

EXEMPT FROM CLERK'S FEE PURSUANT TO VIRGINIA CODE SECTION 17.1-266

**EXEMPT FROM RECORDATION TAXES PURSUANT
TO VIRGINIA CODE SECTION 58.1-811.E**

GROUND LEASE

THIS GROUND LEASE, dated as of the 1st day of April, 2022, is a deed of lease and is between the **CARROLL COUNTY SCHOOL BOARD (the "School Board")** as lessor and grantor for indexing purposes, and the **ECONOMIC DEVELOPMENT AUTHORITY OF CARROLL COUNTY, VIRGINIA** a political subdivision of the Commonwealth of Virginia, (**the "Authority"**), as lessee and grantee for indexing purposes.

WITNESSETH:

WHEREAS, the Authority desires to acquire a leasehold interest in the Carroll County High School property, located in Carroll County, Virginia (**the "County"**), as more fully described in **Exhibit A** hereto, (**the "Leased Property"**), to provide funds to refund the Authority's \$5,932,500 Lease Revenue Bond, Series 2014 (**the "Refunded Bond"**), originally issued to finance a portion of capital needs for Carroll County Public Schools, consisting of capital costs related to HVAC projects, an Agriculture STEM lab and gas transmission lines within district school buildings (**the "Project"**), through the issuance by the Authority of its \$5,800,000 Lease Revenue Refunding Bond, Series 2022 (**the "Bond"**); and

WHEREAS, the Authority, the County and Webster Bank, National Association (**the "Lender"**) have entered into a Bond Purchase Agreement, dated as of April 1, 2022 (**the "Bond Purchase Agreement"**), to provide the terms for the issuance of the Bond, the proceeds of which will refund the Refunded Bond as described above and pay costs of issuing the Bond; and

WHEREAS, the School Board holds the fee simple title to the Leased Property; and

WHEREAS, the School Board desires to lease the Leased Property to the Authority to refund the Refunded Bond and, in turn, such Leased Property will be leased to the County pursuant to a Lease Agreement, between the Authority and the County, dated as of the date hereof (**the "Lease Agreement"**); and

WHEREAS the Authority desires to enter into this Ground Lease with the School Board in order to refund the Refunded Bond; and

WHEREAS, pursuant to Section 22.1-129(B) of the Code of Virginia of 1950, as amended, the School Board is authorized to enter into leases of real property;

Prepared by and return to:
Sands Anderson PC
Daniel M. Siegel, Esquire
P.O. Box 1998
Richmond, Virginia 23219
(804) 648-1636
VSB # 20523

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained and other valuable consideration, the parties hereto covenant and agree as follows:

Section 1. Lease of Leased Property. The School Board hereby demises and leases to the Authority, and the Authority hereby leases from the School Board, the Leased Property, together with all improvements now or hereafter located thereon or situated thereon, subject to the terms and provisions of this Ground Lease.

Section 2. Term. The term of this Lease shall commence on the execution hereof and shall expire at 11:59 p.m., November 1, 2048 as to the Leased Property, unless such term is sooner terminated as hereinafter provided.

Section 3. Rental. The Authority shall pay to the School Board, upon the execution hereof, as and for rental hereunder the sum of \$10.00 from the proceeds of the Bond and other valuable consideration upon the execution of this Ground Lease, receipt of which is hereby acknowledged, representing rental of the Leased Property in advance for the term of this Ground Lease.

Section 4. Purpose. The Authority shall use the Leased Property for leasing of the Leased Property to the County pursuant to the terms of the Lease Agreement, as well as for such purposes as may be incidental thereto; provided, however, that if any default by the County (which is not cured within any applicable notice and cure period) or an event of non-appropriation by the County occurs under the Lease Agreement, then the Lender shall be entitled to use the Leased Property for any use in accordance with all applicable laws for the remainder of the term hereof.

Section 5. Title to Leased Property. The School Board represents and warrants that it is the owner in fee simple of the Leased Property and that its title is good and marketable.

Section 6. Assignment and Sublease. The Authority may assign its rights under this Ground Lease or encumber its rights hereunder or sublet the Leased Property without the consent of the School Board only (a) in connection with any assignment of its rights under the Lease Agreement, (b) if the Lease Agreement is terminated for any reason, including without limitation, because of a failure of appropriation or (c) if an Event of Default, as defined in the Lease Agreement, has occurred and is continuing. The Authority shall not assign its interest in this Ground Lease or encumber its rights hereunder or sublet the Leased Property without the consent of the Lender.

Section 7. Fees and Expenses. The County has agreed under the Lease Agreement to pay, subject to appropriation by the County, all reasonable expenses of the Authority arising out of the transactions contemplated by the Basic Agreements (as defined in the Lease Agreement).

Section 8. Termination.

(a) In the event the County makes all of the payments of Basic Rent and Additional Rent (each as defined in and provided for in the Lease Agreement) or upon the

expiration of the term hereof, the leasehold estate of the Authority hereunder shall be transferred, conveyed and assigned by the Authority to the School Board. The Authority agrees, upon such transfer, conveyance, assignment and termination, to surrender the Leased Property to the School Board, or as instructed by the School Board, after taking all actions necessary by law to permit such transfer, conveyance and assignment and, upon the request of the School Board, to execute an appropriate instrument evidencing such transfer, conveyance and assignment.

(b) The School Board shall not have the right to exclude the Authority from the Leased Property or take possession of the Leased Property (other than pursuant to the Lease Agreement) or to terminate this Ground Lease prior to the expiration of its term upon any default by the Authority of its obligations hereunder, except that if, upon payment by the County of all amounts specified in Section 4.12 of the Lease Agreement, the Authority fails to convey its leasehold estate hereunder to the School Board, then the School Board shall have the right to terminate this Ground Lease, such termination to be effective 30 days after giving notice of such termination to the Authority and, itself, convey its interest in the Leased Property to the School Board. However, in the event of a default by the Authority hereunder, the School Board may maintain an action for specific performance.

Section 9. Quiet Enjoyment. Subject to the Lease Agreement, the Authority at all times during the term of this Ground Lease shall peaceably and quietly have, hold and enjoy the entire leasehold estate created hereunder.

Section 10. Notices. All notices to be given under this Ground Lease shall be in writing and shall be deemed to have been given when delivered in person or when mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Authority, c/o Carroll County Administration Office, 605-1 Pine Street, Hillsville, Virginia 24343 (Attention: County Administrator), or (b) if to the School Board, c/o Carroll County School Superintendent, 605-9 Pine Street, Hillsville, Virginia 24343.

Section 11. Severability. If any provision of this Ground Lease shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 12. Additional Provisions. All costs and expenses in connection with the undertaking to refund the Refunded Bond and the issuance of the Bond, including the Authority's expenses, the fees and expenses of the School Board and its counsel, the County and its counsel, the fees and expenses of the Bond Counsel and the Lender and its counsel and other related costs of issuance, for the sale of the Bond, shall be paid for the proceeds therefrom as applicable, or other funds of the County. If for any reason the Bond is not issued, it is understood that all such expenses shall be paid by the County and that the Authority shall have no responsibility therefor.

Section 13. Indemnification. The County by acceptance of this financing under the Lease Agreement has agreed to indemnify, defend and save harmless, to the extent permitted by law, the Authority, its officers, members, directors, employees and agents from and against all

liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the issuance of the Bond.

Section 14. Liability of Authority. Notwithstanding any provision of this Ground Lease to the contrary, the obligations of the Authority under this Ground Lease are not general obligations of the Authority, but are limited obligations payable solely from payments of Basic Rent and Additional Rent, if any. No director or officer of the Authority shall be personally liable on the Authority's obligations hereunder.

Section 15. Successors and Assigns. This Ground Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 16. Counterparts. This Ground Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same Ground Lease.

Section 17. Governing Law. This Ground Lease shall be governed by the laws of the Commonwealth of Virginia.

Section 18. No Merger. The reversionary and leasehold estates in and to the Leased Property created by this Ground Lease shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the School Board, the County, the Lender, any lessee or any third party, unless the person holding both of such estates shall expressly elect in writing for them to merge.

IN WITNESS WHEREOF, the parties have caused this Ground Lease to be duly executed as of the date first above written, by their duly authorized representatives.

**ECONOMIC DEVELOPMENT AUTHORITY
OF CARROLL COUNTY, VIRGINIA**

By: _____

Chairman

COMMONWEALTH OF VIRGINIA)
COUNTY OF CARROLL (AT LARGE))

The foregoing instrument was acknowledged before me in the County of Carroll, Virginia, this ____ day of April, 2022, by _____, as Chairman of the Economic Development Authority of Carroll County, Virginia.

My commission expires: ___/___/___

My Commission ID number is _____

Notary Public

CARROLL COUNTY SCHOOL BOARD

By: _____
Chairman

COMMONWEALTH OF VIRGINIA)
COUNTY OF CARROLL (AT LARGE))

The foregoing instrument was acknowledged before me in the County of Carroll, Virginia, this _____ day of April, 2022, by _____, as Chairman of the Carroll County School Board.

My commission expires: __/__/__

My Commission ID number is _____

Notary Public

Exhibit A

Property Description

CARROLL COUNTY HIGH SCHOOL PROPERTY