

Grayson County Board of Supervisors
Budget Presentations
March 4, 2009

Members attending this meeting were: Larry Bartlett, Joe Vaughan, Thomas Maynard, Brenda Sutherland, and Doug Carrico.

The following budgets were presented: Tourism & Electronic Village, Commissioner of Revenue, Commonwealth Attorney, Victim Witness, Wytheville Community College, Animal Control, Clerk of Court, Treasurer, and Mount Rogers Mental Health.

Meeting adjourned until March 11, 2009

Grayson County Board of Supervisors
Budget Presentations
March 11, 2009

Members attending this meeting were: Larry Bartlett, Joe Vaughan, Thomas Maynard, Brenda Sutherland, and Doug Carrico.

The following budgets were presented: County Administrator, Building Official, Recreation Park, Library, Extension Office, Assessor, and Sheriff.

Meeting adjourned until March 12, 2009

Grayson County Board of Supervisors
Regular Meeting
March 12, 2009

Members attending this meeting were: Larry Bartlett, Joe Vaughan, Thomas Maynard, Brenda Sutherland, and Doug Carrico.

IN RE: EXECUTIVE SESSION

Thomas Maynard moved to approve an executive session in accordance with Subsection A (1-27) of Section 2.2-3711 Code of Virginia, 1950, as amended for the purpose of discussing personnel and land acquisition, duly seconded by Joe Vaughan, motion carried 5-0.

Whereas the Grayson County Board of Supervisors has convened an executive meeting on this 12th day of March, 2009, pursuant to an affirmative recorded vote and in accordance with provision of the Virginia Freedom of Information act; and

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

Now, Therefore Be It Resolved, that the Board of Supervisors 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 executive meeting to which this certification resolution applies, and (II) only such public business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Board of Supervisors with recorded confirmation from members as follows: Larry Bartlett – I so certify; Joe Vaughan – I so certify; Doug Carrico – I so certify; Brenda Sutherland – I so certify; Thomas Maynard – I so certify.

IN RE: AGENDA

The 9:40 Closed Session was removed from the agenda. A request for RFP was added to the agenda under New Business regarding the heating and cooling system for the Courthouse as well as other county buildings.

IN RE: CONSENT AGENDA

Larry Bartlett moved to approve the consent agenda, duly seconded by Joe Vaughan. Motion carried 5-0.

IN RE: VDOT

Matthew Cox, VDOT representative, addressed the Board. A public meeting will be held March 25th at Southwest Community College at 6:00 pm.

Doug Carrico requested sod repairs be made to Turkey Path Lane.

Mr. Cox stated that the bridge on 805 Bridge was awaiting steel.

IN RE: INDEPENDENCE RESCUE SQUAD

Robbie Wingate of the Independence Rescue Squad addressed the Board regarding how best to provide emergency services in Grayson County. Mr. Wingate proposed having 2 paid personnel 7 days a week beginning April 1, 2009. Brenda Sutherland moved to allow Independence Rescue Squad to hire paid personnel April 1, 2009, duly seconded by Doug Carrico. Motion carried 5-0.

Mr. Wingate stated also that in regards to the Spirit Harbor project, 12' roads are sufficient for rescue vehicles.

IN RE: NEW RIVER REGIONAL JAIL EXPENSE

Mr. Belcher is ill and unable to attend.

IN RE: WILDWOOD LANE WATER EXTENSION

Mitch Smith addressed the Board regarding the needed bore under the road, stating that the total County cost would be \$5,350.

Larry Bartlett moved to install 6" pipe under the road, duly seconded by Doug Carrico. Motion carried 5-0.

IN RE: LINE OF CREDIT RESOLUTION RE: LOAN AGREEMENT

Joe Vaughan moved to adopt the following loan resolution, duly seconded by Brenda Sutherland. Motion carried 4-1.

RESOLUTION AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE OF GRAYSON COUNTY, VIRGINIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$2,000,000, AND PROVIDING FOR THE SALE, FORM, DETAILS AND PAYMENT THEREOF AND AUTHORIZING CERTAIN RELATED ACTIONS

Pursuant to the Public Finance Act of 1991, Grayson County, a political subdivision of the Commonwealth of Virginia (the "County"), is authorized to issue notes in anticipation of the collection of taxes and revenues for the current year in which the notes are issued.

The County Administrator has reported to the Board of Supervisors of Grayson County that the County may need to borrow an amount not in excess of \$2,000,000 in order to pay expenses expected to be incurred before the collection of taxes and revenues of the County for the current calendar year.

The Board of Supervisors desires to provide for the issuance of a tax and revenue anticipation note in the maximum amount of \$2,000,000.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF GRAYSON COUNTY, VIRGINIA:

Section 1.1. Authorization of Note. It is hereby determined to be advisable, necessary and expedient for Grayson County, Virginia (the "County") in the current calendar year to borrow up to \$2,000,000 in anticipation of the collection of taxes and revenues for the year. Pursuant to the Constitution of Virginia and the Public Finance Act of 1991, there is hereby authorized to be issued and sold a tax and revenue anticipation note of the County in the maximum principal amount of \$2,000,000 (the "Note").

To the extent permitted by Section 15.2-2601 of the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended) (the "Act"), the Board of Supervisors of Grayson County (the "Board of Supervisors") hereby elects to issue the Note under the provisions of the Act without regard to the requirements, restrictions or other provisions contained in any charter or local or special act.

Section 1.2. Details of Note. The Note shall be issued as a fully registered note without coupons, and shall be in an aggregate principal amount not to exceed \$2,000,000. Any one of the Chairman or Vice Chairman is hereby authorized to determine and approve all of the final details of the Note, including, but not limited to, its dated date, original principal amount, interest rate or rates (including the determination thereof by reference to indices or formulas), the payment dates of interest, the payment dates of principal, the amount of each principal payment, and provisions for redemption prior to maturity, provided that (i) the aggregate principal amount of the Note does not exceed \$2,000,000, (ii) no interest rate thereon shall exceed 2.50% per annum, and (iii) the maturity date of the Note is not later than December 31, 2009. The execution and delivery of the Note as described in Section 1.3 hereof shall conclusively evidence such final details as having been so established and authorized by this resolution.

Section 1.3. Execution of Note. The Note shall bear the manual signatures of the Chairman or Vice-Chairman and the Clerk or Deputy Clerk of the Board of Supervisors and shall bear a manually impressed or imprinted facsimile of the seal of the County. In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until such delivery. The Note may be signed by such persons as at the actual time of the execution thereof shall be the proper officers to sign the Note although at the date of the Note such persons may not have been such officers.

Section 1.4. Form of Note. The Note shall be in substantially the following form with such appropriate variations, insertions and omissions as shall be consistent with this resolution:

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
GRAYSON COUNTY

Tax and Revenue Anticipation Note

Dated: _____

Grayson County, a political subdivision of the Commonwealth of Virginia (the "County"), for value received, hereby acknowledges itself indebted and promises to pay to _____, or registered assigns, upon presentation and surrender hereof at the office of the Registrar, the principal sum equal to the aggregate amount of principal advances made to the County by the holder hereof from time to time but not to exceed \$_____, together with interest at the per annum interest rate or rates as provided below from the date of each principal advance on the unpaid principal on _____ (the "Maturity Date").

Interest on the outstanding principal of this note shall accrue at per annum rate equal to _____. Interest hereon shall be calculated on the basis of the actual number of days elapsed over a 360-day year.

Principal and interest shall be payable, upon presentation and surrender of this note, in lawful money of the United States of America to the registered owner, determined as of the fifteenth day preceding the Maturity Date, at its address as it appears on the registration books

kept for that purpose at the office of the County Administrator, Independence, Virginia, who has been appointed Registrar. Upon final payment, this note shall be surrendered to the Registrar for cancellation.

This note has been authorized by a resolution duly adopted by the Board of Supervisors of the County on _____ (the "Resolution") and is issued pursuant to the Constitution and applicable statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended) in anticipation of the collection of taxes and revenues of the County for the current year. A copy of the Resolution is on file at the office of the Registrar. Reference is hereby made to the Resolution and any amendments thereto for the provisions, among others, describing the terms and conditions upon which this note is issued, the rights and obligations of the County and the rights of the holder of this note.

This note and the interest hereon are payable from the collection of taxes and revenues of the County for the current year. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the County, is pledged to the payment of the principal of, and interest on, this note.

The Board of Supervisors of the County has designated this note as a "Qualified Tax-Exempt Obligation" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended.

This note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this note have happened, exist and have been performed, and this note, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Board of Supervisors of Grayson County has caused this note to be issued in the name of the County and to bear the manual signatures of its Chairman or Vice Chairman and Clerk, its seal to be imprinted or impressed hereon, and this note to be dated as of the dated date shown above.

SEAL

Attest:

**SPECIMEN
DO NOT SIGN**

Clerk, Board of Supervisors
of Grayson County, Virginia

**SPECIMEN
DO NOT SIGN**

Chairman, Board of Supervisors
of Grayson County, Virginia

Section 1.6. Registrar. The County Administrator is hereby appointed Registrar for the Note.

Section 1.7. Registration and Transfer. The Registrar shall cause books for the registration and transfer of the Note to be kept at the office of the Registrar, and the County hereby instructs the Registrar to keep such books and to make such registrations and transfers under such reasonable regulations as the Board of Supervisors or the Registrar may prescribe. Transfer of the Note may be registered upon books maintained for this purpose at the office of the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

Upon surrender for transfer of the Note at such office, the Chairman and the Clerk shall execute and the Registrar shall deliver in the name of the transferee a new Note, subject in each case to such reasonable regulations as the Board of Supervisors or the Registrar may prescribe. If presented for transfer the Note (if so required by the Board of Supervisors or the Registrar) shall be accompanied by a written instrument or instruments of transfer in form and substance reasonably satisfactory to the Board of Supervisors and the Registrar, duly executed by the registered owner or by his duly authorized attorney-in-fact or legal representative. The Note may not be registered to bearer.

Neither the Board of Supervisors nor the Registrar shall be required to issue or transfer the Note for a period of fifteen days next preceding the maturity date of the Note.

The new Note delivered upon any transfer shall be a valid obligation of the County, evidencing the same debt as the Note surrendered, shall be secured by this Resolution and entitled to all of the security and benefits hereof to the extent as the Note surrendered.

Section 1.8. Charges for Transfer. No service charge shall be made for any transfer of the Note, but the Board of Supervisors may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

Section 1.9. Sale and Award of Note; Execution of Loan Agreement.

(a) The proposal of Carter Bank & Trust to purchase the Note for an amount equal to the principal amount of the Note is hereby determined, after mature consideration of the methods of sale of the Note and current conditions of the municipal bond market, to be in the best interest of the County, and the Note is hereby awarded to such bank.

(b) The Chairman, Vice Chairman, Clerk and Deputy Clerk of the Board of Supervisors are hereby authorized and directed to take all proper steps to have the Note prepared and executed in accordance with the terms of this resolution. Proceeds derived from the sale of the Note shall be paid to, or at the direction of, the County Treasurer who shall promptly deposit the funds in a bank or other depository to the credit of the County.

(c) Each of the Chairman or Vice Chairman of the Board of Supervisors is hereby authorized and directed to execute and deliver on behalf of the County a Loan Agreement

between the County and Carter Bank & Trust containing such terms and provision as such officer may deem advisable and are not contrary to the terms of this resolution.

Section 1.10. Representation of the County. The Board of Supervisors represents that the anticipated amount of taxes and revenues to be collected for the current calendar year is in excess of \$2,000,000, that no loans have been made in anticipation of the collection of the taxes and revenues of the County for the current calendar year, and that, at the time of issuance of the Note, no such loans for preceding years will be outstanding and unpaid.

ARTICLE II

PARTICULAR COVENANTS

Section 2.1. Payment of Note. The County shall pay promptly, as provided herein, the principal of and interest on the Note. To the extent allowed by law, the taxes and revenues of the County for the current calendar year are hereby pledged to the payment of the Note. Nothing in the Note or in this Resolution shall be deemed to create or constitute an indebtedness of the Commonwealth of Virginia or any political subdivision thereof other than the County, or a pledge of the full faith and credit of the Commonwealth of Virginia or of any political subdivision thereof including the County.

Section 2.2. Maintenance of Tax-Exempt Status.

(a) No Adverse Action: The County shall not take any action that would adversely affect the exemption of interest on the Note from Federal income taxation. The County shall, to the extent permitted by Virginia law, take all actions necessary to maintain the tax-exempt status of interest on the Note under Federal or Virginia law, including all actions necessary to comply with Section 103 or Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") or the regulations promulgated by the Treasury Department with respect thereto. Without limiting the generality of the foregoing, the County shall comply with any provision of law which may require the County at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Note, unless the County receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Note from being includable in the gross income for Federal income tax purposes of the registered owners thereof under existing law.

(b) Arbitrage/Investment: The County shall not take or approve any action, investment or use of the proceeds of the Note that would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations thereunder. The County, barring unforeseen circumstances, shall not request or approve the use of the proceeds of the Note other than in accordance with the County's "non-arbitrage" certificate delivered at the time of the issuance of the Note.

(c) Information Report: The County shall file the information report with respect to the Note required by Section 149(e) of the Code within the time provided in such Section.

(d) Not Federally Guaranteed: The County represents that the Note is not and will not be “federally guaranteed,” as such term is used in Section 149(b) of the Code.

(e) Designation as Qualified Tax-Exempt Obligation: The Note is not a private activity bond and is hereby designated by the Board of Supervisors as a Qualified Tax-Exempt Obligation, as defined in Section 265(b)(3) of the Code. The County hereby represents and covenants as follows:

(i) The Board of Supervisors will in no event designate more than \$30,000,000 of obligations as qualified tax-exempt obligations in the current calendar year, including the Note, for the purpose of Section 265(b)(3) of the Code;

(ii) The County, all its “subordinate entities,” within the meaning of Section 265(b)(3) of the Code, and all entities which issue tax-exempt bonds on behalf of the County and such subordinate entities have together not authorized to be issued more than \$30,000,000 of tax-exempt obligations in the current calendar year (not including “private activity bonds,” as defined in Section 141 of the Code, other than “qualified 501(c)(3) bonds,” as defined in Section 145 of the Code), including the Note;

(iii) Barring circumstances unforeseen as of the date of delivery of the Note, the County will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the County and such other entities in the current calendar year, result in the County and such other entities having issued a total of more than \$30,000,000 of tax-exempt obligations in such year (not including private activity bonds, other than qualified 501(c)(3) bonds), including the Note; and

(iv) The Board of Supervisors has no reason to believe that the County and such other entities will issue in the current calendar year tax-exempt obligations in an aggregate amount that will exceed such \$30,000,000 limit;

provided however, that if the County receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (i) or (iii) above is not required for the Note to be a qualified tax-exempt obligation, the County need not comply with such restriction.

(f) Small Issuer Exception from Rebate Requirement: The Board of Supervisors hereby represents and covenants as follows:

(i) The County, all its “subordinate entities,” within the meaning of Section 148(f)(4)(iii) of the Code, and all entities which issue tax-exempt obligations on behalf of the County and such subordinate entities have together not authorized to be issued in the current calendar year more than

\$5,000,000 of tax-exempt obligations (not including private activity bonds), including the Note;

(ii) Barring circumstances unforeseen as of the date of delivery of the Note, the County will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the County and such other entities in the current calendar year, result in the County and such other entities having issued a total of more than \$5,000,000 of tax-exempt obligations in such year (not including private activity bonds), including the Note;

(iii) The Board of Supervisors has no reason to believe that the County and such other entities will issue tax-exempt obligations in the current calendar year in an aggregate amount that will exceed such \$5,000,000 limit; and

(iv) At least 95% of the proceeds of the Note shall be used for “local government activities” of the County within the meaning of Section 148(f)(4)(i) of the Code;

provided, however, that (A) each of the \$5,000,000 amounts in the preceding provisions shall be increased by the lesser of \$10,000,000 or so much of the tax-exempt obligations as are attributable to financing the construction of public school facilities, and (B) if the County receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (ii) or (iv) above will not prevent the County from having to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Note, the County need not comply with such restriction.

(g) Private Use and Loan Restrictions: The Board of Supervisors hereby covenants that it will not permit the proceeds of the Note to be used in any manner that would result in (a) 5% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds being used with respect to any output facility (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit as provided in Section 141(c) of the Code; provided, however, that if the County receives an opinion of nationally recognized bond counsel that compliance with any such covenant is not required to prevent the interest on the Note from being includable in gross income for Federal income tax purposes of the registered owner thereof under existing law, the Note need not comply with such covenant.

ARTICLE III

MISCELLANEOUS

Section 3.1. Contract with Noteholder. The provisions of this resolution shall constitute a contract between the County and the holder of the Note for so long as the Note is outstanding.

Section 3.2. Authority of Officers and Agents. The officers and agents of the County shall do all acts and things required by them of this resolution and the Note for the complete and punctual performance of all the terms, covenants and agreements contained therein. The appropriate officers of the County are further authorized and empowered to take such other action as they may consider necessary or desirable to carry out the intent and purpose of this resolution, and the issuance of the Note.

Section 3.3. Limitation of Liability of Officials of County. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of an officer, employee or agent of the County in his or her individual capacity, and no officer of the County executing the Note shall be liable personally on the Note or be subject to any personal liability or accountability by reason of the issuance thereof. No officer, employee or agent of the County shall incur any personal liability with respect to any other action taken by him or her pursuant to this resolution, provided he or she acts in good faith.

Section 3.4. Conditions Precedent. Upon the issuance of the Note all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this resolution to have happened, exist and to have been performed precedent to or in the issuance of the Note shall have happened, exist and have been performed.

Section 3.5. Non-Arbitrage and Other Certificates. The Chairman of the Board of Supervisors, the County Administrator and such other officers as may be requested are hereby authorized to sign appropriate certificates setting forth, among other things, the expected use and investment of the proceeds of the Note in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code and regulations issued pursuant thereto, applicable to "arbitrage bonds." Such certificates may also contain certain elections with regard to Section 148 of the Code and such officers are hereby authorized to make such elections on behalf of the County and the Board of Supervisors.

Section 3.6. Headings. Any headings in this resolution are solely for convenience of reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

Section 3.7. Severability. If any court of competent jurisdiction shall hold any provision of this resolution to be invalid and unenforceable, such holding shall not invalidate any other provision hereof.

Section 3.8. Effective Date. This resolution shall take effect immediately. All ordinances, resolutions or parts thereof in conflict here with are hereby repealed.

Section 3.9. Filing of Resolution. The Clerk of the Board of Supervisors is hereby authorized and directed to see to the immediate filing of a certified copy of this resolution with

the Clerk of the Circuit Court of Grayson County, pursuant to Section 15.2-2607 of the Public Finance Act of 1991.

* * * * *

The undersigned Clerk of the Board of Supervisors of Grayson County, Virginia, hereby certifies that (a) the foregoing constitutes a true, complete and correct copy of a resolution adopted on March __, 2009, by the Board of Supervisors at a duly called and held special meeting of the Board of Supervisors, (b) during the consideration of the foregoing resolution, a quorum was present, and (c) the minutes of such meeting reflect how each member of the Board of Supervisors voted with respect to the adoption of the foregoing resolution as follows:

<u>Member</u>	<u>Attendance</u>	<u>Vote</u>
Larry K. Bartlett		
Joe N. Vaughan		
Brenda R. Sutherland		
Douglas K. Carrico		
Thomas M. Maynard		

—

Clerk, Board of Supervisors
of Grayson County, Virginia

(SEAL)

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IN RE: LOAN AGREEMENT

Joe Vaughan moved to adopt the following loan agreement with Carter Bank authorizing the Chairman of the Board to sign for a line of credit not to exceed \$2,000,000 at an interest rate at

2.5%, duly seconded by Doug Carrico. Motion carried 5-0 by roll call vote: Larry Bartlett – aye; Joe Vaughan – aye; Mike Maynard – aye; Brenda Sutherland –aye; Doug Carrico – aye.

LOAN AGREEMENT

This Loan Agreement, dated as of March 1, 2009, is made between the **Grayson County**, a political subdivision of the Commonwealth of Virginia (the “County”), and **Carter Bank & Trust** (the “Bank”).

In consideration of the promises and the mutual covenants hereinafter contained, the parties covenant and agree as follows:

ARTICLE I

Definitions and Rules of Construction

Section 1.1. Definitions. The terms set forth below have the following meanings in this Loan Agreement unless the context clearly requires otherwise:

“Board” means the Board of Supervisors of the County.

“Chairman” means the Chairman or Vice Chairman of the Board.

“County” means Grayson County, a political subdivision of the Commonwealth of Virginia.

“Counsel” means any attorney or firm of attorneys acceptable to the County duly admitted to practice law before the highest court of any state of the United States of America, who may be a full-time employee, director or officer of the County.

“County Representative” means each of the Chairman or Vice Chairman of the Board.

“Event of Default” means any Event of Default specified in Section 4.1.

“Note” means the County’s \$2,000,000 Tax and Revenue Anticipation Note evidencing the loan made in accordance with this Loan Agreement.

“Noteholder” means the person in whose name the Note is registered on the records of the County.

“Opinion of Counsel” means a written opinion of any Counsel in form and substance acceptable to the Noteholder.

“Loan Agreement” means this Loan Agreement, as it may be modified, altered, amended and supplemented from time to time in accordance with its terms.

“Revenues” means all taxes and revenues of the County for the calendar year 2009.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated the date the Note is issued, between the County and the Noteholder.

Section 1.2. Rules of Construction. Except where the context otherwise requires, (i) singular words connote the plural number as well as the singular and vice versa, (ii) words imparting persons include individuals, corporations, partnerships, general partners of partnerships, limited liability companies, associations, joint stock companies, trusts, unincorporated organizations, or governmental units or their political subdivisions, and (iii) pronouns inferring the masculine gender include the feminine and neuter genders and vice versa. All references to particular articles or sections are references to articles or sections of this Loan Agreement unless otherwise indicated. The headings in this Loan Agreement are solely for convenience of reference and do not constitute a part of this Loan Agreement or affect its meaning, construction or effect.

ARTICLE I

Loan

On the terms and conditions stated herein, the Bank agrees to make a loan to the County in the principal amount not to exceed \$2,000,000, which loan shall be evidenced by the Note.

ARTICLE II

Pledge of Revenues; Financial Statements

Section 2.1. Pledge of Revenues. In order to provide for the payment of the principal of and interest on the Note, and to secure the performance of all of the obligations of the County under the Note and this Loan Agreement, subject to the terms of this Loan Agreement, the County pledges, assigns and grants to the Noteholder a security interest in the Revenues (the “Collateral”). The Collateral shall be used for no other purpose until the Note has been retired or provision for its retirement has been made.

In no event will the foregoing trust estate include any money or property of the County other than that specifically pledged in this Section.

The lien of this pledge shall have priority over all other obligations and liabilities of the County, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the County regardless of whether such parties have notice of this pledge.

Section 2.2. Financial Statements. The County will provide the Noteholder with a copy of the County's annual audited financial statements within 150 days of the end of each fiscal year of the County.

ARTICLE II

Advances under the Note

Section 3.1. Conditions of Advances. The Bank agrees to advance amounts of principal under the Note upon the terms and conditions stated in this section. The Bank shall have no obligation to make the first advance of principal under the Note until the following are delivered to the Bank:

(a) the duly executed Note, dated the date of its delivery; and

(b) an opinion of bond counsel to the County, addressed to the Bank, to the effect that the Note has been duly authorized, executed and delivered and is a binding obligation of the County, that the interest thereon is not includable in gross income for federal income tax purposes, and that the Note is a "qualified tax-exempt obligation" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended, subject to qualifications and limitations as are customary in such opinions.

Delivery of such items may occur any time between the date of this Loan Agreement and December 1, 2009. The Bank shall have no obligation to make advances of principal under the Note at any time that an Event of Default has occurred and is continuing. On the date of delivery of the Note to the Bank, a portion of principal of the Note greater than \$50,000 shall be advanced. Thereafter, the County shall request an advance only as and when the entire amount of such advance is needed to pay expenses of the County for the calendar year 2009. Before any advance under the Note shall be made, there shall be filed with the Bank a requisition and certificate substantially in the form attached as Exhibit A signed by an Authorized Representative of the County.

Section 3.2. Advances under the Note. If all conditions precedent to an advance under the Note have been performed to the satisfaction of the Bank, the Bank shall promptly make such advance by issuing a check made payable to the party to whom the payment is to be made as set forth in the requisition. The total of all advances made under the Note shall not exceed \$2,000,000.

ARTICLE IV

Defaults And Remedies

Section 4.1. Events of Default. Each of the following is an Event of Default:

- (a) Payment of interest on the Note is not made when due and payable;
- (b) Payment of the principal of the Note is not made when due and payable;
- (c) Default in the observance or performance of any other covenant, condition or agreement on the part of the County under this Loan Agreement or in the Note and continuation thereof for thirty days after notice of such default is given to the County by the Noteholder; or
- (d) Appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the Revenues and other funds of the County pledged pursuant to this Loan Agreement, or approval by a court of competent jurisdiction of any petition for reorganization of the County or rearrangement or readjustment of the obligations of the County under provisions of any applicable bankruptcy or insolvency law.

Section 4.2. Acceleration Upon the occurrence and continuation of an Event of Default, the Noteholder may, at its option, by notice to the County, declare the entire unpaid principal of and interest on the Note due and payable and, thereupon, the entire unpaid principal of and interest on the Note will immediately become due and payable. Upon any such declaration, the County will immediately pay to the Noteholder of the Note the entire unpaid principal of and accrued interest on the Note, but only from the Revenues pledged to such payment.

Section 4.3. Other Remedies; Rights of Noteholder Upon the happening and continuance of an Event of Default, the Noteholder may, with or without action under Section 8.2, pursue any available remedy, at law or in equity, to enforce the payment of the principal of and interest on the Note, to enforce any covenant or condition under this Loan Agreement, or to remedy any Event of Default.

No remedy conferred upon or reserved to the Noteholder by the terms of this Loan Agreement is intended to be exclusive of any other remedy, but each such remedy is cumulative and is in addition to any other remedy given to the Noteholder under this Loan Agreement or now or hereafter existing.

Section 4.4. Waiver of Events of Default; Effect of Waiver If any Event of Default with respect to the Note has been waived, the Noteholder will promptly give written notice of the waiver to the County. No such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under this Loan Agreement.

No delay or omission of the Noteholder to exercise any right, power or remedy accruing upon any default or Event of Default will impair any right, power or remedy or will be construed to be a waiver of or acquiescence in any such default or Event of Default. Every right, power and remedy given by this Article to the Noteholder may be exercised from time to time and as often as may be deemed expedient.

ARTICLE V

Miscellaneous

Section 5.1. Limitation of Liability of Directors, Officers, etc. of County. No covenant, agreement or obligation contained in this Loan Agreement will be deemed to be a covenant, agreement or obligation of any present or future member, director, officer, employee or agent of the County in his or her individual capacity, and neither the members or directors of the County nor any of its officers, employees or agents executing the Note will be liable personally on the Note or be subject to any personal liability or accountability by reason of their issuance. No member, director, officer, employee, agent or adviser of the County will incur any personal liability with respect to any action taken by him or her pursuant to this Loan Agreement, or the Act, provided the member, director, officer, employee, agent or adviser acts in good faith.

Section 5.4. Severability of Invalid Provisions. If any clause, provision or section of this Loan Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Loan Agreement will be construed and enforced as if the illegal or invalid clause, provision or section had not been contained in it.

In witness whereof, the parties have executed this Loan Agreement as of the date first shown above.

Grayson County

By: _____
Name: _____
Title: Chairman of the Board of Supervisors

Carter Bank & Trust

By: _____
Name: _____
Title: _____

EXHIBIT A

No. _____

REQUISITION AND CERTIFICATE

_____, 2009

Carter Bank & Trust

Re: \$2,000,000 Tax and Revenue Anticipation Note (the "Note")

Ladies and Gentlemen:

On behalf of Grayson County (the "County"), and in accordance with the Loan Agreement (the "Loan Agreement") dated as of February 1, 2009, between the County and Carter Bank & Trust, the undersigned requests the sum of \$_____ as an advance of principal of the Note, to be used to pay to the payees the amounts designated on the schedule attached hereto.

I hereby certify that (a) the obligation to make such payment is an expense of the County for the calendar year of 2009 and has not been the basis for any prior requisition which has been paid; (b) the payment of this requisition will not result in any of the proceeds of the Note expended or to be expended under this requisition and under all prior requisitions being used directly or indirectly in the trade or business carried on by any person who is not a governmental unit, (c) this requisition contains no items representing payment of any amounts paid before the date the Note was issued (except to refinance any such item); (d) no Event of Default (as defined in the Loan Agreement) or event which after notice or lapse of time or both would constitute an Event of Default has occurred and not been waived; and (e) the amount requisitioned is being expended in a manner consistent in all material respects with the representations and warranties of the County set forth in the Loan Agreement and the Tax Compliance Agreement.

County Representative

IN RE: BOARD OF ZONING APPEALS APPOINTMENT

Joe Vaughan moved to appoint Mary Lilly Nuckolls to the Board of Zoning Appeals, duly seconded by Doug Carrico. Motion carried 5-0.

IN RE: DIRECT PURCHASE POLICY

Larry Bartlett moved to approve the following Grayson County Direct Purchase Policy, duly seconded by Doug Carrico. Motion carried 5-0.

GRAYSON COUNTY DIRECT PURCHASE PROCEDURE

The County of Grayson, Virginia (“Owner”) reserves the right to directly purchase all, or a portion of the items of tangible personal property that are to be incorporated into the Project, and thereby save the cost of sales or use taxes by virtue of its status as a tax-exempt entity under Section 58.1-609.1(4) and 58.1-610(b) of the Code of Virginia, 1950, as amended. _____ (“Contractor”) shall administer the purchase of these items of tangible personal property on the Owner’s behalf. Contractor shall review the Design Documents and Specifications, and shall recommend to the Owner which items of tangible personal property should be directly purchased by the Owner to achieve maximum savings. Contractor shall, based upon the needs of the Project, prepare Purchase Orders for each supplier from whom Owner has elected to directly purchase items of tangible personal property, and shall present each such Purchase Order to the Owner’s Authorized Representative for approval and signature. Upon approval and signature by Owner’s Authorized Representative, Contractor shall submit the Purchase Orders to the supplier. Submittal by the Contractor of a Purchase Order for signature of the Authorized Representative shall constitute the Contractor’s representation that the specifications contained in the Purchase Order are appropriate and in compliance with the specifications set forth in the Contract and Design Documents, and that the quantities called for in the Purchase Order are in conformity with the specifications of the Contract and Design Documents, plus a reasonable allowance for waste and spoilage.

Each Purchase Order shall provide for direct invoicing of the Owner, with copies to the Contractor. Upon receipt of an invoice pursuant to this direct purchase procedure, the Contractor shall with sufficient promptness as to ensure the timely payment of any such invoice, review the invoice to ensure that the items invoiced have actually been received, and are of appropriate quality and quantity specified in the Contract and Design Documents and are, or will be used on or incorporated into the Project. After reviewing each such invoice, Contractor shall then submit the invoice to the Authorized Representative for payment, in each case providing written notification to the Authorized Representative as to whether the invoice is correct and payable in full, or whether any items invoiced are incorrect and/or subject to dispute. Upon receiving Contractor’s written approval, the Owner shall directly pay such invoice, and the Contract Sum shall be reduced accordingly by appropriate Change Order in the amount of the invoice. Corresponding deductions shall also be made to the amounts invoiced by the materials supplier to the Contractor pursuant to each subcontract affected by this direct purchase procedure. All amounts paid by the Owner pursuant to this Direct Purchase

Procedure shall be taken into consideration when determining whether Contractor's bid price has been met.

Contractor understands that Owner is relying upon Contractor's review and approval of the purchase orders and invoices generated pursuant to this procedure, and agrees that approval of any such purchase order or invoice by the Owner shall not relieve the Contractor from its responsibility to complete the work in accordance with the Contract Documents, unless the Contractor has specifically informed the Architect and Owner in writing of such deviation at the time of the purchase order and /or invoice and 1) the Architect has given written approval to the specific deviation as a minor change in the work, or 2) a Change Order or Construction Change Directive has been issued authorizing the deviation. The Contractor shall not be relieved of responsibility for errors or omissions in the Purchase Orders or Invoices by the Architect or Owner's approval thereof.

Contractor shall implement a system of bookkeeping to appropriately track and monitor the status of each purchase order and invoice, and shall account for all items of tangible personal property directly purchased by Owner pursuant to this procedure. Contractor shall be responsible for maintaining any and all documentation necessary for compliance with the administrative guidelines governing the taxability of materials directly purchased pursuant to this procedure, and shall coordinate with the Owner's Authorized Representative in providing any and all appropriate documentation to subcontractors and suppliers, including but not limited to "Sales and Use Tax Certificates of Exemption." Contractor shall ensure that all documentation concerning this direct purchase procedure is packaged and maintained in a format acceptable to Owner.

IN RE: ELK CREEK SCHOOL PROPERTY

Kevin Spurlin and Brian Billings addressed the Board regarding the Elk Creek School Property. A proposal was submitted to transfer the Elk Creek School Property to the Elk Creek Volunteer Fire Department. Brenda Sutherland moved to authorize the County Administrator to have the County Attorney draw up the legal documents and transfer the land and the property from the County to the Elk Creek Fire Department with the easement for Mr. Thomas so he can have access to the well, duly seconded by Doug Carrico. Motion carried 5-0.

IN RE: SCHOOL BUDGET REQUEST FOR CARRY OVER FUNDS

The Grayson County School has submitted a request for Carry Over money in the amount of \$300,000 for the purpose of buying 4 buses and \$75,000 for increase in the fuel budget. The total amount requested is \$375,000. The County Administrator recommended that any action on this be postponed until at least the last of May or early June.

IN RE: WYTHE GRAYSON REGIONAL LIBRARY APPROPRIATION

The Wythe Grayson Regional Library has submitted a request for the 4th Quarter Appropriation in the amount of \$56,375. Joe Vaughan moved to approve this request, duly seconded by Larry Bartlett. Motion carried 5-0.

IN RE: RFP PER COURTHOUSE RENOVATION

County Administrator, William D. Ring, addressed the Board regarding the difficulties with the heating and air conditioning systems. The Courthouse boiler is almost 30 years old and experiencing difficulties with control panels. Mr. Ring requested that a Request for Proposals be granted and that the Assistant County Administrator be given the responsibility of writing a request for proposals from Heating, Ventilating, and Air Conditioning contractors that would take a look at our system, do a design, and give a price on what it would take to upgrade our system to something that would be more energy efficient with the expectation that some Stimulus money would help pay some of the cost. Doug Carrico moved to authorize the County Administrator to issue an RFP for the heating and cooling system for the Courthouse, duly seconded by Joe Vaughan. Motion carried 5-0.

IN RE: SOLID WASTE REPORT

Doug Carrico addressed the Board regarding moving the Solid Waste Department to the Industrial Park. Currently, the County pays \$1,600 per month in rent, which is \$19,200. Over the past 5 years, approximately \$85,000 has been spent based on the rate of \$1,400 per month. Mr. Carrico stated that he estimated that the cost for a new facility would be around \$447,210. A 20 year loan on this amount would be about \$1,863 per month. The land in the Industrial Park will have to be purchased by the County. The loan can be up to a 40 year loan.

IN RE: COMPREHENSIVE PLAN

Mike Maynard addressed the Board regarding the Comprehensive Plan. In 2009 the plan is scheduled to be updated. Art Meade from the Weldon Cooper Center has met with the County regarding the updating of this plan. Mount Rogers PDC provides demographic data. The census is currently being taken this year. The goals, objectives, conclusions, and recommendations will be updated this year and the census data will be updated next year.

IN RE: PUBLIC HEARING – SPIRIT HARBOR

A public hearing was held to receive comments regarding the Special Use Permit request submitted by Spirit Harbor, LLC for property Tax Map 69-A-60 consisting of 148 acres located on Fox Knob Road, to develop a mobile home park for recreational use.

Lisa Barker, Zoning Administrator, addressed the Board regarding the request submitted by Spirit Harbor, LLC. The site plan submitted by Spirit Harbor was for 252 dwelling units which are to be Park Model Homes. A mobile home park is a permitted use as a Special Use under Rural Farm Section 3.1-2v in the Grayson County Zoning Ordinance. The Subdivision Ordinance is considered in this matter only as a reference, not required criteria.

Ms. Barker stated that the original application, submitted on October 31, 2008 listed the applicant's request as "approve for recreational park." The County is aware that the wording on the application does not exactly coincide with the wording of the Zoning Ordinance. The County's attorney has been contacted and the County has been apprised that it is completely acceptable to amend the application prior this public hearing due to the fact that the request has been advertised for public

hearing as a request for a “Mobile Home Park”, which complies with the Zoning Ordinance and more truly fits the applicant’s intended use.

The County is in receipt of an amended application submitted by Joe Weddington, representative of Spirit Harbor, LLC, accompanied by a letter acknowledging the necessity to apply for a Special Use Permit as a Mobile Home Park.

A public hearing was held by the Planning Commission on January 20, 2009. On February 17, 2009 the Planning Commission voted to deny the Special Use Permit with a vote of 5-2 based on the current proposed density.

A complaint of Erosion & Sediment Control violation was received. James Moss, Grayson County Building Official, and Dan Rapella of the Virginia Department of Conservation and Recreation went to the site and conducted an investigation of the alleged violation. The investigation revealed that there was an initial violation of beginning without permits; however, there is no continuing violation. Permits will need to be secured before construction commences and areas that have been graded will need to be stabilized. Matthew Cox, VDOT Representative, spoke to the possible upgrades needed for Route 852 (Foxwood Lane) and 788 (Fox Knob Road).

Joe Weddington, representing Spirit Harbor, LLC spoke on behalf of the proposed project. Mr. Weddington offered to lower the density of the development to 150 units as opposed to the original proposed 252.

Patricia Divine, Teresa Page, Brian Hyder, Fayma Nye, Dennis Lennert, Richard Winkler, Rick Page, John Duvall, Justin Conway (Tennessee), Morrison Divine, George Santucci, and Tom Smith spoke in opposition to the request.

Terri Gregory, John Dickenson, Joe Reeves, Teresa Miller, and Curtis Harrington spoke in favor of the request.

The public hearing was closed.

Brenda Sutherland asked Joe Weddington about size requirements. Joe Vaughan asked Mr. Weddington if there would be doublewides, to which Mr. Weddington responded that there would not. Doug Carrico asked if there would be above ground water tanks. Mr. Weddington stated there would not be. Mr. Carrico also questioned road design approval and how much water would be needed to sustain the development. Larry Bartlett asked about the road design and the engineering work.

Zoning Administrator, Lisa Barker, addressed the question of a one acre minimum requirement. Ms. Barker stated that there was a one acre requirement per permitted use. The proposed development meets the 1 acre minimum requirement. This is not a requirement for 1 acre per site.

Doug Carrico moved to approve the Special Use permit based on the fact that public necessity, convenience, general welfare, and good zoning practice are met and that the following conditions be met, duly seconded by Larry Bartlett. Motion carried 5-0.

1. Spirit Harbor Recreational Park Covenants and Restrictions are included as presented at this time.
2. Compliance with Virginia Department of Health Standards for Water/Sewer
3. Compliance with Virginia Department of Conservation and Recreation standards for Erosion Control as well as the Grayson County Erosion and Sediment Control ordinance
4. The Uniform Statewide Building Code for Construction
5. Compliance with Virginia Department of Transportation Standards for road access
6. Compliance with the Subdivision Ordinance for interior roads, which requires a minimum width of 18 feet
7. A performance bond shall be posted equivalent to the cost of the entire project including road improvements outside the project area
8. Number of units not to exceed 150
9. Remove from the books if road conditions are not met

IN RE: FAIRGROUNDS

Larry Bartlett addressed the Board regarding locating a fairgrounds in Grayson County.

IN RE: ADJOURN

Meeting adjourned until Monday, March 16, 2009.

Grayson County Board of Supervisors
Joint Meeting with School Board
March 16, 2009

Members attending this meeting were: Joe Vaughan, Larry Bartlett, Doug Carrico, Brenda Sutherland, and Thomas Maynard.

The meeting was called to order by Larry Bartlett.

Dr. Elizabeth Thomas presented the School Board Budget.

Meeting adjourned until March 23, 2009 at 7:00 pm.

Grayson County Board of Supervisors
Special Called Meeting
March 23, 2009

Members attending this meeting were: Joe Vaughan, Larry Bartlett, Doug Carrico, Brenda Sutherland, and Thomas Maynard.

IN RE: EXECUTIVE SESSION

Larry Bartlett moved to approve an executive session in accordance with Subsection A (1-27) of Section 2.2-3711 Code of Virginia, 1950, as amended for the purpose of discussing personnel and land acquisition, duly seconded by Doug Carrico, motion carried 5-0.

Whereas the Grayson County Board of Supervisors has convened an executive meeting on this 23rd day of March, 2009, pursuant to an affirmative recorded vote and in accordance with provision of the Virginia Freedom of Information act; and

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

Now, Therefore Be It Resolved, that the Board of Supervisors 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 executive meeting to which this certification resolution applies, and (II) only such public business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Board of Supervisors with recorded confirmation from members as follows: Larry Bartlett – I so certify; Joe Vaughan – I so certify; Doug Carrico – I so certify; Brenda Sutherland – I so certify; Thomas Maynard – I so certify.

IN RE: COUNTY ADMINISTRATOR

Jonathan Sweet has been selected as County Administrator beginning June 1, 2009 at a salary of \$80,000.

IN RE: ADJOURN

Brenda Sutherland moved to adjourn.

Chairman