

AGENDA

Tuesday, October 14, 2014
4:00 PM

4:00 CALL MEETING TO ORDER (Chairman Wade H. Blevins, Jr.)

CLOSED SESSION

Code of Virginia, Section 2.2-3711 -A.3; Discussion or consideration of the acquisition of real property for a public purpose and A.5; **Industrial/Business Prospects**; discussion concerning a business or industry considering expansion with no previous announcement being made. A.7 Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation.

5:00 CALL MEETING TO OPEN SESSION

Invocation and Pledge of Allegiance

ADOPTION OF AGENDA

Adopt the agenda and the additional agenda as presented

MINUTES OF PREVIOUS MEETINGS

Request adoption of the September 9th, 2014 meeting minutes.

FINANCIAL UPDATE

Michael Carter – Inform the Board of the County's financial status

PAYMENT OF INVOICES

Consideration of appropriations and accounts payable as listed on the additional agenda.

5:15 CITIZENS TIME

NEW BUSINESS

***5:30 Public Hearing-Boundary Line Adjustment**

***Roland Kooch- Follow up on VPSA Bond and consideration of Resolution for VPSA Bond Restructure**

***Budget Committee Recommendation- Wade Blevins, Chairman**

***Planning Commission Recommendations- Michael Carter**

***Virginia Highlands Community College Appointment for Community Ambassador**

***Rye Valley Water Authority Appointment- Rick Blevins**

***REMINDER: Revenue Sharing Projects due by October 31, 2014- Michael Carter**

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***Update on Funding Application for Adwolfe Area Sewer- Scott Simpson**

***2014 Halloween recognition- Michael Carter**

OLD BUSINESS

1. Collection of delinquent taxes. (8-10-04)
2. Financial Discussion. (7-9-13)
3. Mega-Site Project (11-17-11)

Supervisor Comment Time

Meeting reminders:

CONTINUED MEETING- TUESDAY, OCTOBER 28, 2014

Appropriations for: SEPTEMBER 09, 2014

Beginning Appropriation	\$	205,123.49
Total	\$	205,123.49
Less:		
Manual checks	\$	-
Account payable Listing	\$	2,234,286.81
Estimated payroll		
Auto Draft Rural Dev	\$	21,312.00
AEP/CenturyLink bills	\$	25,000.00
Administration Courthouse Project Fund	\$	-
County Administration Fund	\$	5,000.00
Suggested new appropriation	\$	(2,080,475.32)
	\$	2,436,000.00
Balance	\$	355,524.68

ANIMAL DAMAGE FUND - (003-091060-5401)	\$	1,132.62
IDA - FUND 4	\$	5,615.75
COURTHOUSE PROJECT - (301-012010-0000)	\$	229,558.06
IDA-FUND 314 LICK SKILLET	\$	5,745.00
HALL ADDITION SEWER - (303-012010-0001)	\$	-
ON-SITE WASTEWATER-(306-91100-0005)	\$	-
COMMONWEALTH ATTORNEY-(760-010000-0001)	\$	1,629.12

**NOTICE OF PUBLIC HEARING
COUNTY OF SMYTH – TOWN OF MARION
VOLUNTARY SETTLEMENT AGREEMENT
AND BOUNDARY LINE ADJUSTMENT**

Pursuant to §15.2-3400 of the Code of Virginia, (1950), as amended, the Smyth County Board of Supervisors will conduct a public hearing on Tuesday, October 14, 2014 at 5:30 p.m. or shortly thereafter, in the Board of Supervisors meeting room, 121 Bagley Circle, Marion, Virginia, to consider an ordinance to approve the County of Smyth and Town of Marion, Virginia voluntary settlement agreement or modified agreement acceptable to all parties. A copy of the voluntary settlement agreement between the two jurisdictions, a map of the area proposed for annexation and other material and data is on file at the Office of the Clerk of the Smyth County Circuit Court located at 109 West Main Street, Room 144, Marion, Virginia and at the Smyth County Administrators Office, 121 Bagley Circle, Marion, Virginia, and can be viewed between the hours of 8:30 am and 5:00 pm, Monday through Friday.

The proposed agreement provides for the immediate incorporation of approximately 409 acres of territory into the Town of Marion and the potential incorporation of approximately 100 additional acres into the Town in the future; for the waiver by the Town of certain annexation and city status rights; for the sharing of Town and County revenues generated from certain areas proposed for annexation; for the conveyance of certain real estate and water rights on property owned by the Town; and for other matters.

In compliance with the Americans with Disabilities Act, persons requiring special assistance to attend and participate in the public hearing should contact Clegg Williams, ADA Coordinator for Smyth County, at (276) 783-3298 x 8315 at least forty eight (48) hours prior to the public hearing.

By order of the Smyth County Board of Supervisors
Michael L. Carter, County Administrator

Presented to the Board of Supervisors of the County of Smyth, Virginia at its Regular Meeting on October 14, 2014 following a public hearing on the modified Voluntary Settlement Agreement with the Town of Marion, Virginia. The following proposed ordinance would approve the Modified Voluntary Settlement Agreement dated July 11, 2014. If approved, a petition will be filed with the Circuit Court of Smyth County requesting affirmation of the Modified Voluntary Settlement Agreement by a special court appointed by the Supreme Court of Virginia.

ORDINANCE ON THE APPROVAL OF THE MODIFIED VOLUNTARY SETTLEMENT AGREEMENT WITH THE TOWN OF MARION

WHEREAS, Smyth County Board of Supervisors and the Town Council of Marion, Virginia approved a Proposed Voluntary Settlement Agreement on December 19, 2013; and,

WHEREAS, pursuant to Virginia Code §15.2-3400, the Town presented the Agreement to the Commission on Local Government in Richmond on January 6, 2014; and,

WHEREAS, the Commission on Local Government toured the impacted areas and held a public hearing in the Town of Marion on May 14, 2014; and,

WHEREAS, the Town and County approved some modifications to the original Proposed Agreement on July 11, 2014 (herein "Modified Voluntary Settlement Agreement"); and,

WHEREAS, the Commission on Local Government issued its Final Report unanimously approving the Modified Voluntary Settlement Agreement noting "the considerable effort devoted by officials of the Town of Marion and Smyth County" and the "notable commitment by the leadership of both jurisdictions to address in a collaborative fashion the concerns of their localities and the needs of their residents." ; and,

WHEREAS, the Town Council held a public hearing and approved the Modified Voluntary Settlement Agreement on October 9, 2014; and,

WHEREAS, approval by the Board of Supervisors will permit the final steps of petitioning the Circuit Court of Smyth County to request appointment of a three judge panel by the Supreme Court of Virginia to affirm and validate the Modified Voluntary Settlement Agreement.

NOW, THEREFORE BE IT ORDAINED, on this 14th day of October, 2014, the Board of Supervisors approves the Modified Voluntary Settlement Agreement with the Town of Marion as approved by the Commission on Local Government.

This ordinance will be effective immediately.

On motion by Supervisor _____ to approve the Modified Voluntary Settlement Agreement dated July 11, 2014, seconded by Supervisor _____ and carried by the following vote:

Supervisors

Vote

Chairman, Chilhowie District Supervisor, Wade H Blevins, Jr.
Vice Chair, Park District Supervisor, M. Todd Dishner
Rye Valley District Supervisor, Rick K Blevins
North Fork District Supervisor, Ron C Blevins
Atkins District Supervisor, J. Howard Burton
Saltville District Supervisor, Roscoe D Call
Royal Oak District Supervisor, Blake Frazier

After consideration, the motion PASSED by the following vote:

AYES:

NAYS:

ABSTAINERS:

ABSENT:

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UPDATE: VPSA Two Part Plan of Finance: Strategic Restructuring of Literary Loan Debt & Permanent Financing of 2011 Notes

Smyth County Public Schools/
Smyth County, Virginia



October 13/14, 2014

Member NYSE|FINRA|SIPC

Background



- Davenport & Company LLC was engaged by Smyth County (the "County") to review its County and School Debt Portfolios in order to:
 - Develop potential restructuring alternatives with respect to the existing School indebtedness that may help assist with budgetary relief in the immediate FY 2015 fiscal year (if possible) and beyond; and
 - Provide a potential Plan of Finance alternative for the County's 2011B Bond Anticipation Notes (the "2011 Notes"), which was originally issued with the goal of being permanently financed with 2% Literary Loans.
- At the regularly scheduled meetings of the County and School Boards in August/September, 2014, Davenport presented a proposed Two Part Plan of Finance to be implemented through VPSA involving the County's school related indebtedness that is designed to accomplish the following objectives:
 - *Part 1: Strategic Restructuring - Helps the County reduce the pressure on real estate tax increases and enables rebuilding of fund balance in the near term by reducing debt service cash flow from FY 2015 – FY 2019.*
 - *Part 2: Permanent Financing of Literary Loan Anticipation Notes – As it is uncertain when the County may receive Literary Loans, this approach provides a permanent take out of interim financing at near 40 year historic low interest rates.*
- Both the County and School Boards were in agreement in applying to VPSA to potentially pursue the Two Part Plan of Finance.
 - Implementation of the Two Part Plan of Finance was subject to approval by VPSA and its Bond Counsel.



Background (cont.)

- On September 16, 2014 a VPSA due diligence call was held with County and School Board representatives and Davenport.
 - On the call, Davenport presented the Two Part Plan of Finance and discussed the goals and objectives with VPSA.
 - As a result of the due diligence conference call, VPSA approved the Two Part Plan of Finance and allowed the County/School Board to proceed with both Part 1 (Strategic Restructuring) and Part 2 (Permanent Financing of the Literary Loan Anticipation Notes).
- The enclosed information is intended to provide the County and School Board with a market update on the Two Part Plan of Finance and next steps to be considered.

Plan of Finance Part 1: Strategic Restructuring



Part 1: The Strategic Restructuring

- Based on the nature of the School related indebtedness, Davenport has identified the following obligations as Potential Candidates for the Strategic Restructuring:

Potential Restructuring Candidates	Par Outstanding As of 6/30/2014	Preliminary Amount to be Refunded	Current Avg. Interest Rate ⁽²⁾
Literary Loans (All)	\$4,205,652	\$3,829,119 ⁽¹⁾	2.00%

- The Primary Objectives of the Strategic Restructuring are:
 - Achieve cash flow savings annually over the next five fiscal years (FY 2015 – FY 2019);
 - No increase in debt service beyond FY 2015 Budgeted levels; and
 - No extension of the aggregate final FY 2026 maturity of the existing Literary Loan portion of the debt portfolio.
 - If possible, Secondary Objectives of the Strategic Restructuring are:
 - Achieve an “All-in” Interest Cost for the Restructuring that is comparable to Current Average Interest Rate; and
 - If possible, minimize the Present Value (PV) Cost of the Restructuring to the County to under 2%.
- (1) \$376,533 is projected to be repaid prior to the assumed restructuring closing date (November 20, 2014).



Plan of Finance Part 1: Preliminary Results

- The Preliminary Results for the Strategic Restructuring demonstrate an essentially breakeven result as follows:

Restructured Bonds	Preliminary Amount to be Refunded	Current Avg. Interest Rate ⁽¹⁾	Estimated All-in Cost ⁽²⁾	Current Final Maturity (FY)	New Final Maturity (FY)	Cash Flow Freed through FY 2019	Total PV Cost through Final Maturity
Literary Loans	\$3,829,119	2.00%	2.27%	Varies ⁽³⁾	2026	\$822,868	\$43,732

- Based on current market conditions, the Preliminary Results of the Strategic Restructuring is estimated to meet all of the following objectives:
 - ✓ Approximately \$120,000 to \$180,000 of cash flow savings annually over the next five fiscal years (FY 2015 – FY 2019);
 - ✓ No extension of the aggregate final FY 2026 maturity of the entire existing Literary Loan debt portfolio;
 - ✓ No extension of the aggregate final maturity of the entire existing School debt portfolio;
 - ✓ No material increase (or step up) in debt service beyond the targeted five year Cash Flow relief period (FY 2020+);
 - ✓ At 2.27%, the “All-in” Interest Cost for the Strategic Restructuring is within .50% of the Literary Loan Rate; and
 - ✓ The Present Value (PV) Cost is estimated at \$44,000 after factoring in all costs of issuance.

- (1) Average interest rate of Refunded Literary Loans.
- (2) Preliminary, subject to change. Based on market conditions as of September 29, 2014. Actual results may vary from these estimates. All-in Cost for Part 1: Strategic Restructuring is 2.27% and assumes pro-rata portion of total upfront costs (\$85,000 and Underwriting expense of \$7.50/\$1,000).
- (3) All outstanding Literary Loans with various maturities are being refunded. Final maturity of refunded Literary Loans is FY 2026.

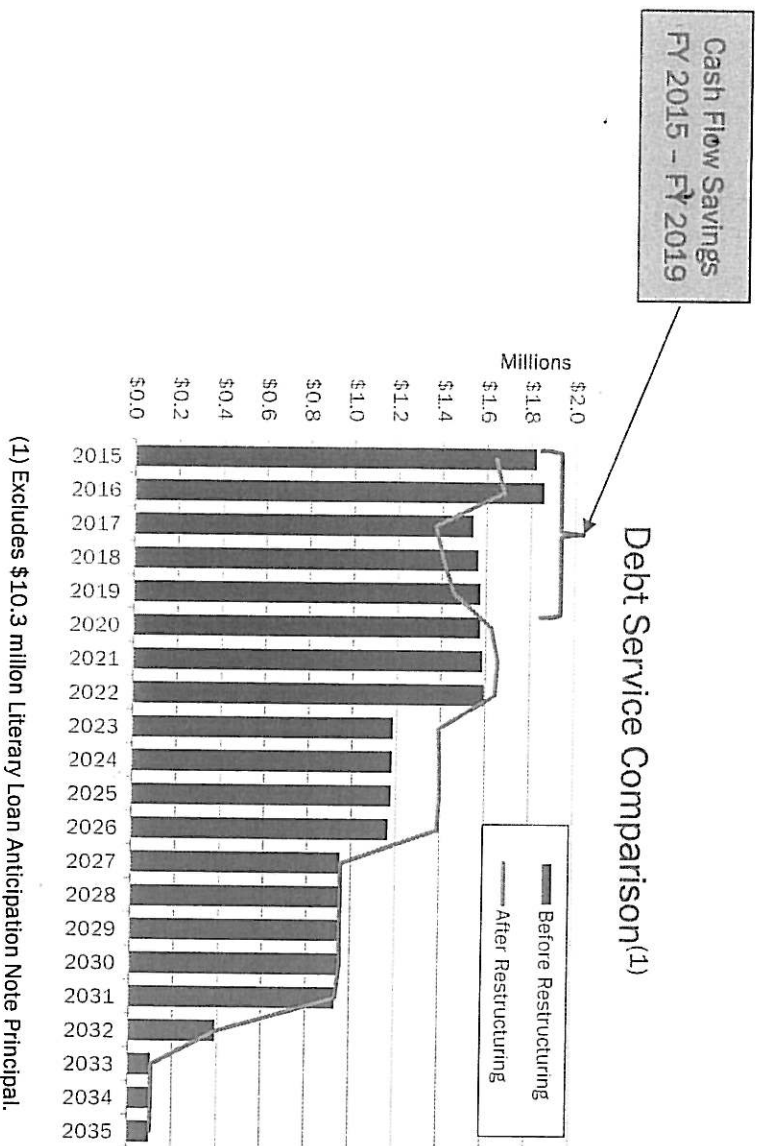
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October 13/14, 2014



Plan of Finance Part 1: Revised Debt Service

- The Revised Debt Service is shown below based on the Preliminary Results for the Strategic Restructuring.





Plan of Finance Part 1: Market Sensitivity

- The Preliminary Results ⁽¹⁾ of Part 1 (Strategic Restructuring) is shown below along with a market sensitivity analysis.

	A	B	C
	Market as of 9/29/2014 ⁽¹⁾	Market as of 9/29/2014 ⁽¹⁾ + 50 BPS	Market as of 9/29/2014 ⁽¹⁾ + 100 BPS
Annual Cash Flow Savings (FY 2015 - FY 2019)	\$120,000-\$180,000	\$105,000-\$185,000	\$92,000-\$185,000
Total Cash Flow Savings (FY 2015 - FY 2019)	\$822,868	\$762,566	\$707,299
All-in Cost of Funds	2.27%	2.76%	3.26%
Present Value Cost ⁽²⁾	\$43,732	\$118,726	\$191,209
Present Value Cost (% of Refunded Loans)	1.14%	3.14%	5.00%

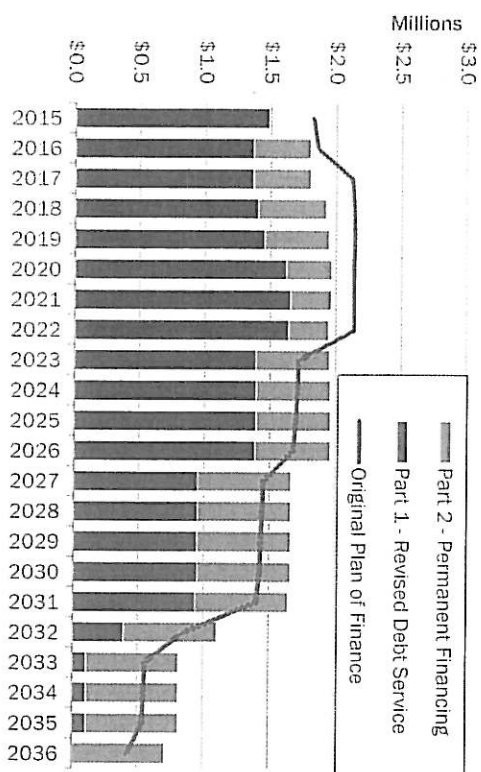
- We have shown a market sensitivity analysis that provides the County/Schools with a range of results in the event interest rates increase .50% or 1.00% from current market.
 - VPSA is requesting a not to exceed Present Value Cost (%) as an additional parameter in the authorizing resolution. Such parameter would effectively indicate to VPSA that the County/School Board does not want to proceed if the Present Value Cost (%) reached a certain threshold.
 - As a result of the Budget Committee Meeting on October 7, 2014, the Budget Committee recommendation is to incorporate a not to exceed 4% Present Value Cost parameter into the VPSA authorizing resolution.

- (1) Preliminary, subject to change. Based on market conditions as of September 29, 2014. Actual results may vary from these estimates.
- (2) Calculated based on the All-in Cost of the Literary Loan Restructuring.



Plan of Finance Part 2: Preliminary Results

Impact of Two Part Plan of Finance



■ Part 2 of the Two Part Plan of Finance enables the County to achieve the following objectives:

- ✓ Permanently finance the Literary Loan Anticipation Notes and achieve additional budgetary cash flow savings of \$155,000 in FY 2015;
- ✓ Lock in Permanent Financing of the Literary Loan Anticipation Notes at and estimated 3.34% All-in Cost ⁽¹⁾;
- ✓ Eliminate uncertainty with respect to the timing of potential Literary Loans;
- ✓ Mitigate any potential equivalent real estate tax impact related to the permanent financing.
- ✓ Eliminate interest rate risk of refinancing at a later time – permanent financing occurs in today's new historic 40 year low interest rate environment; and
- ✓ Achieve more advantageous debt service cash flows when compared to the Original Plan of Finance.

⁽¹⁾ Preliminary, subject to change. Based on market conditions as of September 29, 2014. Actual results may vary from these estimates.

Plan of Finance Part 2: Sensitivity Analysis



What if the County/School Board does not take advantage of the VPSA financing this fall?

- The County would have to refinance the Literary Loan Anticipation Notes (2011B Notes) on or about May 2016.
- Because of the County's current 30th/31st position on the First Priority Waiting List and assuming that the Commonwealth could begin allocating approximately \$20,000,000 per year toward funding Literary Loans in the near future, it could take up to an additional 7½ years for the County to receive Literary Loans.
- If the County could refinance the 2011B Notes and obtain the same 3% interest rate for an additional 7½ years in order to wait for the Literary Loans.
 - The County would pay an additional \$2.6 million in interest expense before any principal is repaid.
 - If the Literary Loans are still not available in 7½ years and the County had to permanently refinance with VPSA bonds at market rates, there is no guarantee that it could achieve a cost of funds similar to today's rates.
 - *Every 0.50% increase in market interest rates translates into approximately \$700,000 in additional interest cost versus a permanent financing in today's market.*



Summary Cash Flow Benefits – Two Part Plan of Finance

- The Two Part Plan of Finance provides the following cash flow benefits⁽¹⁾:
 - ✓ The County can achieve nearly \$340,000 of budgetary cash flow savings in FY 2015 (via Parts 1 & 2 together);
 - ✓ Debt service increases are minimized from \$320,000 in the Original Plan of Finance to \$143,000 in the Revised Plan. Also, these increases would occur primarily after FY 2017; and
 - ✓ Mitigation of equivalent Real Estate tax impact when compared to the Original Plan of Finance (assuming Literary Loans) as shown below:

BEFORE

BEFORE: Original Plan of Finance			
FY	Projected Debt Service*	Debt Service Increase vs FY 2015 Budget	Equivalent Penny Impact

* Net of OSCB Subsidy

AFTER

AFTER: Two Part (Revised) Plan of Finance			
Projected	Debt Service Increase	Equivalent	
Debt Service *	vs FY 2015 Budget	Penny Impact	

* Net of OSCB Subsidy

- The table below shows the potential change in maximum debt service in 2020 based on market sensitivity:

FY	BEFORE		AFTER : Two Part Plan of Finance	
	Original Plan of Finance	Current Market	Current Market + 50 BPS	Current Market + 100 BPS
2020	2,134,350	1,966,300	2,010,000	2,045,000

(1) Assumes market conditions as of September 29, 2014. Preliminary, subject to change.



Preliminary Sources and Uses of Funds – Two Part Plan of Finance

- Preliminary Sources and Uses and All-in Cost (Based on market conditions as of 9/29/2014) are shown below:

	Part 1 Strategic Restructuring	Part 2 VPSA Permanent Financing	Current Total Market as of 9/29/2014 ⁽¹⁾	Prior Total Market as of 8/4/2014 ⁽¹⁾
Sources of Funds				
Bond Proceeds	3,340,000	7,600,000	10,940,000	10,745,000
Bond Premium	570,984	891,791	1,462,775	1,671,968
Unspent Bond Proceeds	-	2,000,000	2,000,000	2,000,000
Total Sources of Funds	3,910,984	10,491,791	14,402,775	14,416,968
Uses of Funds				
Payoff of Literary Loans	3,858,700	-	3,858,700	3,858,677
Payoff of 2011 Notes	-	10,372,180	10,372,180	10,346,356
Local Cost of Issuance	25,950	59,050	85,000	175,000
Underwriting Cost	25,050	57,000	82,050	32,235
Rounding	1,282	3,561	4,843	4,701
Total Uses of Funds	3,910,982	10,491,791	14,402,773	14,416,969
Preliminary Yields				
All-in Cost	2.27%	3.34%	Aggregate 2.34%	Aggregate 2.41%

- The preliminary all-in cost is approximately 2.34% for the entire transaction and is estimated to be approximately .07% lower than previously presented in August/September
- The proposed Local Cost of Issuance is approximately \$90,000 lower than initial estimates. The Local Cost of Issuance is for Financial Advisor (Davenport) and Local Bond Counsel (McGuireWoods) fees & expenses.
- VPSA costs are incorporated as an additional 0.05% to the actual interest rates over the life of the transaction.
- Underwriting Cost is determined by the actual competitive bidding of the VPSA bonds.

(1) Preliminary, subject to change. Based on market conditions as of September 29, 2014. Actual results may vary from these estimates.

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October 13/14, 2014

Next Steps



Date	Action
October 13	School Board Meeting to consider Resolution to Amend the Request to the Board of Supervisors regarding the VPSA Application (technical correction to initial application per VPSA's request).
October 14	County Board Meeting to consider the Authorizing Resolution to issue Bonds through VPSA.
October 20	Localities return Bond Sale Agreement. "Drop Dead Date" – Last opportunity for locality to change amount of requested financing or withdraw from sale.
October 29	VPSA Bond Sale.
Oct. 27-29	If necessary, County resolution to ratify interest rates on local bonds.
Nov. 17-18	Pre-closing
November 20	Closing

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October 13/14, 2014

Contact Information

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Version 01/13/2014 RK/DR

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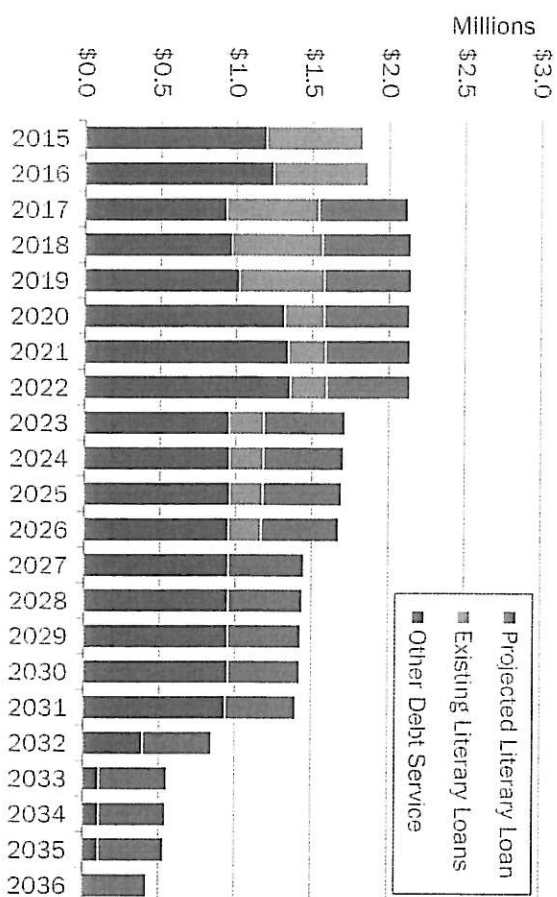
Appendix – Supporting Details



Scenario 1: Original Plan of Finance – 2% Literary Loan Take Out by 2016

- The Original Plan of Finance contemplated a 2% Literary Loan to be used as a permanent financing of the 2011 Notes as shown below.

– The Literary Loan assumes a 20 year financing with level principal at 2%.

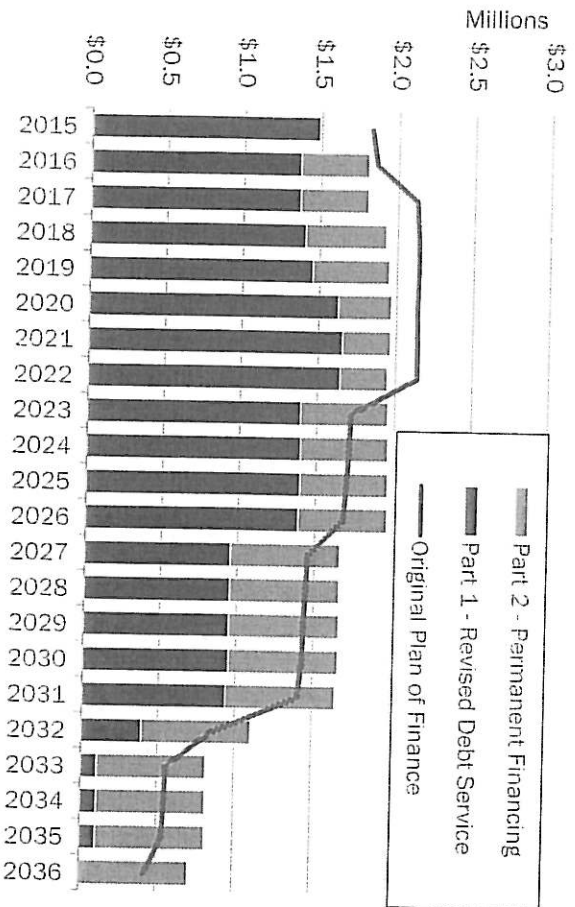


Fiscal Year	Other Debt Service	Existing Literary Loans	Projected Literary Loan	Total
Total	18,647,183	4,637,122	10,079,300	33,363,605
2015	1,195,017	628,225	-	1,823,241
2016	1,241,252	617,348	-	1,858,594
2017	932,796	606,460	-	1,539,256
2018	969,096	595,578	574,770	2,139,444
2019	1,019,896	556,846	566,440	2,143,182
2020	1,318,246	257,994	558,110	2,134,350
2021	1,344,095	244,040	549,780	2,137,915
2022	1,356,721	239,674	541,450	2,137,844
2023	955,620	229,105	533,120	1,717,845
2024	958,345	224,862	524,790	1,707,997
2025	959,396	220,619	516,460	1,696,475
2026	951,571	216,377	508,130	1,676,077
2027	951,921	-	499,800	1,451,721
2028	951,771	-	491,470	1,443,241
2029	950,021	-	483,140	1,433,161
2030	952,646	-	474,810	1,427,456
2031	935,111	-	466,480	1,401,591
2032	391,951	-	458,150	850,101
2033	104,951	-	449,820	554,771
2034	104,951	-	441,490	546,441
2035	101,814	-	433,160	534,974
2036	-	-	424,830	424,830

Scenario 2: Two Part (Revised) Plan of Finance

- The Two Part (Revised) Plan of Finance is shown below:
 - Part 1: Strategic Restructuring (Literary Loans); and
 - Part 2: Permanent Financing of 2011 Notes (Literary Loan Anticipation Notes).

Impact of Two Part Plan of Finance



- The VPSA transaction assumes a 22 year financing with structured debt service at 3.34% (All-in True Interest Cost⁽¹⁾ based on market conditions as of September 29, 2014 assuming callable premium bond structure).

(1) Preliminary, subject to change. Assumes pro-rata portion of total upfront costs (\$85,000 and Underwriting expense of \$7.50/\$1,000).

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Fiscal Year	Part 1: Revised Debt Service (See Page 18)	Part 2: VPSA Permanent Financing		Total
		Less: Refunded 2011 Notes Interest	VPSA Bonds	
Total	23,474,370	(464,850)	12,239,004	35,248,524
2015	1,639,084	(154,950)	-	1,484,134
2016	1,676,547	(309,900)	438,354	1,805,001
2017	1,366,897	-	440,103	1,807,000
2018	1,403,426	-	522,275	1,925,701
2019	1,453,697	-	492,680	1,946,377
2020	1,624,049	-	342,251	1,966,300
2021	1,654,414	-	311,241	1,965,655
2022	1,641,561	-	306,115	1,947,676
2023	1,391,194	-	564,424	1,955,618
2024	1,394,982	-	565,663	1,960,644
2025	1,396,085	-	566,144	1,962,228
2026	1,387,302	-	575,615	1,962,917
2027	951,921	-	710,541	1,662,462
2028	951,771	-	710,923	1,662,693
2029	950,021	-	714,915	1,664,936
2030	952,646	-	710,395	1,663,041
2031	935,111	-	712,614	1,647,724
2032	391,951	-	713,820	1,105,771
2033	104,951	-	709,115	814,066
2034	104,951	-	708,499	813,449
2035	101,814	-	711,769	813,583
2036	-	-	711,550	711,550



**RESOLUTION AUTHORIZING THE ISSUANCE OF A NOT TO EXCEED
\$13,275,000 GENERAL OBLIGATION SCHOOL BOND OF
SMYTH COUNTY, VIRGINIA, TO BE SOLD TO THE
VIRGINIA PUBLIC SCHOOL AUTHORITY AND PROVIDING
FOR THE FORM AND DETAILS THEREOF**

WHEREAS, the Board of Supervisors (the "Board") of Smyth County, Virginia (the "County"), has determined that it is necessary and expedient to borrow an amount not to exceed \$13,275,000 and to issue its general obligation school bond (as more specifically defined below, the "Local School Bond") for the purpose of refunding or refinancing certain outstanding Literary Fund Loans and the County's General Obligation Literary Loan Anticipation Notes, Series 2011B (the "Prior Obligations") issued to finance various capital projects for public school purposes;

WHEREAS, the refunding or refinancing of certain outstanding Literary Fund Loans is referred to in this Resolution as the "Restructuring."

WHEREAS, the School Board of the County has, by resolution, requested the Board to issue the Local School Bond and has consented to the issuance of the Local School Bond;

WHEREAS, pursuant to Section 15.2-2643, Code of Virginia 1950, as amended (the "Virginia Code") no public hearing is required in connection with the issuance of the Local School Bond;

WHEREAS, Virginia Public School Authority ("VPSA") has offered to purchase the Local School Bond along with the local school bonds of certain other localities with a portion of the proceeds of certain bonds to be issued by VPSA in the fall of 2014 (the "VPSA Bonds");

WHEREAS, the Bond Sale Agreement (as defined below) shall indicate an amount of proceeds requested of \$12,220,000, or such other amount as may be subsequently requested by the County Administrator (the "Proceeds Requested"), subject to the parameters set forth in this Resolution, from VPSA in connection with the sale of the Local School Bond;

WHEREAS, VPSA's objective is to pay the County a purchase price for the Local School Bond which, in VPSA's judgment, reflects the Local School Bond's market value (the "VPSA Purchase Price Objective"), taking into consideration such factors as the amortization schedule the County has requested for the Local School Bond relative to the amortization schedules requested by other localities, the purchase price to be received by VPSA from the sale of the VPSA Bonds and other market conditions relating to the sale of the VPSA Bonds; and

WHEREAS, such factors may result in requiring the County to accept a discount, given the VPSA Purchase Price Objective and market conditions, under which circumstances the proceeds from the sale of the Local School Bond received by the County may be less than the Proceeds Requested.

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

1. Authorization of Local School Bond and Use of Proceeds. The Board hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bond in an aggregate principal amount not to exceed \$13,275,000 (the "Local School Bond") for the purpose of refunding the Prior Obligations. The Board hereby authorizes the issuance and sale of the Local School Bond in the form and upon the terms established pursuant to this Resolution.

2. Sale of the Local School Bond. The sale of the Local School Bond, within the parameters set forth in paragraph 4 of this Resolution, to VPSA is authorized. Given the VPSA Purchase Price Objective and market conditions, the County acknowledges that the limitation on the maximum principal amount on the Local School Bond set forth in paragraph 1 of this Resolution may restrict VPSA's ability to generate the Proceeds Requested, however, the Local School Bond may not be sold for a purchase price less than 95% of the Proceeds Requested. The Chairman of the Board, the County Administrator, or either of them (each a "Delegate") and such other officer or officers of the County as either may designate are hereby authorized and directed to enter into an agreement with VPSA providing for the sale of the Local School Bond to VPSA (the "Bond Sale Agreement"). The Bond Sale Agreement shall be in substantially the form submitted to the Board at this meeting, which form is hereby approved.

3. Details of the Local School Bond. The Local School Bond shall be dated 16 days prior to the date of its issuance and delivery or such other date designated by VPSA; shall be designated "General Obligation School Bond, Series 2014"; shall bear interest from its dated date payable semi-annually on each January 15 and July 15 beginning July 15, 2015 (each an "Interest Payment Date"), at the rates established in accordance with paragraph 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal Payment Date") and in the amounts acceptable to a Delegate (the "Principal Installments"), subject to the provisions of paragraph 4 of this Resolution.

4. Interest Rates and Principal Installments. Each Delegate is hereby authorized and directed to accept the interest rates on the Local School Bond established by VPSA, provided that each interest rate shall be five one-hundredths of one percent (0.05%) over the interest rate to be paid by VPSA for the corresponding principal payment date of the VPSA Bonds, a portion of the proceeds of which will be used to purchase the Local School Bond, and provided further that the true interest cost of the Local School Bond does not exceed five and fifty one-hundredths percent (5.50%). The Interest Payment Dates and the Principal Installments are subject to change at the request of VPSA. Each Delegate is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of VPSA based on the final term to maturity of the VPSA Bonds, requirements imposed on VPSA by the nationally-recognized rating agencies and the final principal amount of the Local School Bond; provided, however, that the principal amount of the Local School Bond shall not exceed the amount authorized by this Resolution, the net present value cost of the Restructuring calculated by using the "all-in" cost of the Restructuring as the discount rate shall not exceed 4% of the principal amount of Prior Obligations refinanced by the Restructuring, and the final maturity of the Local School Bond shall not exceed 25 years from the date of the issuance and delivery of the Local School Bond. The execution and delivery of the Local School Bond as described in paragraph 8 hereof shall conclusively evidence

the approval and acceptance of all of the details of the Local School Bond by the Delegate as authorized by this Resolution.

5. **Form of the Local School Bond.** The Local School Bond shall be initially in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A.

6. **Payment; Paying Agent and Bond Registrar.** The following provisions shall apply to the Local School Bond:

(a) For as long as VPSA is the registered owner of the Local School Bond, all payments of principal, premium, if any, and interest on the Local School Bond shall be made in immediately available funds to VPSA at, or before 11:00 a.m. on the applicable Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next succeeding such Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption.

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

(c) U.S. Bank National Association, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Local School Bond.

7. **Prepayment or Redemption.** The Principal Installments of the Local School Bond held by VPSA coming due on or before July 15, 2024, and the definitive bond for which the Local School Bond held by VPSA may be exchanged that mature on or before July 15, 2024, are not subject to prepayment or redemption prior to their stated maturities. The Principal Installments of the Local School Bond held by VPSA coming due on or after July 15, 2025, and the definitive bond(s) for which the Local School Bond held by VPSA may be exchanged that mature on or after July 15, 2025, are subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any date on or after July 15, 2024, upon payment of the prepayment or redemption prices (expressed as percentages of Principal Installments to be prepaid or the principal amount of the Local School Bond to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2024 through July 14, 2025	101%
July 15, 2025 through July 14, 2026	100½%
July 15, 2026 and thereafter	100%

Provided, however, that the Local School Bond shall not be subject to prepayment or redemption prior to their stated maturities as described above without first obtaining the written consent of VPSA or other registered owner of the Local School Bond. Notice of any such prepayment or redemption shall be given by the Bond Registrar to VPSA or other registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

If VPSA refunds the VPSA Bonds in the future and such refunding causes the Local School Bond to be deemed refunded, the prepayment or redemption of the Local School Bond will be subject to VPSA approval and subject to similar prepayment or redemption provisions as set forth above that correspond to the call period of the VPSA bonds issued in part to refund the Local School Bond.

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

9. **Pledge of Full Faith and Credit.** For the prompt payment of the principal of, premium, if any, and the interest on the Local School Bond as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any portion of the Local School Bond shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the County subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Local School Bond as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

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

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

12. **Continuing Disclosure Agreement.** The Chairman of the Board, the County Administrator and such other officer or officers of the County as either may designate are hereby

authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix D to the Bond Sale Agreement, setting forth the reports and notices to be filed by the County and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12, under the Securities Exchange Act of 1934, as amended, and directed to make all filings required by Section 3 of the Bond Sale Agreement should the County be determined by VPSA to be a Material Obligated Person (as defined in the Bond Sale Agreement).

13. Refunding. (a) The Board hereby acknowledges that VPSA may issue refunding bonds to refund any bonds previously issued by VPSA, including the VPSA Bonds issued to purchase the Local School Bond, and that the purpose of such refunding bonds would be to enable VPSA to pass on annual debt service savings to the local issuers, including the County. Each of the Delegates is authorized to execute and deliver to VPSA such allonge to the Local School Bond, revised debt service schedule, IRS Form 8038-G or such other documents reasonably deemed necessary by VPSA and VPSA's bond counsel to be necessary to reflect and facilitate the refunding of the Local School Bond and the allocation of the annual debt service savings to the County by VPSA. The Clerk to the Board of Supervisors is authorized to affix the County's seal on any such documents and attest or countersign the same.

(b) The Board hereby authorizes and directs the County Administrator and the Chairman, either of whom may act, to exercise their discretion in determining whether or not to refund all or any portion of the Prior Obligations and in selecting the particular portions, if any, of the Prior Obligations to be refunded.

(a) The Board hereby authorizes and directs the County Administrator and the Chairman, either of whom may act, to cause each portion of the Prior Obligations selected for refunding under subparagraph (a) above to be called for optional redemption on its earliest optional redemption date required under applicable federal tax law. The redemption proceedings, including the giving of redemption notices to the holders of the refunded Prior Obligations, shall be done pursuant to the terms of the Prior Obligations.

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

15. Election to Proceed under Public Finance Act. In accordance with Section 15.2-2601 of the Virginia Code, the Board elects to issue the Local School Bond pursuant to the provisions of the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Virginia Code.

16. Further Actions. The members of the Board and all officers, employees and agents of the County are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Local School Bond and otherwise in furtherance of this Resolution and any such action previously taken is hereby ratified and confirmed.

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

* * *

The undersigned Clerk of the Board of Supervisors of Smyth County, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the Board of Supervisors held on October 14, 2014, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present. Members present at the meeting were: _____. Members absent from the meeting were: _____. Members voting in favor of the foregoing resolution were: _____. Members voting against the foregoing resolution were: _____. Members abstaining from voting on the foregoing resolution were: _____.

WITNESS MY HAND and the seal of the Board of Supervisors of Smyth County, Virginia, this 14th day of October, 2014.

Clerk, Board of Supervisors of Smyth County,
Virginia

[SEAL]

EXHIBIT A
(FORM OF TEMPORARY BOND)

NO. TR-1

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
SMYTH COUNTY
General Obligation School Bond
Series 2014

Dated Date: November ____ [16 days prior to issuance], 2014 **Issue Date:** November ___, 2014

SMYTH COUNTY, VIRGINIA (the "County"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** ("VPSA") the principal amount of _____ DOLLARS (\$ _____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 20__ and annually on July 15 thereafter to and including July 15, 20__ (each a "Principal Payment Date"), together with interest from the dated date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2015 (each an "Interest Payment Date"; together with any Principal Payment Date, a "Payment Date"), at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Principal of and interest and premium, if any, on this Bond are payable in lawful money of the United States of America.

For as long as VPSA is the registered owner of this Bond, U.S. Bank National Association, as bond registrar (the "Bond Registrar"), shall make all payments of the principal of and interest and premium, if any, on this Bond, without the presentation or surrender hereof, to VPSA, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed

for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of the principal of and interest and premium, if any, on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next succeeding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the County shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the Board of Supervisors authorizing the issuance of this Bond provides, and Section 15.2-2624, Code of Virginia 1950, as amended (the "Virginia Code"), requires, that there shall be levied and collected an annual tax upon all taxable property in the County subject to local taxation sufficient to provide for the payment of the principal of and interest and premium, if any, on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

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

This Bond may be exchanged without cost, on twenty (20) days written notice from the VPSA, at the office of the Bond Registrar on one or more occasions for one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of \$5,000 and whole multiples thereof, and having an equal aggregate principal amount, having principal installments or maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of the VPSA on the books of the County kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive bonds as hereinabove provided, such definitive bonds to be registered on such registration books in the name of the assignee or assignees named in such assignment.

The principal installments of this Bond coming due on or before July 15, 2024 and the definitive bonds for which this Bond may be exchanged that mature on or before July 15, 2024, are not subject to prepayment or redemption prior to their stated maturities. The principal installments of this Bond coming due on or after July 15, 2025, and the definitive bonds for which this Bond may be exchanged that mature on or after July 15, 2025, are subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any date on or after July 15, 2024, upon payment of the prepayment or redemption prices (expressed as percentages of principal installments to be prepaid or the principal amount of this Bond to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2024 through July 14, 2025	101%
July 15, 2025 through July 14, 2026	100½%

July 15, 2026 and thereafter

100%

Provided, however, that the principal installments on this Bond shall not be subject to prepayment or redemption prior to their stated maturities as described above without the prior written consent of VPSA or other registered owner of this Bond. Notice of any such prepayment or redemption shall be given by the Bond Registrar to VPSA or other registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

If VPSA refunds its bonds issued in part to purchase this Bond in the future and such refunding causes this Bond to be deemed refunded, the prepayment or redemption of this Bond will be subject to VPSA approval and subject to similar prepayment or redemption provisions as set forth above that correspond to the call period of the VPSA bonds issued in part to refund this Bond.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Board of Supervisors of Smyth County has caused this Bond to be issued in the name of Smyth County, Virginia, to be signed by its Chairman or Vice-Chairman, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated November __ [16 days prior to the closing date], 2014.

SMYTH COUNTY, VIRGINIA

(SEAL)

ATTEST:

Clerk, Board of Supervisors of the
Smyth County, Virginia

Chairman, Board of Supervisors of the
Smyth County, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and irrevocably constitutes and appoints

_____ attorney to exchange said Bond for
definitive bonds in lieu of which this Bond is issued and to register the transfer of such definitive
bonds on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

(NOTICE: Signature(s) must be guaranteed
by an "eligible guarantor institution" meeting
the requirements of the Bond Registrar which
requirements will include Membership or
participation in STAMP or such other
"signature guarantee program" as may be
determined by the Bond Registrar in addition
to, or in substitution for, STAMP, all in
accordance with the Securities Exchange Act
of 1934, as amended.

Registered Owner

(NOTICE: The signature above must
correspond with the name of the Registered
Owner as it appears on the front of this Bond
in every particular, without alteration or
change.)

VIRGINIA PUBLIC SCHOOL AUTHORITY
BOND SALE AGREEMENT

Name of County, City or Town (the "Locality"): County of Smyth, Virginia

VPSA Sale Date: Expected to be on or about October 29, 2014

Closing Date: Expected to be on or about November 20, 2014

Proceeds Requested: \$12,220,000

Maximum Authorized Par Amount: \$13,275,000

Amortization Period:

Please specify your preferred amortization
schedule (*check one preference*):

- ☐ Level Debt Service
☐ Level Principal
☒ Other (attach proposed amortization
structure)*

Number of Years of Principal Amortization:
20 years, beginning (*Check requested date*):

- ☒ July 15, 2015
☐ July 15, 2016
☐ Other

* See attached Exhibit A.

1. Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of VPSA's 2014 Fall Pool Bonds (the "VPSA Bonds"), your general obligation school bond ("local school bond") at a price, determined by VPSA to be within the parameters set forth in your local resolution (as defined below) that, subject to VPSA's *purchase price objective* and market conditions described below, is substantially equal to your Proceeds Requested set forth above (as authorized by your local resolution). The sale date of the VPSA Bonds is tentatively scheduled for the week of October 27, 2014 but may occur, subject to market conditions, at any time between October 27, 2014 and December 31, 2014 (the "VPSA Sale Date"). You acknowledge that VPSA has advised you that its objective is to pay you a purchase price for your local school bond which in VPSA's judgment reflects its market value ("*purchase price objective*") taking into consideration such factors as the amortization schedule you have requested for your local school bond (as set forth above) relative to the amortization schedules requested by the other localities for their respective bonds, the purchase price received by VPSA for the VPSA Bonds and other market conditions relating to the sale of the VPSA Bonds. You further acknowledge that VPSA has advised you that such factors may result in your local school bond having a value other than par and that in order to receive an amount of proceeds that is substantially equal to your Proceeds Requested, you may need to issue your local school bond with a par amount that is greater or less than your Proceeds

Requested. You, at the request of VPSA, agree to issue your local school bond in a par amount not in excess of the Maximum Authorized Par Amount to provide, to the fullest extent practicable given VPSA's *purchase price objective*, a purchase price for your local school bond and a proceeds amount that is substantially equal to your Proceeds Requested. You acknowledge that the purchase price for your local school bond will be less than the Proceeds Requested should the Maximum Authorized Par Amount be insufficient, based upon VPSA's *purchase price objective*, to generate an amount of proceeds substantially equal to your Proceeds Requested.

2. You represent that on or before October 20, 2014, your local governing body will have duly authorized the issuance of your local school bond by adopting a resolution in substantially the form attached hereto as **Appendix B** (the "local resolution") and that your local school bond will be in the form set forth in the local resolution. Any changes that you or your counsel wish to make to the form of the local resolution and/or your local school bond must be approved by VPSA prior to adoption of the local resolution by your local governing body.
3. You represent that the information provided in your VPSA financing application under the Section entitled "Tax Matters," together with all attachments to such responses and supplemental and/or amendatory letters and information, is, [except to the extent modified by the representations contained in Schedule I hereto]¹, true, accurate and complete on the date hereof and there are no facts or circumstances that would cause such information to be materially inaccurate or incomplete.
4. You hereby covenant that you will comply with and carry out all of the provisions of the Continuing Disclosure Agreement in the form attached hereto as **Appendix D**, which agreement is hereby incorporated by reference herein and expressly made a part hereof for all purposes. VPSA has defined a Material Obligated Person ("MOP") for purposes of the Continuing Disclosure Agreement as any Local Issuer (as defined therein) the principal amount of whose local school bond(s) pledged under VPSA's 1997 Resolution comprises more than 10% of the total principal amount of all bonds of VPSA outstanding under the 1997 Resolution. MOP status with respect to the VPSA Bonds will be determined by comparing the principal amount of your local school bond(s) to the principal amount of the bonds outstanding under the 1997 Resolution. MOP status for future VPSA bonds issued under the 1997 Resolution will be determined by adding the principal amount of your local school bond(s) to be sold to VPSA and the principal amount of your local school bond(s) previously sold to VPSA and pledged under VPSA's 1997 Resolution and measuring the total against 10% of the face value of all bonds of VPSA outstanding as of a bond closing date under VPSA's 1997 Resolution. If you are or may be a MOP with respect to the VPSA Bonds, VPSA will require that you file all the information described in the following paragraph prior to VPSA's distribution of its Preliminary Official Statement, currently scheduled for the week of October 20, 2014.

¹ To the extent any information in the financing application has changed, please provide a revised application that clearly indicates the updated information.

You acknowledge that if you are, or in the sole judgment of VPSA may be, a MOP following the issuance of your local school bond that is the subject of this Bond Sale Agreement, VPSA will include by specific reference in its Preliminary Official Statements and final Official Statements (for this sale and, if you remain a MOP or become a MOP again after ceasing to be a MOP, for all applicable future sales) the information respecting you ("Your Information") that is on file with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System. Accordingly, if VPSA has determined that you are at any time a MOP (I) following the delivery of your local school bond to VPSA in connection with this sale, or (II) during the course of any future sale, whether or not you are a participant in such sale, you hereby represent and covenant to VPSA that you will file such additional information, if any, as is required so that Your Information, as of each of (I)(A) the date of VPSA's applicable Preliminary Official Statement (in the case of this sale, expected to be October 21, 2014), (B) the date of VPSA's applicable final Official Statement (in the case of this sale, expected to be October 29, 2014) and (C) the date of delivery of VPSA's Bonds (in the case of this sale, expected to be November 20, 2014) and (II) such other dates associated with future sales as VPSA may specify to you, will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's official statement or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading. You further agree to furnish to VPSA a copy of all filings related to your local school bond(s) you make with the MSRB subsequent to the date of this Agreement. Such copy will be furnished to VPSA on or before the day that any such filing is made.²

VPSA will advise you in writing within 60 days after the end of each fiscal year if you were a MOP as of the end of such fiscal year. Upon written request, VPSA will also advise you of your status as a MOP as of any other date. You hereby covenant that you will provide the certificate described in clause (e) of Section 4 below if VPSA includes Your Information by specific reference in its disclosure documents in connection with this sale or any future sale, whether or not you are a participant in such sale.

5. VPSA's commitment to purchase your local school bond is contingent upon (I) VPSA's receipt on the Closing Date of (a) your local school bond which shall include and otherwise meet the Standard Terms and Conditions contained in Appendix A hereto, (b) certified copies of the local resolution (see Appendix B attached hereto) and the school board resolution, if applicable (see Appendix C attached hereto), (c) an executed agreement, among VPSA, you and the other, if applicable, local units simultaneously selling their bonds to VPSA, the depository and the investment manager for the State Non-Arbitrage Program[®] ("SNAP[®]"), providing for the custody, investment and disbursement of the proceeds of your bonds and the other general obligation school bonds, and the payment by you and the other local units of the allocable, associated costs

² To provide you some perspective on this requirement, as of June 30, 2014, VPSA would have had to have pledged under its 1997 Resolution approximately \$271 million of your bonds for you to have been designated a MOP.

of compliance with the Internal Revenue Code of 1986, as amended, and any costs incurred in connection with your participation in SNAP[®] (the "Proceeds Agreement"), (d) an executed copy of a Use of Proceeds Certificate and Tax Compliance Agreement (the "Tax Compliance Agreement") in the form provided by VPSA's bond counsel, (e) if you are a MOP and VPSA has included by specific reference Your Information into VPSA's Preliminary and final Official Statement, your certificate dated the date of the delivery of the VPSA Bonds to the effect that (i) Your Information was as of the date of VPSA's Preliminary and final Official Statements, and is as of the date of the certificate which shall be dated the closing date, true and correct and did not and does not contain an untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's Official Statements or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading, and (ii) you have complied with your undertakings regarding the amendments adopted on November 10, 1994 to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, for the preceding five years, (f) an approving legal opinion from your bond counsel in form satisfactory to VPSA as to (1) the validity of your local school bond, (2) the current and expected use of the proceeds of your local school bond and the financed property by the Locality and the School Board of the Locality will not result in the local school bond being considered a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended, (3) the conformity of the terms and provisions of your local school bond to the requirements of this Bond Sale Agreement including the appendices attached hereto, and (4) the due authorization, execution and delivery of this Bond Sale Agreement, Continuing Disclosure Agreement, the Tax Compliance Agreement and the Proceeds Agreement, and the validity of the Continuing Disclosure Agreement, the Tax Compliance Agreement and the Proceeds Agreement, (g) a transcript of the other customary closing documents not listed above, and (i) the proceeds of the VPSA Bonds, (II) if you will be using the proceeds of your local school bond to retire a bond anticipation note, certificate of participation or other form of financing (the "Refunded Debt"), receipt by VPSA of (a) an opinion of your bond counsel that, as of the Closing Date, the Refunded Debt will have been paid in full or defeased according to the provisions of the instrument authorizing the Refunded Debt (in rendering such opinion bond counsel may rely on a letter or certificate of an accounting or financial professional as to any mathematical computations necessary for the basis for such opinion) and (b) an executed copy of the escrow deposit agreement/letter of instruction providing for the retirement of the Refunded Debt and (III) your compliance with the terms of this Bond Sale Agreement. One complete original transcript of the documents listed above shall be provided by your counsel to McGuireWoods LLP, bond counsel to VPSA, on the Closing Date or, with VPSA's permission, as soon as practicable thereafter but in no event more than thirty (30) business days after the Closing Date.

6. Subject to the conditions described in Section 4 hereto, this Bond Sale Agreement shall become binding as of the later of the VPSA Sale Date and the date you execute this Bond Sale Agreement.

Dated as of October 20, 2014.

VIRGINIA PUBLIC SCHOOL AUTHORITY

COUNTY OF SMYTH, VIRGINIA

By: _____
Authorized VPSA Representative

By: _____
Name: Michael Carter
Title: County Administrator

(For information only; not part of the Bond Sale Agreement.)

Please have the presiding officer, or other specifically designated agent, of your governing body execute **two (2)** copies of this Bond Sale Agreement and **return them no later than close of business on October 20, 2014 to, Deidre Jett, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879 or by hand or courier service, James Monroe Building- 3rd Floor, 101 N. 14th Street, Richmond, Virginia 23219. VPSA recommends the use of an overnight delivery service to ensure timely arrival of your documents.** If your governing body or bond counsel requires more than one originally signed Bond Sale Agreement, please send the appropriate number; all but one will be returned at closing.

APPENDIX A - Standard Terms and Conditions
APPENDIX B - Form of Bond Resolution
APPENDIX C - Form of School Board Resolution
APPENDIX D - Continuing Disclosure Agreement

A meeting of the Smyth County Budget Committee was held at the County Office Building on Tuesday, October 7, 2014 at 4:00 P.M.

Committee Members Present: Chilhowie District Supervisor Wade H. Blevins, Jr., Chairman
Park District Supervisor M. Todd Dishner, Vice-Chair
Rye Valley District Supervisor Rick K Blevins

Staff Members: Michael Carter, County Administrator
Scott Simpson, Assistant County Administrator
Kelly Woods, Administrative Assistant
Michelle Clayton, County Attorney

Others Present: Dr. Mike Robinson, Superintendent Smyth County Schools
Susan Williams, School Board Member
Jesse Choate, School Board Member
Paul Grinstead, School Board Member
Roland Kooch (Via Conference Call), Davenport & Co.

Chairman Blevins called the meeting to order at 3:32pm.

Roland Kooch with Davenport & Company presented information concerning the VPSA Two Part Plan of Finance for Smyth County. Discussion continued on this item, with several members asking questions throughout the presentation.

Michael Carter, County Administrator requested a fund transfer in the amount of \$800.00 to construct an office within the County Administrator's Office. Todd Dishner made a motion to approve the transfer. Rick Blevins seconded the motion. The motion was approved with a 2-1 vote.

With nothing further to discuss, Chairman Blevins adjourned the meeting at 4:36 P.M.



Smyth County Planning Commission

121 Bagley Circle, Suite 120, Marion, VA 24354
Phone (276) 706-8316 Fax (276) 783-9314

Charles Wassum, Atkins District
Graham Davidson, Chilhowie District
Norman Sparks, North Fork District
Joel Pugh, Park District
Robbie Doyle, Royal Oak District
Pokey Harris, Rye Valley District
Wayne Venable, Saltville District
Clegg Williams, Zoning Administrator
Becca Marean, Administrative Assistant

To: Michael L. Carter
From: Clegg Williams *CW*
Date: September 29, 2014
Subject: Recommendation from Planning Commission
Special Use Permit request from William R. Stevenson
Tax Map No. 49-A-18

At the joint public hearing on Thursday, September 25, 2014 the following motion was rendered:

Commissioner Robbie Doyle made a motion to recommend approval of William R. Stevenson's request for a Special Use Permit to expand a non-conforming use (Manufactured Home Park in the A/R District) behind 6275 Lee Hwy and 6306 Mill Lane in Atkins. Commissioner Joel Pugh seconded the motion.

After consideration, the motion PASSED by the following vote:

AYES:	Sparks, Doyle, Pugh, and Davidson
NAYS:	None.
ABSTAINERS:	None.
ABSENT:	Wassum and Harris



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Norman Sparks, North Fork District
Joel Pugh, Park District
Robbie Doyle, Royal Oak District
Pokey Harris, Rye Valley District
Wayne Venable, Saltville District
Clegg Williams, Zoning Administrator
Becca Marean, Administrative Assistant

To: Michael L. Carter
From: Clegg Williams CW
Date: September 29, 2014
Subject: Recommendation from Planning Commission
Text and Map Amendment to 2013 Comprehensive Plan

At the joint public hearing on Thursday, September 25, 2014 the following motion was rendered:

Commissioner Wayne Venable made a motion to recommend amending the text and future land use map to the 2013 Comprehensive Plan as follows. Commissioner Robbie Doyle seconded the motion:

- Institutional/Public Service Land Uses This land use category on the future land use map includes a number of different types of land uses such as the county waste transfer station and former landfill property, the Game and Inland fisheries property on Route 16 South, school properties such as the Smyth Career and Technology Center at Seven Mile Ford, and the major AEP substation and adjacent proposed power plant site at Broadford and the proposed power plant site on Mulberry Lane. This is a miscellaneous land use category, but it is important to show on the future land use map due to the importance of these types of land uses for the county's future.

After consideration, the motion PASSED by the following vote:

AYES: Sparks, Doyle, Pugh, and Davidson
NAYS: None.
ABSTAINERS: None.
ABSENT: Wassum and Harris



Smyth County Planning Commission

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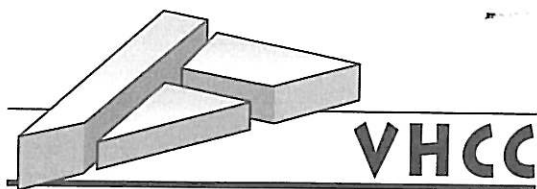
To: Michael L. Carter
From: Clegg Williams *CW*
Date: September 29, 2014
Subject: Recommendation from Planning Commission
Bryan Stokes Conservation Easement

At the Planning Commission's meeting on Thursday, September 25, 2014 the following motion was rendered:

Commissioner Robbie Doyle made a motion to recommend the Board proceed with providing a letter of support for Bryan Stokes' proposed conservation easement. Commissioner Joel Pugh seconded the motion.

After consideration, the motion PASSED by the following vote:

AYES:	Sparks, Doyle, Pugh, and Davidson
NAYS:	None.
ABSTAINERS:	None.
ABSENT:	Wassum and Harris



Virginia Highlands Community College
P.O. Box 828 • Abingdon, Virginia • 24212-0828
www.vhcc.edu • 276-739-2400

September 24, 2014

Mr. Michael Carter
Administrator, Smyth County
121 Bagley Circle, Suite 100
Marion, VA 24354

Dear Mr. Carter:

I am writing to request your assistance in identifying a member of the Smyth County Board of Supervisors to become a member of the Virginia Highlands Community College (VHCC) Community Ambassadors. Please facilitate the selection in the manner that you feel is appropriate.

What are the VHCC Community Ambassadors? It is a group of community members from Washington County, Smyth County and Bristol that are interested in learning more about the College.

What are the terms and responsibilities of membership? The term of your appointment will be for two years. There will be three meetings per year – fall semester (typically October), spring semester (typically March), and summer semester (typically June). Responsibilities are to attend and participate in the meetings.

What will a typical meeting be like? The meetings will be from noon to 1:15 p.m. The College will provide lunch, a program, and a brief tour. We pledge to have all activities concluded by 1:15 p.m.

The schedule of topics for our programs will be as follows:

Fall 2014 – College Overview
Spring 2015 – Nursing and Allied Health Division
Summer 2015 – Business, Humanities and Science Division
Fall 2015 – Workforce Training and Continuing Education
Spring 2016 – College Support Systems for Students
Summer 2016 – VHCC Foundation

VHCC Ambassadors
September 24, 2014
Page 2

If I agree to participate, will I be expected to make a donation to the College? The purpose is centered around "friendraising."

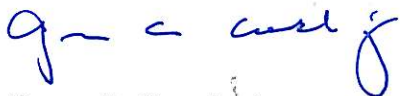
I hope that you will agree to participate in the VHCC Community Ambassador's program. The list of individuals that have been invited to participate is attached for your review. Please contact Dawn Jessee by Monday, October 6th, at djessee@vhcc.edu or call 276-739-2420 if you are able to participate in this very important program. Due to meeting schedules or other variables, if you need additional time to identify the supervisor, please take the time you need. However, I hope you can identify someone prior to the October 29 meeting.

Our first meeting will be on Wednesday, October 29, 2014 at noon. If you agree to be a part of the first VHCC Community Ambassadors, additional informational (parking, food preferences, etc.) will be forthcoming closer to the event date.

I hope you will join us as we look to take VHCC to new levels of service and excellence.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gene C. Couch, Jr.", with a stylized flourish at the end.

Gene C. Couch, Jr.
President

Attachment

Virginia Highlands Community College
Community Ambassador Potential Members

2014-2016

1. Marc Ammen, CEO of Universal Fibers
2. Jamea Blevins, State Farm Insurance
3. Catherine Brillhart, Mayor for City of Bristol
4. Senator Bill Carrico
5. Tommy Casteel, Director of Social Services
6. Stacey Ely, Director of Government Relations at Mountain States Health Alliance
7. Barbara Farmer, Pleasant View United Methodist Church
8. Marcia Gilliam, CSE Insurance
9. Gil Graham, Plant Manager at Sholle Packaging
10. Jeff Hawkins, Principal of John S. Battle High School
11. Kristie Helms, Eastman Credit Union
12. Kenny Hobbs, Dutt & Wagner
13. Kevin Mumpower, Vice President of Bristol Compressors
14. Beth Rhinehart, Director of Government Relations at Wellmont Health System
15. Gary Ritchie, Assistant Superintendent of Bristol City Schools
16. Steve Smith, President & CEO of KVAT/Food City
17. A representative from the Board of Supervisors for Smyth County
18. K. C. St. Louis, Olive Oil Company
19. Mike Stollings, Human Resource Manager, Electro-Mechanical Corporation
20. A representative from the Board of Supervisors for Washington County
21. Songia Widener, Principal of Smyth Career & Technology Center