

BOND PURCHASE AND LOAN AGREEMENT

Between: **Blue Ridge Bank (the “Lender”)**
Commercial Lending
100 South Main Street
Kilmarnock, VA 22482
Attention: William L. Smith, Senior Vice President
Telephone: (804) 435 4136

And: **City of Waynesboro, Virginia (the “Issuer”)**
Charles T. Yancey Municipal Building
503 W. Main St., Suite 210
Waynesboro, VA 22980
Attention: Michael G. Hamp, II, City Manager
Telephone: (540) 942-6600

Dated: **As of May 1, 2022**

This Bond Purchase and Loan Agreement (the “Agreement”) is entered into as of the date set forth above between the City of Waynesboro, Virginia (the “Issuer”) and Blue Ridge Bank, together with its successors and assigns (the “Lender”). For and in consideration of the premises hereinafter contained, Issuer hereby agrees to issue and sell to the Lender, and the Lender agrees to purchase and accept, the Bond, as defined below, on the terms set forth herein.

ARTICLE I. DEFINITIONS

As used in this Agreement, the following terms will have the meanings indicated below unless the context clearly requires otherwise:

“**Agreement**” means this Bond Purchase and Loan Agreement executed between Issuer and Lender, including all exhibits, schedules and attachments attached hereto.

“**Authorizing Statute**” means the Virginia Public Finance Act of 1991 in the Code of Virginia, as amended.

“**Bond**” means the Issuer’s \$_____,000 General Obligation Refunding Bond, Series 2022, in the form substantially as attached hereto as Attachment 1.

“**Bond Counsel**” means Estes Law & Consulting.

“**Code**” is defined in Section 3.1(h).

“**Event of Default**” is defined in Section 6.1.

“**Issue Date**” is May 5, 2022.

“**Issuer**” means the entity identified as such in the first paragraph of this Agreement, and its permitted successors and assigns.

“**Lender**” means the entity identified as such in the first paragraph of this Agreement, and its successors and assigns.

“**Loan**” means the lending of proceeds of the Bond by the Lender, in exchange for the security of the Issuer’s Bond and its execution of this Agreement, to the Issuer of funds to pay for the refinancing of the outstanding portion of the

Issuer's \$1,370,000 General Obligation Bond, Series 2010A, and \$1,925,000 General Obligation Bond, Series 2010B, and the payment of related costs incurred in issuing the Bond.

“**Owner**” means, when used with reference to the Bond, any person who shall be the registered owner of the Bond as provided in the registration books of the Issuer.

“**Resolution**” means the resolution of the Council of Issuer adopted April 25, 2022, authorizing the execution and delivery of this Agreement and the issuance of the Bond.

“**State**” means the Commonwealth of Virginia.

ARTICLE II. PURCHASE OF BOND

Section 2.1 **Purchase and Form of Bond.** On the terms, and subject to the conditions set forth in this Agreement, Lender hereby agrees to extend credit as evidenced through its purchase of the Bond, at a price of 100 percent of the par amount thereof. The principal amount of the Bond shall be \$_____,000. The form of the Bond is attached hereto as Attachment 1. The Bond is issued pursuant to the Authorizing Statute and the Resolution.

Section 2.2 **Interest; Installments.** The Bond shall bear interest at the rate of 2.35% per annum, calculated on a 30/360-day basis. Issuer will repay the Bond by wire transfer to the Owner in accordance with written instructions delivered by the Owner, or by such other medium acceptable to the Issuer and to the Owner, in semi-annual installments, including interest on the outstanding principal balance on each February 1 and August 1 and principal on each February 1, with such payments beginning August 1, 2022 and with all such payments ending February 1, 2031. Payments of Principal shall be made consistent with the Schedule I affixed to the Bond, which such Schedule is incorporated herein and made a part of this Agreement by this reference.

Section 2.3 **Application.** Any payments by Issuer to the Owner of the Bond shall be applied first to pay accrued interest, second to pay fees and charges accruing hereunder and lastly to pay principal.

Section 2.4 **Option to Prepay.** Upon ten (10) days' written notice to the Owner, Issuer shall have the option to prepay in whole the principal of the Bond at any time, plus interest, fees and any other amounts accrued due and owing at the time of the prepayment.

ARTICLE III. COVENANTS AND CONDITIONS

Section 3.1 **Covenants of the Issuer.** As of the Issue Date, Issuer represents, covenants and warrants for the benefit of Lender as follows:

- (a) Issuer is a public body corporate and politic duly organized and existing under the constitution and laws of the State with full power and authority to issue the Bond, and to enter into this Agreement and the transactions contemplated hereby and to perform all of its obligations thereunder.
- (b) Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a public body corporate and politic. To the extent Issuer should merge with another entity under the laws of the State, Issuer agrees that as a condition to such merger it will require that the remaining or resulting entity shall be assigned Issuer's rights and shall assume Issuer's obligations under the Bond and this Agreement.
- (c) Issuer has been duly authorized to issue the Bond and to execute and deliver this Agreement by proper action by its governing body, or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of the Bond and this Agreement. On the Issue Date, Issuer shall cause to be delivered an opinion of Bond Counsel as to the due authorization, validity and enforceability of the Bond, and the federal and state tax exemption of interest on the Bond, with such changes therein as may be approved by Lender.
- (d) Issuer will provide Lender with current financial statements and budgets and such financial or other information of Issuer as Lender may request, in such form and containing such information as may be

requested by Lender. Within 180 days of the close of each fiscal year of the Issuer, the Issuer shall provide Lender the complete audited financial statements of the Issuer.

- (e) The Issuer will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including, without limitation, Sections 103 and 148 thereof, and the regulations of the Treasury Department thereunder, from time to time proposed or in effect, in order to maintain the excludability from gross income for federal income tax purposes of the interest on the Bond. The Issuer covenants and agrees that it will use the proceeds of the Bond as soon as practicable and with all reasonable dispatch for the purpose for which the Bond has been issued, and that no part of the proceeds of the Bond shall be invested in any securities, obligations or other investments except for the temporary period pending such use nor used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Bond, would have caused the Bond to be or become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Bond. In furtherance of the covenant contained in the preceding sentence, the Issuer agrees to comply with the tax compliance certificate delivered on the Issue Date and the provisions of Section 141 through 150 of the Code, as applicable.
- (f) The Issuer designates the Bond as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Code. The Issuer represents and covenants as follows:
- i. The Issuer will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in calendar year 2022, including the Bond, for the purpose of such Section 265(b)(3);
 - ii. The Issuer, all its "subordinate entities," within the meaning of such Section 265(b)(3), and all entities which issue tax-exempt obligations on behalf of the Issuer and its subordinate entities have not authorized, in the aggregate, more than \$10,000,000 of tax-exempt obligations to be issued in calendar year 2022 (not including "private activity bonds," within the meaning of Section 141 of the Code, other than "qualified 501(c)(3) bonds," within the meaning of Section 145 of the Code), including the Bond;
 - iii. Barring circumstances unforeseen as of the date of delivery of the Bond, the Issuer 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 Issuer and such other entities in calendar year 2022, result in the Issuer and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2020 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Bond; and
 - iv. The Issuer has no reason to believe that the Issuer and such other entities will issue tax-exempt obligations in calendar year 2022 in an aggregate amount that will exceed such \$10,000,000 limit; provided, however, that if the Issuer 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 Bond to be a qualified tax-exempt obligation, the Issuer need not comply with such covenant.
- (g) The issuance of the Bond and the execution, delivery and performance of this Agreement and compliance with the provisions thereof by Issuer does not conflict with or result in a violation or breach or constitute a default under, any resolution, bond, agreement, indenture, mortgage, note, lease or other instrument to which Issuer is a party or by which it is bound by any law or any rule, regulation, order or decree of any court, governmental agency or body having jurisdiction over Issuer or any of its activities or properties resulting in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any property or assets of Issuer or to which it is subject.

Section 3.2 Representations and Covenants of Lender. The Lender, as the initial registered Owner of the Bond, makes the following representations as the basis for its undertakings hereunder:

- (a) The Lender acknowledges that the Bond is being sold to the Lender in reliance on the registration exemption contained in Section 3(a)(2) of the Securities Act of 1933 and, as such, is not being registered

with the Securities Exchange Commission. The Lender represents that the Bond is being acquired for the Lender's own account for investment; provided, however, the Lender acting as agent, and, further, acting on its own, without any expense or any liability to the Issuer, may not place the Bond, or any portion thereof representing beneficial ownership interests therein, except as permitted by law. In such event, notwithstanding anything to the contrary contained herein, the Lender shall be fully responsible for compliance with the Securities Act of 1933, including rules and regulations promulgated by the Securities and Exchange Commission thereunder, and any other applicable federal or state laws, in connection with dividing its participation with others or any resale or any distribution of all or any portion of the Bond, including any expenses, costs or other liabilities, and shall indemnify the Issuer for any losses incurred by it, including reasonable attorneys' fees, as a result of such placement. The Lender acknowledges and agrees that the Issuer shall not be responsible for, or have any liability or other expense in connection with any adverse effect, upon the tax-exempt status of the Bond in connection with the Lender's dividing its participation with others or any resale or any distribution of all or any portion of the Bond. Furthermore, the Issuer makes no representations as to the tax-exempt status of any "stripped" securities or other marketing by the Lender of the respective components of the Bond, and the Lender, as the initial registered Owner of the Bond, shall be responsible and liable therefor.

- (b) The Lender agrees that any future offer, sale, assignment or transfer of the Bond, if any, including any participation therein, that may occur in the future, would be undertaken.
- (c) Nothing contained herein shall operate to postpone the date on which, or change the form in which, principal, premium, if any, or interest is payable under the terms of the Bond, or shall impair the obligation of the Issuer to make payments as required by the Bond, all in accordance with the terms and provisions thereof.

Section 3.3 **Conditions.** Lender's obligation to purchase the Bond on the Issue Date is subject to satisfaction of the following conditions:

- (a) Lender shall have received a certified copy of the Resolution;
- (b) Lender shall have received an original of this Agreement and the Bond, duly executed by Issuer in accordance with the Resolution;
- (c) Lender shall have received an opinion of Bond Counsel, in form and substance satisfactory to Lender's counsel, to the effect that:
 - i. The Bond has been authorized and issued in accordance with the Constitution and laws of the State;
 - ii. the Resolution, this Agreement, and the Bond are valid and legally binding obligations of Issuer, enforceable against Issuer in accordance with their terms, except to the extent that enforceability may be limited by or rendered ineffective by (A) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (B) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (C) common law and statutes affecting the enforceability of contractual obligations generally; and (D) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as Issuer;
 - iii. the interest payable on the Bond is excludable from gross income under the Code;
 - iv. the Bond is not a "private activity bond" within the meaning of Section 141 of the Code; and
 - v. the Bond is a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code.
- (d) Lender shall have received a certificate from counsel to the Issuer that the Issuer is not subject to any litigation that could have a material adverse impact on Issuer's financial condition, the validity and enforceability of the Bond, this Agreement or any of the transactions contemplated thereby.

- (e) Lender shall have received the certificate of a duly authorized representative of Issuer to the effect that:
 - i. there is no action, suit, proceeding, or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of Issuer, threatened against Issuer to restrain or enjoin the adoption of the Resolution or the execution and delivery of this Agreement or the issuance of the Bond, or the collection and application of funds as contemplated by this Agreement and the Bond, which in the reasonable judgment of Issuer, would have a material and adverse effect on the ability of Issuer to pay amounts due under the Bond, and
 - ii. the adoption of the Resolution and the execution and delivery of this Agreement and the Bond do not and will not conflict in any material respect with or constitute on the part of Issuer a breach of or default under any law, charter provision, court decree, administrative regulation, resolution, ordinance, or other agreement or instrument to which Issuer is a party or by which it is bound;
- (f) Lender shall have received such additional legal opinions, certificates, proceedings, instruments, or other documents as Lender or Bond Counsel may reasonably request to evidence compliance by Issuer with the legal requirements for adoption of the Resolution, execution and delivery of this Agreement, issuance of the Bond and the due performance or satisfaction by Issuer of all agreements then to be performed and all conditions then to be satisfied by Issuer.
- (g) Issuer shall have timely filed or caused to have filed a Form 8038-G memorializing the reporting information regarding the issuance of the Bond.
- (h) Issuer shall have satisfied all of Lender's required conditions precedent to closing.

ARTICLE IV. PAYMENT AND SECURITY

Section 4.1 **Payment of Bond.** Issuer shall promptly pay the principal of, and interest and premium, if any, on the Bond in lawful money of the United States of America, in such amounts and on such dates as described in this Agreement and the Bond, without presentation or surrender. Issuer shall pay the Owner a charge on any delinquent payments in an amount sufficient to cover all additional costs and expenses incurred by Lender from such delinquent payment. In addition, Issuer shall pay a late charge of five percent (5.00%) on all delinquent payments of principal of and interest and premium, if any, on the Bond, and interest on said delinquent amounts from the date such amounts were due until paid at the rate of nine percent (9.00%) per annum or the maximum amount permitted by law, whichever is less.

Section 4.2 **Tax Collection.** Until full payment and performance of all obligations of Issuer under the Bond and this Agreement, the Issuer will take all action necessary to ensure that a sufficient portion of its tax and other revenues collected during the current year are set aside or otherwise made available for payment of the Bond in accordance with its terms. Issuer certifies that the principal amount of the Bond does not exceed the anticipated taxes and revenues of Issuer for the current year.

Section 4.3 **Use of Proceeds.** Unless otherwise waived by the Lender, the Issuer shall only use proceeds for the purposes of the Loan.

Section 4.4 **Full Faith and Credit.** The full faith and credit of Issuer is irrevocably pledged for the payment of the principal of, and premium, if any, and interest on the Bond and all other payment obligations under this Agreement. Unless other funds are lawfully available and appropriated for timely payment of the Bond and all other payment obligations under this Agreement, Issuer shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in Issuer sufficient to pay when due the principal of and premium, if any, and interest on the Bond and all other payment obligations under this Agreement.

Section 4.5 **Obligations Absolute.** To the extent permitted by law, the obligations of Issuer to make the payments required under the Bond and this Agreement and to perform and observe the other agreements on its part

contained in the Bond and this Agreement shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever while any portion of the Bond remains unpaid regardless of any contingency, act of God, event or cause whatsoever. Issuer shall pay absolutely the amounts required to be paid hereunder and under the Bond, regardless of any rights of set-off, recoupment, abatement or counterclaim that Issuer might otherwise have against Lender, its successors or assigns or any other party or parties.

Section 4.6 **Agreement to Survive.** The provisions of this Agreement will survive the issuance of the Bond and the payment of the purchase price therefor. This Agreement will terminate upon the payment in full of all amounts due under the Bond and this Agreement, provided that any prepayment is undertaken in accordance with Section 2.4 of this Agreement and further provided that Section 5.3 of this Agreement will survive its termination.

ARTICLE V. ASSIGNMENT; RISK OF LOSS

Section 5.1 **Assignment by Owner.** The Issuer expressly acknowledges that this Agreement and the Bond, including (without limitation) the right to receive payments required to be made by the Issuer hereunder and to compel or otherwise enforce performance by the Issuer of its other obligations hereunder, may be transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Lender at any time subsequent to their execution without the necessity of obtaining the consent of the Issuer. Nothing herein shall limit the right of the Owner or its assignees to sell or assign participation interests in the Bond. Any assignment by the Owner shall be deemed, without any further action, to assign the Owner's interest in this Agreement. Issuer agrees to execute all documents, including notices of assignment that may be reasonably requested by the Owner or any further assignee to evidence any such assignment or reassignment, including without limitation the issuance of a new Bond of like tenor registered in the name of the assignee upon surrender of the old Bond. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to Issuer, and Issuer shall execute and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen, upon receipt of a written request from the Owner reasonably satisfactory to Issuer.

Section 5.2 **Assignment by Issuer.** NONE OF ISSUER'S OBLIGATIONS UNDER THE BOND OR THIS AGREEMENT MAY BE ASSIGNED BY ISSUER FOR ANY REASON, WITHOUT THE PRIOR WRITTEN CONSENT OF THE OWNER.

Section 5.3 **Risk of Loss Covenants.** To the extent permitted by law, Issuer shall bear the risk of loss for, shall pay directly, and shall defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses arising under or related to the Bond or this Agreement, including, but not limited to, the loss of federal tax exemption of the interest on the Bond, except that Issuer shall not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from the gross negligence or willful misconduct of the Lender.

ARTICLE VI. DEFAULT

Section 6.1 **Events of Default Defined.** Any of the following shall constitute an "Event of Default" under this Agreement:

- (a) Failure by Issuer to make any payment of principal of, or interest or premium on, the Bond, or other payment required to be paid under this Agreement, at the time specified therein;
- (b) Failure by Issuer to observe and perform any covenant, condition or agreement on its part to be observed or performed with respect to the Bond or this Agreement, other than as referred to in subparagraph (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to Issuer by the Owner, unless the Owner shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Owner will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Issuer within the applicable period and diligently pursued until the default is corrected;

- (c) Any statement, representation or warranty made by Issuer in this Agreement or the Bond shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (d) Issuer shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Issuer, or of all or a substantial part of the assets of Issuer, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Issuer in any bankruptcy, reorganization or insolvency proceeding;
- (e) Issuer shall default on any of its indebtedness issued (including any leases, liens, loans or other obligations subject to the annual appropriation of funds) whether or not on a parity basis with the Bond, which indebtedness remains uncured after any applicable cure period permitted by such indebtedness; or
- (f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Issuer or of all or a substantial part of the assets of Issuer, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 60 consecutive days.

Section 6.2 Remedies on Default. If an Event of Default shall have occurred, the Owner may proceed against Issuer and its agents, officers and employees to protect and enforce the rights of the Owner under the Bond and this Agreement by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond or in this Agreement, or in an award of execution of any power herein granted for the enforcement of any proper, legal or equitable remedy as the Owner may deem most effectual to protect and to enforce its rights under the Bond or this Agreement, or to enjoin any act or thing which may be unlawful or in violation of any right of the Owner under the Bond or this Agreement, or to require Issuer to act as if it were the trustee of an express trust, or any combination of such remedies. While any Event of Default exists, the unpaid principal amount of the Bond shall bear interest at the rate of 9 percent (9.00%) per annum or the maximum rate permitted by applicable law, whichever is less.

Section 6.3 No Remedy Exclusive. No remedy conferred upon or reserved to the Owner in this Agreement or the Bond is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or the Bond now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Owner to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 6.4 Costs and Attorney Fees. Upon the occurrence of an Event of Default by Issuer in the performance of any term of this Agreement or the Bond, Issuer agrees to pay to the Owner or reimburse the Owner for, in addition to all other amounts due hereunder, all of Lender's costs of collection, including reasonable attorney fees, whether or not suit or action is filed thereon. Any such costs shall be immediately due and payable upon written notice and demand given to Issuer, and shall bear interest at the rate of 9 percent (9.00%) per annum or the maximum amount permitted by law, whichever is less. In the event suit or action is instituted to enforce any of the terms of this Agreement or the Bond, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action or in any bankruptcy proceeding, in addition to all other sums provided by law.

ARTICLE VII. MISCELLANEOUS

Section 7.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, or by overnight courier to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as

either party hereto shall designate in writing to the other for notices to such party), to any assignee at its address as it appears on the registration books maintained by Issuer.

Section 7.2 Anti-Money, Laundering, Bank Secrecy and Patriot Act Compliance. The Issuer agrees to observe and comply, to the extent applicable, with all anti-money laundering laws, rules and regulations including, without limitation, regulations issued by the Office of Foreign Assets Control of the United States Department of Treasury and the Financial Crimes Enforcement Network of the U.S. Department of Treasury. The Issuer shall provide to the Owner such information as the Owner may require to enable the Owner to comply with its obligations under the Bank Secrecy Act of 1970, as amended (“BSA”), or any regulations enacted pursuant to the BSA or any regulations, guidance, supervisory directive or order of the New York State Department of Financial Services or Federal Deposit Insurance Corporation. To help the United States government fight funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account or enters into a loan/lease transaction. When an account is opened and from time to time as be required by the Owner’s internal policies and procedures, the Owner shall be entitled to ask for such information that will allow it to identify relevant parties. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Owner may ask for documentation to verify its formation and existence as a legal entity. The Owner may also ask to see financial statements, licenses, identification, and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The Parties acknowledge that a portion of the identifying information set forth herein is being requested by the Owner in connection with Title III of the USA Patriot Act, Pub.L. 107-56 (the “Act”), and the Issuer agrees to provide any additional information requested by the Lender in its sole discretion in connection with the Act or any other legislation, regulation, regulatory order or published guidance to which the Owner is subject, in a timely manner.

Section 7.3 Further Assurances. Issuer agrees to execute such other and further documents and to take all such action as may be necessary or appropriate, from time to time, in the reasonable opinion of the Owner, to consummate the transactions contemplated hereby and thereby, and to carry out the purposes and intentions of this Agreement.

Section 7.4 Binding Effect. This Agreement and the Bond shall inure to the benefit of and shall be binding upon the Owner and Issuer and their respective successors and permitted assigns.

Section 7.5 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7.6 Waiver of Jury Trials. Issuer and Lender hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the Bond or this Agreement or the actions of Lender or Issuer in the negotiation, administration, performance or enforcement hereof.

Section 7.7 Amendments, Changes and Modifications. This Agreement may only be amended in writing by the Owner and Issuer.

Section 7.8 Execution in Counterparts. This Agreement hereunder may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.9 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 7.10 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 7.11 No Fiduciary Relationship. The Issuer acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm’s length, commercial transaction between the Issuer and the Lender in which the Lender is acting solely as a principal and is not acting as a municipal advisor, financial advisor or

fiduciary to the Issuer; (ii) the Lender has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; (iii) the only obligations the Lender has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Lender and Issuer have caused the Bond Purchase and Loan Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

Lender: Blue Ridge Bank
By:
Name: William L. Smith
Title: Senior Vice President

Issuer: City of Waynesboro, Virginia
By:
Name: Robert Henderson
Title: Mayor

Address for Notice:
Blue Ridge Bank – Commercial Lending
100 South Main Street
Kilmarnock, VA 22482
Telephone: (804) 435 4136
Attention: Senior Vice President

Attest:
By:
Name: Michael G. Hamp, II
Title: City Manager

Address for Notice:
Charles T. Yancey Municipal Building
503 W. Main St., Suite 210
Waynesboro, VA 2298 0
Telephone: (540) 942-6600
Attention: City Manager

ATTACHMENT 1

Form of Bond

[See Transcript Tab 3]