of this Resolution are repealed.

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

ADOPTED by the Council of the City of Staunton, Virginia, this 4th day of April, 2019.

APPROVED:

____________________________________

Mayor

ATTEST:

____________________________

Clerk of Council

*        *        *

The undersigned Clerk of Council of the City of Staunton, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the Council of the City held on April 4, 2019, 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.

Members present at the meeting were:________________________________________________
________________________________________________________________________

Members absent from the meeting were:_____________________________________________

Members voting in favor of the foregoing resolution were:________________________________
________________________________________________________________________

Members voting against the foregoing resolution were:___________________________________

Members abstaining from voting on the foregoing resolution were:_________________________

**WITNESS MY HAND** and the seal of the City of Staunton, Virginia, this ___ day of April, 2019.

_____________________________________
Suzanne F. Simmons, Clerk of Council, City of Staunton, Virginia

[SEAL]

**EXHIBIT A**

**(FORM OF TEMPORARY BOND)**

**NO. TR-1** **[$________]**

**UNITED STATES OF AMERICA**

**COMMONWEALTH OF VIRGINIA**

**CITY OF STAUNTON**

**General Obligation School Bond**

**Series 2019**

**Dated Date: April __, 2019**
**Issue Date: May __, 2019**

The **CITY OF STAUNTON, 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 [___________ ($____________)], in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 20__, and annually on each July 15 thereafter to and including July 15, 20__ (each a “Principal Payment Date”), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on each January 15 and July 15, beginning on January 15, 2020 (each an “Interest Payment Date” and, together with any Principal Payment Date, a “Payment Date”), at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

For as long as VPSA is the registered owner of this Bond, U.S. Bank National Association, or any successor appointed by the City, as bond registrar and paying agent (the “Bond Registrar”), shall make all payments of principal of and premium, if any, and interest on this Bond, without the presentation or surrender hereof, to VPSA, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal of or, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next succeeding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the 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 to the payment of the principal of and premium, if any, and interest on this Bond. The Bond Resolution (as defined below) and Section 15.2-2624 of the Code of Virginia of 1950, as amended, require that there shall be levied and collected, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, an annual ad valorem tax on all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on this Bond as such principal, premium, if any, and interest shall become due to the extent other funds of the 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 City Charter and the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended, and an ordinance and resolution (the "Bond Resolution") duly adopted by the Council of the City of Staunton, Virginia, authorizing and providing for capital improvements for the City's public school system, including but not limited to renovation of the high school.

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

The principal installments of this Bond coming due on or before July 15, 2029, and the definitive bond(s) for which this Bond may be exchanged that mature on or before July 15, 2029, 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, 2030, and the definitive bond(s) for which this Bond may be exchanged that mature on or after July 15, 2030, 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, 2029, 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:

| Dates | Prices |
|---|---|
| July 15, 2029, through July 14, 2030 | 101% |
| July 15, 2030, through July 14, 2031 | 100½ |

July 15, 2031, 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 any other registered owner of this Bond. Notice of any such prepayment or redemption shall be given by the Bond Registrar to VPSA or any other registered owner by registered mail not more than ninety (90) days and not less than sixty (60) days before the date fixed for prepayment or redemption.

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 by the City will be subject to VPSA approval and subject to similar prepayment or redemption provisions as set forth above as modified to 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 connection with 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 Council of the City of Staunton, Virginia, has caused this Bond to be issued in the name of the City of Staunton, Virginia, to be signed by its Mayor or Vice-Mayor, its seal to be affixed hereto and attested by the signature of its Clerk of Council or any Deputy Clerk of Council, and this Bond to be dated the date first stated above.

**CITY OF STAUNTON, VIRGINIA**

(SEAL)

ATTEST:

Clerk of Council, City of Staunton, Virginia

Mayor, City of Staunton, Virginia

**ASSIGNMENT**

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

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

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

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

the within Bond and irrevocably constitutes and appoints

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

Date:_____________

Signature Guaranteed:

__________________________________

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

__________________________________

(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or change.)

# SCHEDULE I

# DEBT SERVICE SCHEDULE FOR THE LOCAL BOND

**[to be attached at closing]**

**VIRGINIA PUBLIC SCHOOL AUTHORITY**

**BOND SALE AGREEMENT**

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

VPSA Sale Date:  Expected to be on or about May 1, 2019

Closing Date:  Expected to be on or about May 21, 2019

Proceeds Requested:  $46,000,000

Maximum Authorized Par Amount:  $46,000,000

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: 30 years, beginning *(Check requested date):*

☒ July 15, 2020
☐ July 15, 2021
☐ Other

****************************************************************************

1. Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of VPSA's 2019 Spring 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 Authorization (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 Authorization). The sale date of the VPSA Bonds is tentatively scheduled for the week of April 29, 2019, but may occur, subject to market conditions, at any time between April 16, 2019 and June 30, 2019 (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 April 4, 2019, your local governing body will have duly authorized the issuance of your local school bond by adopting an ordinance (the "Ordinance") and a resolution (the "Resolution" and, together with the Ordinance, the "Local Authorization") in substantially the forms attached hereto as **Appendix B** and that your local school bond will be in the form set forth in the Resolution. Any changes that you or your counsel wish to make to the forms of the Local Authorization and/or your local school bond must be approved by VPSA prior to adoption of the Local Authorization by your local governing body. You represent that a certified copy of the Ordinance was filed with the Circuit Court of the City of Staunton, Virginia, on March 1, 2019.

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 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 outstanding 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 April 22, 2019.

   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 April 22, 2019), (B) the date of VPSA's applicable final Official Statement (in the case of this sale, expected to be May 1, 2019) and (C) the date of delivery of VPSA's Bonds (in the case of this sale, expected to be May 21, 2019) 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 Bond Sale Agreement. Such copy will be furnished to VPSA on or before the day that any such filing is made.

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;

(ii) certified copies of the Local Authorization (see **Appendix B** attached hereto) and the school board resolution (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 local school bond 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 April ___, 2019.

**VIRGINIA PUBLIC SCHOOL AUTHORITY**

By:______________________________________
Authorized VPSA Representative

**CITY OF STAUNTON, VIRGINIA**

By:______________________________________
Stephen F. Owen, City Manager

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