

PAYING AGENT AGREEMENT

This Paying Agent Agreement (this “Agreement”), is entered into as of September [28], 2017, by and between the **VIRGINIA SMALL BUSINESS FINANCING AUTHORITY** (the “Issuer”), **VIRGINIA SAVES GREEN COMMUNITY PROGRAM, INC.** (the “Borrower”), the **ALBEMARLE COUNTY SCHOOL BOARD** (the “School Board”), **CLEANSOURCE CAPITAL, LLC** (the “Administrator”) and **U.S. BANK NATIONAL ASSOCIATION** (the “Paying Agent” or “Bond Registrar”).

WHEREAS, the Issuer has duly authorized and provided for the issuance of the Taxable Qualified Energy Conservation Bond (Direct Pay) (VirginiaSAVES Green Community Program – Albemarle County Public Schools Project), Series 2017, in the principal amount of \$[7,900,000] (the “Bond”), which is being issued under the VirginiaSAVES Green Community Program established by the Governor of Virginia’s Executive Order 36, sponsored by the Virginia Department of Mines, Mineral and Energy and administered by the Administrator pursuant to the Administrative Services Agreement dated August 31, 2015 between the Administrator and the Issuer;

WHEREAS, the Issuer has entered into a Bond Purchase and Lease Acquisition Agreement, dated as of September [28], 2017 (the “Bond Purchase Agreement”), among the Issuer, Banc of America Leasing & Capital, LLC (the “Purchaser” and initial Holder, as defined in the Bond Purchase Agreement), the Borrower and the School Board, for the initial sale of the Bond to Purchaser;

WHEREAS, the Issuer will ensure that all things necessary to make the Bond the valid obligation of the Issuer will be done upon the issuance and delivery thereof;

WHEREAS, the Issuer wishes to appoint a paying agent for the purpose of paying the principal of, redemption premium (if any) and interest on the Bond, in accordance with the terms of the Bond (collectively, the “Bond Payments”);

WHEREAS, the Paying Agent agrees to serve in such capacities for and on behalf of the Issuer;

WHEREAS, the Issuer has loaned the proceeds of the sale of the Bond to the Borrower who in turn has made the proceeds from such loan available to the School Board to finance the Project;

WHEREAS, the School Board agreed to make certain payments identified herein to the Borrower for the amounts owed under the Financing Lease dated as of September [28], 2017 between the Borrower and the School Board (collectively, the “Financing Lease Payments”) and the right to receive the Financing Lease Payments was assigned by the Borrower to the Purchaser as the initial Holder of the Bond;

WHEREAS, certain of the Financing Lease Payments shall be due thirty (30) days prior to the date the Bond Payments are due; and

WHEREAS, the School Board shall make the Financing Lease Payments directly to the Paying Agent in amounts sufficient to cover the Bond Payments;

NOW, THEREFORE, it is mutually agreed as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning as set forth in the Bond Purchase Agreement.

2. Appointment of and Acceptance by the Bond Registrar. VSBFA hereby appoints U.S. Bank National Association as the Bond Registrar for the Bond and such appointment is hereby accepted by the Bond Registrar. The Bond Registrar shall keep books for the registration and for the registration of transfer of the Bond as provided in this Agreement (the "Bond Registration Books"). The transfer of the Bond may be registered upon the Bond Registration Books only upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon such registration of transfer, VSBFA shall execute and deliver at the earliest practicable time in exchange for such bond a new Bond registered in the name of the transferee, in a principal amount equal to the principal amount of the Bond to be transferred and maturing in the same principal installments and bearing interest at the same rate. VSBFA shall send written and electronic notice of such change of Holder to the Bond Registrar at the time of such change of ownership of the Bond.

Notwithstanding any other provisions of the Bond Purchase Agreement to the contrary, the Bond Registrar shall not register the transfer of the Bond to any person other than an Approved Institutional Buyer (as defined in the Bond Purchase Agreement) who first delivers an executed investor letter, substantially in the form attached hereto as Exhibit A.

Any Bond surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Bond Registrar may make a charge which shall be paid by the Holder for every registration of transfer sufficient to reimburse it for any tax, fee or other governmental charge (other than any tax, fee or governmental charge imposed by the School Board) required to be paid with respect to such registration of transfer, and such charge shall be paid before any such new Bond shall be delivered. The Bond Registrar shall not be required to make any registration of transfer of the Bond during the fifteen (15) days immediately preceding an interest payment date on the Bond or, in the case of any proposed redemption of the Bond, after such bond or any portion thereof has been called for redemption.

The person in whose name the Bond shall be registered upon the Bond Registration Books shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and interest on such Bond shall be made only to the registered owner thereof or his registered assigns. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond, including the interest thereon, to the extent of the sum or sums so paid.

Upon any registration of transfer of the Bond or of any interest therein, the transferee or any subsequent transferee, if the transfer to it in all respects complies with the requirements of this Section, and if it is duly registered as owner as herein provided, shall be deemed the Holder

for purposes of the Bond Purchase Agreement and shall succeed to the rights and be bound by the obligations of the Purchaser thereunder and hereunder, including without limitation the provisions of relating to transfer of the Bond. Immediately upon any registration of transfer of the Bond or of any interest therein, the new Holder shall give written notice of such transfer to VSBFA, the Borrower and the School Board.

The Bond Registrar may resign upon thirty (30) days' prior written notice to VSBFA, the Borrower and the School Board. VSBFA also reserves the right, with the Holder's consent, to remove the Bond Registrar and appoint a successor Bond Registrar. Upon the resignation or removal of any Bond Registrar, and with the consent of the Holder, VSBFA shall designate a successor to act as Bond Registrar. The compensation, fees or costs of the Bond Registrar or successor Bond Registrar shall not be the obligation of the Holder.

3. Appointment of and Acceptance by the Paying Agent. The Issuer hereby appoints U.S. Bank National Association as Paying Agent with respect to the Bond, which appointment is accepted by the Paying Agent. The Bond has been initially registered in the name of the Purchaser, and until receipt of notice pursuant to Section 3.3 of the Bond Purchase Agreement of a change of Holder, the Paying Agent may rely upon written notifications as to the current Holder of the Bond.

4. Financing Lease Payments. The School Board hereby agrees, subject to the terms of the Financing Lease, to make all Financing Lease Payments, consisting of those payments set forth in Section 6.1(a) and (b) of the Financing Lease, in amounts sufficient to cover the Bond Payments, directly to the Paying Agent no later than thirty (30) calendar days prior to the date the Bond Payments are due and owing.

5. Servicing Fees Due to the Administrator. The School Board hereby agrees, subject to the terms of Section 3 of the Administrative Services Agreement dated September [28], 2017 between the Administrator and the School Board (the "ASA"), that it may pay any servicing fees due to the Administrator as provided under the ASA (the "Servicing Fees") directly to the Paying Agent, provided that such Servicing Fees are remitted in advance of their respective due dates to the Paying Agent together with any Financing Lease Payments no later than thirty (30) calendar days prior to the date the Bond Payments are due and owing. Servicing Fees sent apart from the Financing Lease Payments shall not be accepted by the Paying Agent and shall be paid by the School Board directly to the Administrator as provided under Section 3(b) of the ASA. Servicing Fees received by the Paying Agent from the School Board shall be remitted by the Paying Agent to the Administrator within thirty (30) calendar days of receipt by wire pursuant to instructions provided by the Administrator. Attached hereto as Exhibit B is the total amount of Financing Lease Payments and Servicing Fees to be received by the Paying Agent.

6. Appointment of the Custodian. The Issuer is entitled to receive direct payments of refundable federal tax credits from the United States Treasury pursuant to Section 6431 of the Internal Revenue Code of 1986, as amended, with respect to certain interest payments on the Bond (collectively, the "Credit Payments"). Pursuant to the Administrative Services Agreement between the Administrator and the Issuer dated August 31, 2015, among other things, the Issuer has authorized the Administrator to act on its behalf and file the IRS Form 8038-TC. The Issuer

hereby authorizes U.S. Bank National Association, as custodian (the “Custodian”), to receive the Credit Payments for the benefit of the School Board in accordance with the Master Custody Agreement, which the School Board joins pursuant to a Joinder Agreement dated as of September [28], 2017. The form of the Joinder Agreement (which includes a copy of the Master Custody Agreement as Schedule II) is attached hereto as Exhibit C.

7. Disbursements by the Paying Agent. Provided that sufficient funds have been provided to the Paying Agent to cover the Bond Payments, the Paying Agent shall, on behalf of the Issuer and the Borrower, hold and invest the Financing Lease Payments received from the School Board in the Commonwealth of Virginia State Non-Arbitrage Program and then use such amounts to pay the Bond Payments to the owner or holder of the Bond on the dates such Bond Payments are due. The School Board shall deposit with the Paying Agent the Financing Lease Payments then due and owing as follows: if by check, not less than three days prior to the Financing Lease Payment’s applicable payment date; or if by federal funds wire to the Paying Agent, by not later than 10:30 a.m. Eastern time on the Financing Lease Payment’s applicable payment date. Any Credit Payments received by the Custodian shall be distributed to the School Board in accordance with the Master Custody Agreement and the Joinder Agreement, provided there has not been an Event of Default by the School Board pursuant to the Financing Lease and the Bond Purchase Agreement or the Financing Lease and the Bond Purchase Agreement have not otherwise been terminated. Upon receipt of a written notice of any Event of Default or termination of the Financing Lease and Bond Purchase Agreement from the Issuer, the Borrower and/or the Purchaser, the Custodian shall disburse the Credit Payments to the Issuer and/or Purchaser as directed in such written notice without inquiry, investigation or notice to any other party. Any such written notice provided by the Issuer or the Purchaser shall be in accordance with the Financing Lease and the Bond Purchase Agreement in all respects.

8. Notices. If the Paying Agent does not receive the Financing Lease Payments and the Servicing Fees on the scheduled due date, it shall within two (2) Business Days notify each party to this Agreement, as well as the current Holder, in writing that the Financing Lease Payment has not been received in full from the School Board. Notice shall be given by delivery by overnight mail or courier, or sent by facsimile transmission (with electronic confirmation) to the parties hereto and the then current Holder at the addresses set forth below (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any subsequent Holder at its address as it appears on the registration books maintained by the Paying Agent as the Bond Registrar:

Albemarle County School Board
401 McIntire Road, 4th Floor
Charlottesville, Virginia 22902
Attn: Superintendent
Facsimile: (434) 296-5869

Virginia Small Business Financing Authority
1201 Main Street, Suite 1600
Richmond, Virginia 29201
Attention: Executive Director
Facsimile: (804) 225-3384

Virginia Saves Green Community Program, Inc.
c/o CleanSource Capital, LLC
1447 South Tryon St, Suite 301
Charlotte, North Carolina 28203
Facsimile: (704) 271-9889

CleanSource Capital, LLC
1447 South Tryon St, Suite 301
Charlotte, North Carolina 28203
Facsimile: (704) 271-9889

Initial Holder:

Banc of America Leasing & Capital, LLC
11333 McCormick Road
Hunt Valley II
Mail Code: MD5-032-07-05
Hunt Valley, Maryland 21031
Attention: Contracts Administration
Facsimile: (804) 553-2407

9. Investment of Financing Lease Payments. All earnings held by the Paying Agent, due to the investment of the Financing Lease Payments in the First American Funds Government Obligations (Class D), prior to remitting the Bond Payments, shall accrue to the benefit of the School Board. Provided that the School Board is not in default in remitting the Financing Lease Payments, the Paying Agent shall transfer any earnings to the School Board on an annual basis on or before June 1st by mailing a check to the School Board at the address provided in Section 7.

10. Fees and Expenses. All sums due to the Paying Agent in connection with services provided by the Paying Agent hereunder shall be paid by the Administrator.

11. Liability. The Paying Agent may conclusively rely on the truth of the statements and correctness of the opinions expressed in certificates or opinions furnished to the Paying Agent by the Issuer. The Paying Agent shall not be liable for any error of judgment made in good faith. The Paying Agent shall not be liable for any act or omission unless such is due to the Paying Agent's negligence or willful misconduct. No provision of this Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder. The Paying Agent may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent need not examine the ownership of the Bond, but shall be protected in acting upon receipt of written notification of the Registrar as to the then current Holder of the Bond.

12. Resignation or Removal of the Paying Agent. This Agreement shall be effective from and after its date and until the Paying Agent resigns or is removed. The Paying Agent may

resign as paying agent or may be removed by the Issuer, such resignation or removal to be effective sixty (60) days after written notice to the other party; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Paying Agent hereunder. The Issuer, prior to the effective date of such resignation or removal, shall appoint a successor paying agent with the prior written consent of the current Holder and, upon such appointment, the Paying Agent shall deliver to the successor paying agent all its funds, documents, files and records relating to the Bond. If an instrument of acceptance by a successor paying agent shall not have been delivered to the Paying Agent within sixty (60) days after the Paying Agent gives notice of its resignation, the Paying Agent may petition any court of competent jurisdiction for the appointment of a successor paying agent.

13. Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles of such state.

14. Amendment. This Agreement may not be amended without the prior written consent of the Issuer and the Holder of the Bond.

15. Identifying Information. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Paying Agent may ask for documentation to verify its formation and existence as a legal entity. The Paying Agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

16. Counterparts. This Agreement may be executed in any number of counterparts and taken together all such counterparts shall constitute a single agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the date and year first above written.

ISSUER:

VIRGINIA SMALL BUSINESS
FINANCING AUTHORITY

By: _____
Name: Anna Mackley
Title: Interim Executive Director

PAYING AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Patricia A. Welling
Title: Vice President/Account Manager

BORROWER:

VIRGINIA SAVES GREEN
COMMUNITY PROGRAM, INC.

By: _____
Name: W. Gregory Montgomery
Title: President

SCHOOL BOARD:

ALBEMARLE COUNTY SCHOOL
BOARD

By: _____
Name:
Title:

ADMINISTRATOR:

CLEANSOURCE CAPITAL, LLC

By: _____
Name: W. Gregory Montgomery
Title: Managing Member

EXHIBIT A

FORM OF INVESTOR LETTER

[DATE]

Virginia Small Business Financing Authority, as VSBFA
Richmond, Virginia

[Albemarle County School Board
Charlottesville, Virginia]

Re: Virginia Small Business Financing Authority
Taxable Qualified Energy Conservation Bond (Direct Pay)
(VirginiaSAVES Green Community Program –
Albemarle County Public Schools Project),
Series 2017

Ladies and Gentlemen:

[PURCHASER] (the “Purchaser”) has agreed to make a loan by purchasing the above-referenced debt obligation (the “Debt Obligation”) in the amount of \$[7,900,000], which was issued by Virginia Small Business Financing Authority (“VSBFA”) under that certain Bond Purchase and Lease Acquisition Agreement, dated as of September [28], 2017 (the “Agreement”), by and among VSBFA, Virginia SAVES Green Community Program, Inc. (the “Borrower”), Banc of America Leasing & Capital, LLC, and the Albemarle County School Board (the “School Board”). All capitalized terms used herein, but not defined herein, shall have the respective meanings set forth in the Agreement. The undersigned, an authorized representative of the Purchaser, hereby represents to you that:

1. The Purchaser has sufficient knowledge and experience in financial and business matters, including lending and leasing to municipalities and other government entities and the purchase and ownership of municipal and other governmental obligations, to be able to evaluate the risks and merits represented by making the loan by purchasing the Debt Obligation.

2. The Purchaser has authority to make the loan by purchasing the Debt Obligation and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the making of the loan by purchasing the Debt Obligation, including the Agreement.

3. The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof, and is able to bear the economic risks of purchasing the Debt Obligation and entering into the Agreement.

4. The Purchaser understands that an official statement, prospectus, offering circular, or other comprehensive offering statement has not been provided with respect to the Debt Obligation. The Purchaser has made its own inquiry and analysis with respect to VSBFA, the

Borrower, the School Board, the Project, the Debt Obligation and the security therefor, and other material factors affecting the security for and payment of the Debt Obligation.

5. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information, regarding VSBFA, the Borrower and the School Board, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning VSBFA, the Borrower, the School Board, the Project, the Debt Obligation and the security therefor, so that it has been able to make an informed decision to make the loan by purchasing the Debt Obligation; provided, however, that this letter shall not constitute a waiver of any rights or remedies the Purchaser may have with respect to any untrue information it may have received or any material information which was withheld from its review.

6. The Purchaser understands that the Debt Obligation: (i) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (ii) is not listed on any stock or other securities exchange, and (iii) has not been rated by any credit rating agency.

7. The Debt Obligation is being acquired by the Purchaser for its own account and not with a present view toward resale or distribution; provided, however, that the Purchaser reserves the right to sell, transfer or redistribute the Debt Obligation, pursuant to the terms of Section 3.4 of the Agreement, but agrees that any such sale, transfer or distribution by the Purchaser shall be to (i) an affiliate of the Purchaser; (ii) a trust or other custodial arrangement established by the Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to Approved Institutional Buyers and/or Qualified Purchasers that execute a letter substantially in the form of this letter; (iii) an Approved Institutional Buyer that executes a letter substantially in the form of this letter; or (iv) as otherwise permitted under the terms of Section 3.4 of the Agreement.

[PURCHASER]

By _____
Name _____
Title _____

EXHIBIT B

FINANCING LEASE PAYMENTS AND SERVICING FEES¹

(See Attached)

¹ The Financing Lease Payments are shown in the table above under the heading “Total Debt Service.” The Financing Lease Payments shall be paid by the School Board to the Paying Agent at least thirty (30) days prior to each of the bond payment dates for principal and interest of [August 15th] as provided in the table on the following page, which would be on or before [July 15th], respectively. Pursuant to this Paying Agent Agreement, the Servicing Fees may also be paid in advance of their respective due dates along with the Financing Lease Payments on or before [July 15th], and otherwise in accordance with the ASA.

EXHIBIT C

FORM OF JOINDER AGREEMENT

(Attached)