

**CERTIFICATE OF THE CLERK OF THE
CITY OF WAYNESBORO, VIRGINIA**

The undersigned Clerk of the City of Waynesboro, Virginia (the "City"), certifies that:

1. A meeting of the Council (the "Council") of the City was held on April 25, 2022 (the "Meeting").

2. Attached hereto is a true, correct and complete copy of a resolution (the "Resolution") of the Council entitled "Resolution of the City Council of the City of Waynesboro, Virginia, Authorizing the Issuance and Sale of its General Obligation Refunding Bond, Series 2022 in a Maximum Principal Amount Not to Exceed \$1,565,000, and the Execution and Delivery of Certain Documents Prepared in Connection Therewith," as recorded in full in the minutes of the Meeting and duly adopted by a majority of the members of the Council present and voting during the Meeting.

3. A summary of the members of the Council present or absent at the Meeting, and the recorded vote with respect to the Resolution, is set forth below:

Member Name	Voting				
	Present	Absent	Yes	No	Abstaining
Robert Henderson, Mayor	_____	_____	_____	_____	_____
Lana Williams, Vice Mayor	_____	_____	_____	_____	_____
Bruce Allen	_____	_____	_____	_____	_____
Samuel Hostetter	_____	_____	_____	_____	_____
Terry Short, Jr.	_____	_____	_____	_____	_____

4. The Resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the City, this 25th day of April, 2022.

(SEAL)

Clerk of City of Waynesboro, Virginia

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WAYNESBORO, VIRGINIA AUTHORIZING THE ISSUANCE AND SALE OF ITS GENERAL OBLIGATION REFUNDING BOND, SERIES 2022, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,565,000, AND THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS PREPARED IN CONNECTION THEREWITH ^(R22-10)

WHEREAS, the City of Waynesboro, Virginia (the “City”), has determined that it is advisable and in the interest of the City to refinance the outstanding portion of its \$1,370,000 General Obligation Bond, Series 2010A, and its \$1,925,000 General Obligation Bond, Series 2010B, together with related administrative and financing costs of the refinancing (“the Project”); and

WHEREAS, the City intends to finance the Project through the issuance of its general obligation bond under such terms, limitations and conditions as set forth in this Resolution; and

WHEREAS, the Council has previously received a proposal from VML/VACo Finance to solicit proposals from banking institutions and received a proposal from Blue Ridge Bank (the “Lender”), to loan funds to the City to purchase the Bond (as defined below); and

WHEREAS, after such solicitation, staff recommends the proposal from the Lender for the loan and the sale of the City’s general obligation bond to the Lender in accordance with the terms of a Bond Purchase and Loan Agreement between the Lender and the City (the “Agreement”), the form of which has been presented to this meeting;

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF WAYNESBORO, VIRGINIA:

1. Issuance of Bond and Use of Proceeds. Pursuant to the Constitution of the Commonwealth of Virginia and the Public Finance Act of 1991, as amended (the “Public Finance Act”), Title 15.2, Chapter 26 of the Code of Virginia of 1950, as amended (the “Virginia Code”) and without regard to any requirements or restrictions contained in any charter or special act of the City, the Council hereby authorizes the issuance and sale of a general obligation bond of the City in an aggregate principal amount set forth below, together with such other monies of the City designated thereby, to provide funds to finance the Project.

2. Authorization of Bond Purchase and Loan Agreement. The form of the Bond Purchase and Loan Agreement submitted to this meeting is hereby approved. The Mayor and the City Manager, either of whom may act (each an “Authorized Signatory”), are authorized to execute the Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by such official, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the bond to the Lender shall be upon the terms and conditions of the Agreement. The proceeds of such bond shall be applied in the manner set forth in the Agreement. All capitalized

terms used but not otherwise defined herein shall have the same meaning as set forth in the Agreement.

3. Bond Details. The bond shall be issued as a single, fully registered bond, shall be designated “General Obligation Refunding Bond, Series 2022” (the “Bond”), shall be numbered R-1, and shall be in substantially the form of Exhibit A to this Resolution as hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing such Bond. The Council authorizes the issuance and sale of the Bond on such terms as shall be satisfactory to the Authorized Signatory; provided however, that the Bond (a) shall be in a principal amount not to exceed \$1,565,000; (b) shall mature no later than February 1, 2031; (c) shall bear interest on the outstanding principal balance thereof at a rate of interest approved by the Authorized Signatory, with such rate to not exceed 2.35% (provided that default interest may be payable at a rate in excess thereof as provided in the Agreement and the rate may adjust as provided in the Bond and the Agreement); and (d) shall accrue certain other ongoing costs and expenses upon the terms and conditions described in the Agreement. As set forth in the Agreement, the City agrees to pay any applicable late payment or similar costs and expenses described therein. Subject to the preceding terms, the Council further authorizes the Authorized Signatory to determine the final terms, purchase price, initial interest rate, interest rate adjustment provisions, maturity date, and amortization schedule of the Bond. No further action shall be necessary on the part of the City so long as such provisions are within the limits prescribed in this Resolution.

4. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Bond shall be payable as set forth in the Bond and the Agreement. The Bond shall be subject to redemption on the terms set forth in the related Agreement. The principal of and premium, if any, and interest on the Bond shall be payable via wire transfer in lawful money of the United States of America, without presentation or surrender.

5. Execution and Form of Bond. The Bond shall be signed by the Mayor or Vice-Mayor and the City’s seal shall be affixed thereon and attested by the Clerk or Assistant Clerk of the City. The Bond shall be issued as a typewritten bond in substantially the form of Exhibit A, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Authorized Signatory, whose approval shall be evidenced conclusively by the execution and delivery of the Bond.

6. Pledge of Full Faith and Credit. The full faith and credit of the City are hereby irrevocably pledged for the payment of principal of and premium, if any, and interest on the Bond. Unless other funds are lawfully available and appropriated for timely payment of the Bond, the Council 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 the City sufficient to pay when due the principal of and premium, if any, and interest on the Bond.

7. Preparation of Printed Bond; Mutilated or Destroyed Bond. The printed Bond may be executed by manual or facsimile signature of the Mayor or Vice-Mayor, the City’s seal affixed thereto and attested by the Clerk or Deputy Clerk of the City; provided, however, that if both such signatures are facsimiles, the bond shall not be valid until it has been

authenticated by the manual signature of the Registrar (as defined below) and the date of authentication noted thereon. If the Bond has been mutilated, lost or destroyed, the City shall execute and deliver a new bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the City shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the City in connection therewith and, in the case of a lost or destroyed Bond has filed with the City an affidavit reasonably satisfactory to the City that such Bond was lost or destroyed. The Bond surrendered in any such exchange shall be canceled.

8. Registration and Transfer of the Bond. The City appoints the City Treasurer as registrar (the “Registrar”) for the Bond and shall maintain registration books for the registration and registration of any transfer of the Bond. Upon surrender of the Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be reasonably satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate and deliver in exchange, a new Bond or bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, interest and premium, if any, and the exercise of all other rights and powers of the owner, except that regular installments shall be paid to the person or entity shown as owner on the registration books on the fifteenth day of the month preceding each payment date.

9. Delivery of Bond. The Mayor or Vice-Mayor and Clerk of the City are authorized and directed to take all proper steps to have the Bond prepared and executed in accordance with its terms and to deliver it to the Lender thereof as set forth in the Agreement.

10. Tax Provisions. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the Bond to be includable in the gross income of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of law that may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bond, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bond from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The City shall pay any such required rebate from legally available funds. The Authorized Signatories, either of whom may act, are authorized to execute a Tax Compliance Agreement or any related document (the "Tax Documents") on behalf of the City, setting forth the expected use and investment of the proceeds of the Bond and covenants of the City regarding compliance with provisions of the Code governing obligations the interest on

which is excluded from gross income for purposes of federal income taxation. Further, the City covenants that it shall at all times conduct or cause to be conducted the use of, or the expenditure of, the proceeds from the issuance of the Bond so as not to permit more than the five percent (5%) for Nonexempt Uses, as that term is used in the Section 141 of the Code.

11. Bank-Qualification Designation. The City designates the Bond as a “qualified tax-exempt obligation” for the purpose of Section 265(b)(3) of the Code. The City represents and covenants as follows:

(a) The City 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);

(b) The City, 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 City 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;

(c) Barring circumstances unforeseen as of the date of delivery of the Bond, the City 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 City and such other entities in calendar year 2022, result in the City and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2022 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Bond; and

(d) The City has no reason to believe that the City 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 City receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (a) or (c) above is not required for the Bond to be a qualified tax-exempt obligation, the City need not comply with such covenant.

12. Tax and Other Documents. Each of the Authorized Signatories are authorized and directed to execute and deliver an IRS Form 8038-G in a form approved by such officers and the City’s bond counsel.

13. Limitation of Liability of Officials of City. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of an officer, employee, member of Council, or agent of the City in his or her individual capacity, and no officer of the City or member of Council executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No officer, employee or agent of the City 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.

14. Other Actions. All other actions of officials of the City in conformity with the purposes and intent of this Resolution and the Agreement and in furtherance of the issuance and

sale of the Bond are ratified, approved and confirmed. The officials of the City are authorized and directed to execute and deliver on behalf of the City such agreements and other instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution or contemplated by the Bond or the Agreement, and all of the foregoing, previously done or performed by such officers of the City, are in all respects approved, ratified and confirmed.

15. 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.

16. Constitutional Authority and Severability. The Bond shall be issued under the provisions of Article VII, Section 10(a) of the Constitution of Virginia. The principal of and interest on the Bond shall be payable from ad valorem taxes to be levied without limitation as to rate or amount on all property in the City subject to taxation, to the extent other funds of the City are not lawfully available and appropriated for such purpose. 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.

17. Filing of Resolution. The Authorized Signatory and Clerk to the City are authorized and directed to see to the prompt filing of a certified copy of this Resolution in the Circuit Court having jurisdiction over the City, in accordance with Sections 15.2-2607 and 15.2-2627 of the Public Finance Act.

18. Effective Date. This Resolution shall take effect immediately.

Adopted: April 25, 2022.

Mayor of the City of Waynesboro, Virginia

ATTEST:

Clerk of the City of Waynesboro, Virginia

(Form of Bond)

Interest on this bond is intended by the issuer hereof to be exempt from gross income for federal income tax purposes.

REGISTERED

DATED DATE: May 5, 2022

R-1

MATURITY DATE: February 1, 2031

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF WAYNESBORO

\$_____,000

**GENERAL OBLIGATION REFUNDING BOND
SERIES 2022**

THE CITY OF WAYNESBORO, VIRGINIA (the "City"), for value received, acknowledges itself indebted and promises to pay to **BLUE RIDGE BANK** together with its successors, assigns or legal representative (**THE "LENDER"**), the principal amount of:

THOUSAND DOLLARS (\$_____,000)

on or before February 1, 2031, together with interest on the outstanding principal amount of this Bond at a rate of 2.35% per year, calculated on the basis of a 360-day year of twelve 30-day months, subject to adjustment as provided herein and in the Bond Purchase and Loan Agreement dated as of May 1, 2022 (the "Agreement"). Interest on this Bond shall be payable in semi-annual installments. Principal shall be payable in the amounts and on the dates set forth in Schedule I attached hereto which is incorporated herein by this reference. Accrued and unpaid interest on this Bond shall be payable on each principal payment date.

If any installment of principal of and interest on this Bond is not paid to the registered owner of this Bond on its due date, the City shall pay to the registered owner a late payment charge in an amount equal to five percent (5.00%) of the overdue installment. Principal and other sums hereunder are payable in lawful money of the United States.

Subject to the provisions of the Agreement, between the Lender and the City, so long as this Bond is held by the Lender or its registered assigns or legal representative, principal and interest are payable (without presentation or surrender) by wire transfer, automated clearing house, check or draft sent to the registered owner of this Bond at the address that appears on the registration books kept by the Treasurer of the City, who has been appointed registrar and paying agent, or any successor Lender or trust company (the "Registrar"). Principal of and premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America.

In case any payment date on this Bond shall not be a Business Day (as defined below), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date. "Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia. If an Event of Default has occurred and is continuing under the Agreement, the unpaid principal amount of this Bond shall bear interest at the rate of nine percent (9.00%) per annum or the maximum rate permitted under applicable law, whichever is less.

This Bond has been authorized by a resolution adopted by the Council of the City on April 25, 2022 (the "Bond Resolution") and is issued pursuant to the Constitution and the Public Finance Act of 1991 of the Commonwealth of Virginia, and the Agreement. Proceeds of this Bond will be used to provide funds to (a) refinance the outstanding portion of the City's \$1,370,000 General Obligation Bond, Series 2010A, and the City's \$1,925,000 General Obligation Bond, Series 2010B (b) pay the issuance and financing costs incurred in issuing this Bond.

The full faith and credit of the City are irrevocably pledged for the payment of principal of and interest and premium, if any, on this Bond and the performance of the City's obligations under the Agreement. Unless other funds are lawfully available and appropriated for timely payment of this Bond, the Council of the City 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 the City sufficient to pay when due the principal of and interest and premium, if any, on this Bond.

The Bond is designated by the City as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"). Qualified tax-exempt obligations are commonly referred to as "bank qualified bonds." The City covenants and agrees that it will comply with the exception to the provisions of Section 265 of the Code in order that the Bond may qualify as a qualified tax-exempt obligation.

Notwithstanding anything in this Bond to the contrary, in addition to the payments of the principal, premium, if any, and interest provided for by this Bond, the City shall also pay such additional amounts, if any, which may be necessary to provide for payment in full of all amounts due under the Agreement.

This Bond may be redeemed at the option of the City upon the terms and conditions set forth in the Agreement. Capitalized terms used herein and not defined shall have the meaning as set forth in the Agreement.

Transfer of this Bond may be registered upon the registration books of the Bond Registrar. The Registrar shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest on this Bond and the exercise of all other rights and powers of the owner; provided that the regular installment payments of principal and interest shall be made to the person shown as the owner on the fifteenth day of the month preceding each payment date.

The holder of this Bond shall not be required to present or surrender this Bond as a condition of receiving payment due hereunder.

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

IN WITNESS WHEREOF, the City has caused this Bond to be signed by its Mayor and the seal of the City to be affixed hereto and attested by the Clerk of the City, and this bond to be dated the date first above written.

(SEAL)

Mayor of the City of Waynesboro, Virginia

ATTEST:

Clerk of the City of Waynesboro, Virginia

SCHEDULE I

**CITY OF WAYNESBORO
GENERAL OBLIGATION REFUNDING BOND
SERIES 2022**

[to be completed at closing]