

**VIRGINIA PUBLIC SCHOOL AUTHORITY  
SCHOOL TAX CREDIT BOND PROGRAM**

**BOND SALE AGREEMENT**

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

VPSA Sale Date: Expected to be on or about October 28, 2009

Closing Date: Expected to be on or about November 12, 2009

Proceeds Requested: \$18,000,000

Maximum Authorized Par Amount: \$19,000,000

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The Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of VPSA's School Tax Credit Bonds (Qualified School Construction Bonds), Series 2009-1 (the "VPSA Bonds"), your general obligation school bond ("local school bond") at a price, determined by VPSA to be fair and accepted by you, 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, as defined below). The sale date of the VPSA Bonds is tentatively scheduled for October 28, 2009 but may occur, subject to market conditions, at any time between October 20, 2009 and November 4, 2009 (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 purchase price received by VPSA for the VPSA Bonds, the underwriters' discount and other issuance costs of 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 13, 2009, your local governing body will have duly authorized the issuance of your local school bond by adopting a resolution in 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.<sup>1</sup>

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 E, 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 Locality the principal amount of whose local school bond pledged under the Master Trust Indenture dated as of October 1, 2009 between VPSA and U.S. Bank National Association, as trustee, as amended and supplemented from time to time (the "Indenture") comprises more than 10% of the total principal amount of all bonds of VPSA outstanding under the Indenture. MOP status with respect to the VPSA Bonds as the first series of bonds under the Indenture, will be determined by comparing the principal amount of your local school bond to the principal amount of the VPSA Bonds. MOP status for future VPSA bonds issued under the Indenture 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 the Indenture and measuring the total against 10% of the face value of all bonds of VPSA outstanding as of a bond closing date under the Indenture. 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 not later than October 19, 2009.

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 not later than October 19, 2009), (B) the date of the VPSA's applicable final Official Statement (in the case of this sale, expected to be on or about October 28, 2009) and (C) the date of delivery of VPSA's bonds (in the case of this sale, expected to be November 12, 2009) 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

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<sup>1</sup> The local resolution has been drafted for the issuance of bonds by a County. Bond counsel will need to make appropriate changes in the local resolution for the issuance of bonds by a City or Town.


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.

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.


4. 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 local units simultaneously selling their bonds to VPSA, and the payment by you and the other local units of the allocable, associated costs of compliance with the Internal Revenue Code of 1986, as amended (the "Proceeds Agreement"), (d) an executed copy of the Use of Proceeds Certificate and Tax Compliance Agreement (the "Tax Compliance Agreement") in the form attached hereto as Appendix D, (e) if 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 VPSA's 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, 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 in all material respects 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 the validity of your local school bond, 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 the due authorization, execution and delivery of this Bond Sale Agreement, Continuing Disclosure Agreement, Tax Compliance Agreement and the Proceeds Agreement, and the validity of the Continuing Disclosure Agreement, the Tax Compliance Agreement and the Proceeds Agreement, (g) such other closing documents as the underwriters of the VPSA Bonds may reasonably request, and (h) a transcript of the other customary closing documents not listed above, and (i) the proceeds of the sale of the VPSA Bonds. 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.
5. 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: October 16, 2009

**VIRGINIA PUBLIC SCHOOL AUTHORITY**

By:   
Authorized VPSA Representative

**CITY OF PORTSMOUTH,  
VIRGINIA**

By:   
Name: Kenneth L. Chandler  
Title: City Manager

[SIGNATURE PAGE OF BOND SALE AGREEMENT]