

Grayson County Board of Supervisors  
October 9, 2008

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

IN RE: CONSENT AGENDA

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

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

IN RE: VDOT

VDOT Representative, Matthew Cox, addressed the Board. Mr. Cox gave a report on the pre-construction conference regarding the Route 58 bridge replacement at Peach Bottom. The contract is for one year. US 58 paving is close to completion. Nightingale Lane project is progressing well.

Thomas Maynard stated that the road is wash-boarded on Low Gap Road. Mitch Smith stated that the culvert at 871 Chestnut Lane off of 744 is stopped up.

IN RE: SHERIFF'S OFFICE

Sheriff Vaughan addressed the Board. He stated that one of his deputies has accepted a position with Galax. Sheriff Vaughan also requested \$10,000 from asset forfeiture funds to replace the deputy because the state funds for hiring are frozen for 90 days. The deputy's salary will be funded by the state after the hiring freeze is over. Sheriff Vaughan stated that the state approves funding for an employee for up to one year from the forfeiture fund. The school resource officer can't be used because of funding by grants. Joe Vaughan moved to approve the Sheriff Vaughan's request, duly seconded by Larry Bartlett. Motion carried 5-0.

IN RE: STORMWATER LEGISLATION

James Moss, Building Official, addressed the Board, proposing changes to the permit regulations. David Dowling of DCR made a presentation to the Soil and Water Conservation public comment in May or June. There will be a greater cost to land disturbing practices. The proposed legislation will move plan review, inspection, and permitting to localities. 28% of collected fees will go back to the state to cover the cost of reviewing. One acre lots are not exempt. The added cost to property owners will be an engineering fee for every plan.

IN RE: CDBG LOAN FUNDING – PEOPLE INC.

Larry Bartlett moved to approve the following resolution regarding the People Inc. request, duly seconded by Joe Vaughan. Motion carried 5-0.

#### RESOLUTION

BE IT RESOLVED that , pursuant to two public hearings advertised in accordance with the standards set forth in the 2008 Virginia Community Development Block Grant Citizen Participation Plan for Local Government Applicants, the County of Grayson, in partnership with the County of Carroll, the City of Galax, and People Incorporated Financial Services, request \$200,000 in Virginia Community Development Block Grant Local Innovation Program funds in support of the Twin County Micro-enterprise Development Program.

WHEREAS, additional funding in the amount of \$120,000 will be contributed to the project by People Incorporated Financial Services, and the proposed project will meet the National Objective of providing benefit to low and moderate income persons by creating at least 18 jobs for low income individuals and by creating or sustaining 15 businesses that are either owned by or which employ or otherwise benefit low-income individuals.

BE IT FURTHER RESOLVED that Grayson County's Chief Administrative Official, William D. Ring, is hereby authorized to complete, sign, and submit appropriate documents confirming Grayson County's participation in the Virginia Community Development Block Grant proposal referenced herein.

#### IN RE: ANIMAL LOSS CLAIMS

Michelle Bond reported the loss of two goats to Animal Control Officer, Glen Richardson. Joe Vaughan moved to approve the reimbursement of the loss in the amount of \$100, duly seconded by Larry Bartlett. Motion carried 5-0.

#### IN RE: AIRPORT RESOLUTION

Larry Bartlett addressed the Board regarding the Twin County Airport Resolution. Mr. Bartlett stated that Carroll County passed, Hillsville passed, he didn't know about the City of Galax, and the Town of Independence is still considering, but this matter was not discussed in their last Board meeting. The Town of Fries tabled the vote. Larry Bartlett moved to approve the following resolution, duly seconded by Doug Carrico. Motion carried 3-1. Chris Morton abstained from voting. Joe Vaughan voted against.

#### RESOLUTION REQUESTING AMENDMENT TO ACTS OF ASSEMBLY ESTABLISHING THE TWIN COUNTY AIRPORT COMMISSION

WHEREAS, by Acts of Assembly 1964, Chapter 379, the General Assembly created the Twin County Airport Commission (the Commission); and

WHEREAS, as established, such Commission was to be comprised of seven members, one of whom shall be selected by each of the governing bodies of Carroll and Grayson, and the towns of Fries, Hillsville, and Independence, and two of whom shall be selected by the council of the City of Galax; and

WHEREAS, the Commission operates the Twin County Airport in Carroll County; and

WHEREAS, a majority of the governing bodies of the originally chartered localities have determined to withdraw the towns of Fries, Hillsville, and Independence from the commission and the Counties of Carroll, Grayson, and the City of Galax are agreeable to their withdrawal; have agreed to re-constitute the Commission to reduce the number of members to six with two to be appointed by each governing body of Carroll, Grayson, and Galax; and

WHEREAS, present arrangements for payment of the Airport Commission debt will continue; thereby relieving all withdrawing members from further responsibility thereof; and

NOW THEREFORE BE IT RESOLVED, that the General Assembly of the Commonwealth of Virginia is hereby requested to amend the legislation establishing the Twin County Airport Commission to terminate the terms of all Commission members effective June 30, 2009, to remove the towns of Fries, Hillsville, and Independence as members of the Commission, to reduce the number of members of the Commission to six (6) members and to re-constitute the Commission to provide that commencing July 1, 2009 the Commission be constituted by the appointment of two members each by the governing body of Carroll, Grayson, and Galax to the Commission to serve at the pleasure of the appointing authority.

This resolution was approved in public meeting by the Twin County Airport Commission and separately by a majority of the six (6) original localities (the Town of Fries, the Town of Independence, the Town of Hillsville, the Boards of Supervisors of the County of Grayson, and the County of Carroll and the Council for the City of Galax) chartered to support the Twin County Airport Commission on the dates set forth below.

IN RE: ADULT EDUCATION WEEK – GED DAY

Thomas Maynard moved to approve the following resolution establishing Adult Education Week/GED Day, duly seconded by Doug Carrico. Motion carried 5-0.

#### PROCLAMATION

WHEREAS, the foundation of democracy is based upon an educated citizenry, and education should be made available to people of all ages to gain knowledge and skills; and

WHEREAS, the Mount Rogers Regional Adult Education Program facilitates adult education programs in Grayson County and provides services to an average of 113 people annually; and

WHEREAS, adult education offers classes to assist adults in improving basic reading, writing, and math skills, to pursue further education to enter or advance in the job market, or to enhance their personal and family lives; and

WHEREAS, adult education offers classes to prepare adults to take the General Educational Development (GED) Test; and

WHEREAS, adult education serves students of diverse populations that include adults with learning disabilities, physical and emotional disabilities, and adult learners in family literacy programs and correctional institutions; and

WHEREAS, adult education works cooperatively with local, state, and federal agencies such as the Grayson County Department of Social Services, the New River/Mount Rogers Workforce Investment Board, and the Virginia Workforce Centers in the Mount Rogers Planning District to meet the goals and needs of mutual clients; and

WHEREAS, it is timely and appropriate that attention be focused on the special efforts and dedication of Mount Rogers Regional Adult Education Program's adult educators who prepare individuals for productive employment and enriched lives;

NOW THEREFORE, the Board of Supervisors of Grayson County of the Commonwealth of Virginia do hereby proclaim October 15, 2008 as GED Day and the week of October 12, 2008 through October 18, 2008 as Adult Education Week in the County of Grayson and urge all its citizens to become familiar with the services and benefits offered by adult education and to support and participate in these programs.

IN RE: VACO

Thomas Maynard moved to designate Larry Bartlett to vote at the upcoming VACO Conference in November, duly seconded by Joe Vaughan. Motion carried 5-0.

IN RE: COUNTY SURPLUS PROPERTY

Joe Vaughan moved to declare the items listed by department heads to be surplus and have them sold on October 25, 2008, duly seconded by Doug Carrico. Motion carried 5-0.

Larry Bartlett moved to move the auction date for county surplus items back two weeks to November 8, 2008, duly seconded by Joe Vaughan. Motion carried 5-0.

IN RE: VIRGINIA BEAUTY SONG

Chris Morton moved to approve the following resolution requesting "Virginia Beauty" be declared Virginia's State Song, duly seconded by Larry Bartlett. Motion carried 5-0.

RESOLUTION BY THE GRAYSON COUNTY BOARD OF SUPERVISORS

WHEREAS, the Commonwealth of Virginia has a proud history of profound influence in shaping the course of our country; and

WHEREAS, throughout history songs have been used to rally, motivate, and unite people; and

WHEREAS, the Grayson County Board of Supervisors is cognizant of the importance of an inspirational state song; and

WHEREAS, the Commonwealth of Virginia is now in need of a state song; and

WHEREAS, the song “Virginia Beauty” is an anthem written by a Grayson County resident and named after an apple first grown in Virginia nearly 200 years ago; and

WHEREAS, “Virginia Beauty” is warmly received by all who hear it because of the beauty of its music and its glowing representation of the diverse beauty of Virginia;

THEREFORE BE IT RESOLVED that the Grayson County Board of Supervisors does hereby recommend that the song “Virginia Beauty” be selected as the official state song.

#### IN RE: SCHOOL LOAN RESOLUTION

Larry Bartlett moved to pass the following School Loan Resolution request for funds for Fries school funding, duly seconded by Doug Carrico. Motion carried 5-0.

#### GRAYSON COUNTY BOARD OF SUPERVISORS RESOLUTION

Virginia: At a regular meeting of the Grayson County Board of Supervisors held on Thursday, October 9, 2008 at 6:30 pm in the Board of Supervisors Meeting Room, in the Grayson County Courthouse, the following resolution was unanimously adopted:

WHEREAS, the Grayson County School Board has embarked upon an extensive construction project for a new elementary school in the Fries Community of Grayson County;

WHEREAS, the \$7.5 million dollar project requires monies to pay for the needed construction project that the County must borrow long term; and

WHEREAS, the Commonwealth’s Literary Loan Fund is a source needed to assist the County in funding the \$7.5 million dollar application made by the Grayson County School Board for Literary Loan Funds as part of the necessary funding for a new elementary school construction project.

NOW THEREFORE BE IT RESOLVED by the Grayson County Board of Supervisors that Grayson County hereby approves the \$7.5 million dollar application made by the Grayson County School Board for Literary Loan Funds as part of the necessary funding for a new elementary school construction project.

#### IN RE: PUBLIC HEARING

A public hearing was held to receive comments regarding the proposed change to the Zoning Ordinance to change the number of Board of Zoning Appeals members from 5 to 7. The new members will be split among the magisterial districts. Joe Vaughan moved to approve the change, duly seconded by Larry Bartlett. Motion carried 5-0 by roll call vote: Joe Vaughan – aye; Thomas Maynard – aye; Larry Bartlett – aye; Chris Morton – aye; Doug Carrico – aye.

#### IN RE: COUNTY ADMINISTRATOR REPORT

William D. Ring, County Administrator, addressed the Board giving a review of the end of the first quarter budget report. Mr. Ring cautioned that the Sheriff's Department Budget, the Recreation Park, and the Other Community Development Budgets had unusually high expenditures. Mr. Ring stated that \$700,000 for the school loan has been drawn down. Of that amount, Mr. Ring stated that the interest payment exceeds the interest income.

#### IN RE: APPOINTMENTS – MITCH SMITH

Larry Bartlett moved to appoint Mitch Smith to the following Boards: Regional Jail, Animal Shelter, CPMT, Regional Industrial Facility Authority (RIFA), Rooftop IPR, and VASAP effective immediately, duly seconded by Chris Morton. Motion carried 5-0.

#### 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, duly seconded by Larry Bartlett, motion carried 5-0.

Whereas the Grayson County Board of Supervisors has convened an executive meeting on this 9<sup>th</sup> day of October, 2008, 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; Chris Morton – I so certify; Thomas Maynard – I so certify.

Meeting adjourned.

Grayson County Board of Supervisors  
Special Called Meeting for County Loan  
October 23, 2008

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

William D. Ring, County Administrator, addressed the Board regarding the need for the loan. Mr. Ring stated that this does not reflect on budgeted expense and this year's budget is good at this point.

IN RE: COUNTY LOAN

Mr. Ring explained that there is a short fall of cash for obligations coming up. Mr. Ring also quoted 15.2-26-29 from the Code of Virginia regarding borrowing money for counties. Tax collection has not begun, which is why funds are depleted. Also, school expenses such as a new roof on the athletic building, IDA funding, and payment to Rural Development have made the short fall different than it has been in prior years. These items, although budgeted, came earlier in the fiscal year than expected. Mr. Ring stated that he had looked at pursuing a line of credit but time restraints did not allow for this. The best option would be a short term loan from Grayson National Bank for 1.6 million dollars at 4% with the bulk of this to be repaid within as little as ten days. Treasurer, Fields R. Young, Jr. stated that he agreed with Mr. Ring's assessment. \$234,000 of IDA funds can be used. School reimbursement money will be on the last day of the month.

Thomas Maynard moved to approve the following resolution, duly seconded by Doug Carrico. Motion carried 5-0 by roll call vote: Joe Vaughan – aye; Larry Bartlett – aye; Thomas Maynard – aye; Chris Morton – aye; Doug Carrico – aye.

**RESOLUTION AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE OF GRAYSON COUNTY, VIRGINIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$1,633,000, 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 \$1,633,000 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 \$1,633,000.

**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 \$1,633,000 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 \$1,633,000 (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 \$1,633,000. 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 \$1,633,000, (ii) no interest rate thereon shall exceed 4.00% per annum, and (iii) the maturity date of the Note is not later than December 31, 2008. 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 of \$\_\_\_\_\_ together with interest at the per annum interest rate or rates as provided below from the date of this note on the unpaid principal on \_\_\_\_\_, 2008 (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 a 360-day year consisting of twelve 30-day months.

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 or 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.

(a) The proposal of Grayson National Bank 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.

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 \$1,633,000, 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 \$10,000,000 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 \$10,000,000 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 \$10,000,000 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 \$10,000,000 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 herewith 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 October 23, 2008, 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		
Chris Morton		
Douglas K. Carrico		
Thomas M. Maynard		

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Clerk, Board of Supervisors  
of Grayson County, Virginia

**(SEAL)**

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Chris Morton moved to direct the County Administrator and the Treasurer to repay the loan as soon as funds are available and that this note should be paid first before other accounts are replenished (such as IDA, etc.) duly seconded by Doug Carrico. Motion carried 5-0.

The consideration of a line of credit through SunTrust Bank was discussed. Mr. Ring presented the Board with proposed terms and conditions. This would give the county a way to react to this type of financial problem. Treasurer, Fields R. Young, Jr., stated that there should not be additional cash flow problems over the next sixty days. This topic will be put on the November agenda for discussion.

IN RE: ADJOURN

Joe Vaughan moved to adjourn, duly seconded by Chris Morton. Motion carried 5-0.

IN RE: ADJOURN

It is ordered that this Board adjourn:

\_\_\_\_\_, Chairman