

At a meeting of the Cumberland County Board of Supervisors held at 4:30 p.m. on the 18th day of September 2007 in the Cumberland County Circuit Courtroom, Cumberland, Virginia:

Present: William F. Osl, Jr., Chairman, District 1
Clifton C. White, District 2
Van H. Petty, District 3
Elbert R. Womack, District 4
Robert J. Oertel, District 5
Howard Estes, County Attorney
Judy Ownby, County Administrator
Jill Matthews, Asst. County Administrator

The Chairman called the meeting to order and the County Administrator called the roll.

The Board entered into closed session for the purpose of interviewing financial advisors.

CLOSED MEETING

On a motion by Mr. Osl and carried, the Board entered into closed meeting under VA Code Section 2.2-3711 A(6) for discussion regarding investing of public funds, and A(1) personnel.

The Board returned to regular session on a motion by Mr. Osl.

A motion was made by Mr. Osl and adopted by the following vote:

Mr. Osl – aye
Mr. White – aye
Mr. Petty – aye
Mr. Womack – aye
Mr. Oertel - aye

that the following Certification of a Closed Meeting be adopted in accordance with The Virginia Freedom of Information Act:

WHEREAS, the Board of Supervisors of Cumberland County has convened a closed

meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Cumberland County hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Supervisors of Cumberland County.

7:00 p.m.

Public Hearing – VPSA General Obligations School Bonds

The County Attorney gave background on the resolution authorizing the issuance of general obligation bonds, not to exceed \$15 million, through Virginia Public School Authority. He explained that a general obligation bond is allowed by state statute, and this borrowing will be at 2% interest. The proceeds of the bonds will be available November 8, 2007.

The Chairman opened the public hearing and two citizens spoke. One spoke regarding the lack of revenue stream for debt service, if the County does not get the landfill, and stated that the Board had voted to increase debt from \$13 million to \$38 million; we are spending money on a middle college when we already have a GED program in place. Another citizen asked how much money we had to spend before we are fiscally irresponsible and that we should let the people of Cumberland County choose how to pay for schools, not just five Board members.

The Chairman closed the public hearing, and stated that he understands the concern for debt service being tied to the landfill. He took exception to the statement that the Board members made the decision alone. The decision was supported by the majority of the people, to move forward with the new schools. Also, public information meetings were held on financing options. The citizens came out for those meetings and were informed on decisions being made. The County has a balanced budget each year and we are required by law to do so. It is interesting that a number of outside bodies have reported about the fiscal responsibility of Cumberland County and the approach this Board has used in a fiscally responsible way. He said that a middle college is a good thing for Cumberland County.

Supervisor White commented that taxes would have to increase if the landfill is not developed, and the citizens of the County had spoken that they wanted new schools. Even those who opposed the landfill said "yes" to new schools. He stated that over the last four years, Cumberland's budget had increased 16% while the rate of inflation has increased 17%, contradicting that the Board is fiscally irresponsible.

On a motion by Supervisor Petty and carried, by a roll call vote as noted at the end of this resolution, the following was approved:

**RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$15,000,000 GENERAL OBLIGATION SCHOOL BONDS**

**OF THE COUNTY OF CUMBERLAND, VIRGINIA, SERIES 2007,
TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY
AND PROVIDING FOR THE FORM AND DETAILS THEREOF.**

September 18, 2007

WHEREAS, on April 27, 2007, the Commonwealth of Virginia Board of Education (the "Board of Education") placed two applications (i) for a new middle school requesting funding of \$7,500,000 and (ii) for a new high school requesting funding of \$7,500,000 (together, the "Application") of the School Board of Cumberland County, Virginia (the "School Board"), for a combined loan amount of \$15,000,000 (the "Literary Fund Loan") from the Literary Fund, a permanent trust fund established by the Constitution of Virginia (the "Literary Fund"), for the demolition, construction, renovation and equipping of a middle school and high school (together, the "Project") in Cumberland County, Virginia (the "County"), on the First Priority Waiting List;

WHEREAS, the Board of Education was to have approved the release of Literary Fund moneys to the School Board and make a commitment to loan such moneys to the School Board (the "Commitment") within one (1) year of placement of the Application on the First Priority Waiting List upon receipt of the Literary Fund of an unencumbered sum available at least equal to the amount of the Application and the approval, by the Board of Education, of the Application as having met all conditions for a loan from the Literary Fund;

WHEREAS, the Board of Education was thereafter to have given advances on the amount of the Commitment for the Literary Fund Loan to the School Board, as construction or renovation of the Project progressed, in exchange for temporary notes from the School Board to the Literary Fund (the "Temporary Notes") for the amounts so advanced;

WHEREAS, after the completion of the Project and the advance of the total amount of the Commitment, the Temporary Notes were to have been consolidated into a permanent loan note of the School Board to the Literary Fund (the "Literary Fund Obligation") which was to evidence the obligation of the School Board to repay the Literary Fund Loan;

WHEREAS, the Literary Fund Obligation was to have borne interest at two percent (2%) per annum and mature in annual installments for a period of twenty (20) years;

WHEREAS, in connection with the 2007 Interest Rate Subsidy Program (the "Program"), the Virginia Public School Authority (the "VPSA") has offered to purchase general obligation school bonds of the County, and the Board of Education has offered to pay, to the County, a lump sum cash payment (the "Lump Sum Cash Payment") equal to the sum of (i) net present value difference, determined on the date on which VPSA sells its bonds, between the weighted average interest rate that the general obligation school bonds of the County will bear upon sale to VPSA and the interest rate that the Literary Fund Obligation would have borne plus (ii) an allowance for the costs of issuing such bonds of the County (the "Issuance Expense Allowance");

WHEREAS, the Board of Supervisors (the "Board") of the County of Cumberland, Virginia (the "County"), has determined that it is necessary and expedient to borrow a not to exceed amount of \$15,000,000 and to issue its general obligation school bonds for the purpose of financing certain capital projects for school purposes; and

WHEREAS, the County held a public hearing, duly noticed, on September 18, 2007, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (the "Virginia Code"); and

WHEREAS, the School Board of the County has, by resolution, requested the Board to authorize the issuance of the Bonds (as hereinafter defined) and, consented to the issuance of the Bonds;

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

1. **Authorization of Bonds and Use of Proceeds.** The Board hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bonds in an aggregate principal amount not to exceed \$15,000,000 (the "Bonds") for the purpose of financing certain capital projects for school purposes described in Exhibit B. The Board hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution.

2. **Sale of the Bonds.** It is determined to be in the best interest of the County to accept the offer of the Virginia Public School Authority (the "VPSA") to purchase from the County, and to sell to VPSA, the Bonds at a price, determined by VPSA to be fair and accepted by the Chairman of the Board and the County Administrator. The Chairman of the Board, the County Administrator, and such officer or officers of the County as either may designate are hereby authorized and directed to enter into a Bond Sale Agreement dated as of September 28, 2007 with VPSA providing for the sale of the Bonds to VPSA in substantially the form submitted to the Board at this meeting, which form is hereby approved (the "Bond Sale Agreement").

3. **Details of the Bonds.** The Bonds shall be issuable in fully registered form; shall be dated the date of issuance and delivery of the Bonds; shall be designated "General Obligation School Bonds, Series 2007"; shall bear interest from the date of delivery thereof payable semi-annually on each January 15 and July 15 beginning July 15, 2008 (each an "Interest Payment Date"), at the rates established in accordance with Section 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal Payment Date") and in the amounts set forth on Schedule I attached hereto (the "Principal Installments"), subject to the provisions of Section 4 of this Resolution.

4. **Interest Rates and Principal Installments.** The County Administrator is hereby authorized and directed to accept the interest rates on the Bonds established by VPSA, provided that each interest rate shall be ten one-hundredths of one percent (0.10%) over the interest rate to be paid by VPSA for the corresponding principal payment date of the bonds to be issued by VPSA (the "VPSA Bonds"), a portion of the proceeds of which will be used to purchase the Bonds, and provided further, that the true interest cost of the Bonds 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. The County Administrator 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 Bonds shall not exceed the amount authorized by this Resolution. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence such interest rates established by VPSA and Interest Payment Dates and the Principal Installments requested by VPSA as having been so accepted as authorized by this Resolution.

5. **Form of the Bonds.** The Bonds 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 Bonds:

(a) For as long as VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to VPSA at, or before 11:00 a.m. on the applicable Interest Payment Date or Principal Payment Date, 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 or Principal Payment Date.

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

(c) Bank of America, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds.

7. **No Redemption or Prepayment.** The Principal Installments of the Bonds shall not be subject to redemption or prepayment. Furthermore, the Board covenants, on behalf of the County,

not to refund or refinance the Bonds without first obtaining the written consent of VPSA or the registered owner of the Bonds.

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

9. **Pledge of Full Faith and Credit.** For the prompt payment of the principal of, premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the County 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 Bonds 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 County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

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

11. **State Non-Arbitrage Program; Proceeds Agreement.** The Board hereby determines that it is in the best interests of the County to authorize and direct the County Treasurer to participate in the State Non-Arbitrage Program in connection with the Bonds. The Chairman of the Board, the County Administrator and such officer or officers of the County as either may designate are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Bonds by and among the County, the other participants in the sale of VPSA Bonds, VPSA, the investment manager and the depository, substantially in the form submitted to the Board at this meeting, which form is hereby approved.

12. **Continuing Disclosure Agreement.** The Chairman of the Board, the County Administrator and such officer or officers of the County as either may designate are hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix F to the Bond Sale Agreement, setting forth the reports and notices to be filed by the County and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12 and directed to make all filings required by Section 3 of the Bond Sale Agreement should the County be determined by VPSA to be a MOP (as defined in the Continuing Disclosure Agreement).

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

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

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

* * *

The undersigned Clerk of the Board of Supervisors of the County of Cumberland, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the Board of Supervisors held on September 18, 2007, 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 and that the attendance and voting members in attendance on the foregoing resolution were as follows:

	Present	Absent	Aye	Nay	Abstain
William F. Osl, Jr., Chairman	<u> X </u>	<u> </u>	<u> X </u>	<u> </u>	<u> </u>
Clifton C. White	<u> X </u>	<u> </u>	<u> X </u>	<u> </u>	<u> </u>
Van H. Petty	<u> X </u>	<u> </u>	<u> X </u>	<u> </u>	<u> </u>
Elbert R. Womack	<u> X </u>	<u> </u>	<u> X </u>	<u> </u>	<u> </u>
Robert J. Oertel	<u> X </u>	<u> </u>	<u> X </u>	<u> </u>	<u> </u>

WITNESS MY HAND and the seal of the Board of Supervisors of the County of Cumberland, Virginia, this 18th day of September, 2007.

 Clerk, Board of Supervisors of
 the County of Cumberland, Virginia

EXHIBIT A

(FORM OF TEMPORARY BOND)

NO. TS-1 \$ _____

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

COUNTY OF CUMBERLAND

General Obligation School Bond

Series 2007

The **COUNTY OF CUMBERLAND, VIRGINIA** (the "County"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** the principal amount of _____ DOLLARS (\$_____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 2008 and annually on July 15 thereafter to and including July 15, 2027 (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2008 (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. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond, Bank of America, as bond registrar (the "Bond Registrar"), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to the Virginia Public School Authority, 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, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next succeeding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the County shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the Board of Supervisors authorizing the issuance of the Bonds provides, and Section 15.2-2624, Code of Virginia 1950, as amended, requires, that there shall be levied and collected an annual tax upon all taxable property in the County subject to local taxation sufficient to provide for the payment of the principal, premium, if any, and interest 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 County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia 1950, as amended, and resolutions duly adopted by the Board of County Supervisors of the County and the School Board of the County to provide funds for capital projects for school purposes.

This Bond may be exchanged without cost, on twenty (20) days written notice from the Virginia Public School Authority, at the office of the Bond Registrar on one or more occasions for two or more temporary bonds or definitive bonds in fully registered form in denominations of \$5,000 and whole multiples thereof, and; in any case, having an equal aggregate principal amount having 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 Virginia Public School Authority on the books of the County kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive Bonds as 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 are not subject to redemption or prepayment.

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 County, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Cumberland has caused this Bond to be issued in the name of the County of Cumberland, Virginia, to be signed by its Chairman, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated November, 2007.

**COUNTY OF CUMBERLAND
VIRGINIA**

(SEAL)

ATTEST:

Clerk, Board of
Supervisors of the County of

Chairman, Board of
Supervisors of the County of

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: 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.)

(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.

Schedule I

	Principal	Rate	Interest	Total	Fiscal Total
7/15/2008	750,000.00	2.00%	205,833.33	955,833.33	-
1/15/2009	-		142,500.00	142,500.00	1,098,333.33
7/15/2009	750,000.00	2.00%	142,500.00	892,500.00	-
1/15/2010	-		135,000.00	135,000.00	1,027,500.00
7/15/2010	750,000.00	2.00%	135,000.00	885,000.00	-
1/15/2011	-		127,500.00	127,500.00	1,012,500.00
7/15/2011	750,000.00	2.00%	127,500.00	877,500.00	-
1/15/2012	-		120,000.00	120,000.00	997,500.00
7/15/2012	750,000.00	2.00%	120,000.00	870,000.00	-
1/15/2013	-		112,500.00	112,500.00	982,500.00
7/15/2013	750,000.00	2.00%	112,500.00	862,500.00	-
1/15/2014	-		105,000.00	105,000.00	967,500.00
7/15/2014	750,000.00	2.00%	105,000.00	855,000.00	-
1/15/2015	-		97,500.00	97,500.00	952,500.00
7/15/2015	750,000.00	2.00%	97,500.00	847,500.00	-
1/15/2016	-		90,000.00	90,000.00	937,500.00
7/15/2016	750,000.00	2.00%	90,000.00	840,000.00	-
1/15/2017	-		82,500.00	82,500.00	922,500.00
7/15/2017	750,000.00	2.00%	82,500.00	832,500.00	-
1/15/2018	-		75,000.00	75,000.00	907,500.00
7/15/2018	750,000.00	2.00%	75,000.00	825,000.00	-
1/15/2019	-		67,500.00	67,500.00	892,500.00
7/15/2019	750,000.00	2.00%	67,500.00	817,500.00	-
1/15/2020	-		60,000.00	60,000.00	877,500.00
7/15/2020	750,000.00	2.00%	60,000.00	810,000.00	-
1/15/2021	-		52,500.00	52,500.00	862,500.00
7/15/2021	750,000.00	2.00%	52,500.00	802,500.00	-
1/15/2022	-		45,000.00	45,000.00	847,500.00
7/15/2022	750,000.00	2.00%	45,000.00	795,000.00	-
1/15/2023	-		37,500.00	37,500.00	832,500.00
7/15/2023	750,000.00	2.00%	37,500.00	787,500.00	-
1/15/2024	-		30,000.00	30,000.00	817,500.00
7/15/2024	750,000.00	2.00%	30,000.00	780,000.00	-
1/15/2025	-		22,500.00	22,500.00	802,500.00
7/15/2025	750,000.00	2.00%	22,500.00	772,500.00	-
1/15/2026	-		15,000.00	15,000.00	787,500.00
7/15/2026	750,000.00	2.00%	15,000.00	765,000.00	-
1/15/2027	-		7,500.00	7,500.00	772,500.00
7/15/2027	750,000.00	2.00%	7,500.00	757,500.00	-
1/15/2028	-		-	-	757,500.00
7/15/2028	-		-	-	-
	<u>\$15,000,000.00</u>		<u>\$3,055,833.33</u>	<u>\$18,055,833.33</u>	

EXHIBIT B

The proceeds of the Bonds will be used to finance the demolition, renovation, construction and equipping of a combined middle school and high school complex located at the current site of Cumberland County High School.

The Chairman adjourned the meeting until the next meeting which will be held on September 24th, 2007 at 10:00 a.m. in the Luther P. Jackson Adult Education Center for a joint work session with the School Board.

Chairman

County Administrator