

**RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$18,800,000 GENERAL OBLIGATION SCHOOL BONDS
OF JAMES CITY COUNTY, VIRGINIA, SERIES 1997 A,
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 James City County, Virginia (the "County"), has determined that it is necessary and expedient to borrow not to exceed \$18,800,000 and to issue its general obligation school bonds for the purpose of financing certain capital projects for school purposes; and

WHEREAS, the County held a public hearing, duly noticed, on March 11, 1997, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.1-227.8.A, Code of Virginia 1950, as amended (the "Virginia Code"); and

WHEREAS, the School Board of the County has, by resolution, requested the Board to authorize the issuance of the Bonds (as hereinafter defined) and consented to the issuance of the Bonds;

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

1. **Authorization of Bonds and Use of Proceeds.** The Board hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bonds in an aggregate principal amount not to exceed \$18,800,000 (the "Bonds") for the purpose of financing certain capital projects for school purposes. The Board hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution.
2. **Sale of the Bonds.** It is determined to be in the best interest of the County to accept the offer of the Virginia Public School Authority (the "VPSA") to purchase from the County, and to sell to the VPSA, the Bonds at par upon the terms established pursuant to this Resolution. The Chairman or Vice Chairman of the Board, the County Administrator, and such officer or officers of the County as either may designate are each hereby authorized and directed to enter into a Bond Sale Agreement dated as of March 25, 1997, with the VPSA providing for the sale of the Bonds to the VPSA in substantially the form submitted to the Board at this meeting, which form is hereby approved (the "Bond Sale Agreement").
3. **Details of the Bonds.** The Bonds shall be dated the date of issuance and delivery of the Bonds; shall be designated "General Obligation School Bonds, Series 1997 A"; shall bear interest from the date of delivery thereof payable semi-annually on each January 15 and July 15 beginning July 15, 1997 (each an "Interest Payment Date"), at the rates established in accordance with Section 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal

Payment Date") and in the amounts set forth on Schedule I attached hereto (the "Principal Installments"), subject to the provisions of Section 4 of this Resolution.

4. **Interest Rates and Principal Installments.** The County Administrator is hereby authorized and directed to accept the interest rates on the Bonds established by the VPSA, provided that each interest rate shall be ten one-hundredths of one percent (0.10%) over the interest rate to be paid by the VPSA for the corresponding principal payment date of the bonds to be issued by the VPSA (the "VPSA Bonds"), a portion of the proceeds of which will be used to purchase the Bonds, and provided further that the true interest cost of the Bonds does not exceed eight percent (8%) per annum. The Interest Payment Dates and the Principal Installments are subject to change at the request of the VPSA. The County Administrator is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of the VPSA, provided that the aggregate principal amount of the Bonds shall not exceed the amount authorized by this Resolution. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence such interest rates established by the VPSA and Interest Payment Dates and the Principal Installments requested by the VPSA as having been so accepted as authorized by this Resolution.

5. **Form of the Bonds.** For as long as the VPSA is the registered owner of the Bonds, the Bonds shall be in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A. On twenty (20) days written notice from the VPSA, the County shall deliver, at its expense, the Bonds in marketable form in denominations of \$5,000 and whole multiples thereof, as requested by the VPSA, in exchange for the temporary typewritten Bond.

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

(a) For as long as the VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to the 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 preceding 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 Bonds.

(c) Crestar Bank, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds.

7. **Prepayment or Redemption.** The Principal Installments of the Bonds held by the VPSA coming due on or before July 15, 2008, and the definitive Bonds for which the Bonds held by the VPSA may be exchanged that mature on or before July 15, 2008, are not subject to

prepayment or redemption prior to their stated maturities. The Principal Installments of the Bonds held by the VPSA coming due after July 15, 2008, and the definitive bonds for which the Bonds held by the VPSA may be exchanged that mature after July 15, 2008, 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, 2008, upon payment of the prepayment or redemption prices (expressed as percentages of Principal Installments to be prepaid or the principal amount of the Bonds 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, 2008 to July 14, 2009, inclusive.....	103%
July 15, 2009 to July 14, 2010, inclusive.....	102
July 15, 2010 to July 14, 2011, inclusive.....	101
July 15, 2011 and thereafter.....	100

Provided, however, that the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without first obtaining the written consent of the registered owner of the Bonds. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the 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.

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

9. **Pledge of Full Faith and Credit.** For the prompt payment of the principal of and premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any of the Bonds 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 Bonds 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 Certificate as to Arbitrage.** The Chairman or Vice Chairman of the Board, the County Administrator and such officer or officers of the County as either may designate are each hereby authorized and directed to execute a Certificate as to Arbitrage and a Use of Proceeds Certificate each setting forth the expected use and investment of the proceeds of the Bonds 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 Bonds and on the VPSA Bonds. The Board covenants on behalf of the County that (i) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in such Certificate as to Arbitrage and such Use of Proceeds Certificate 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 Bonds and 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 and Manager of Financial Management Services to participate in the State Non-Arbitrage Program in connection with the Bonds. The Chairman or Vice Chairman of the Board, the County Administrator and such officer or officers of the County as either may designate are each hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Bonds by and among the County, the other participants in the sale of the VPSA Bonds, the 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 or Vice Chairman of the Board, the County Administrator and such officer or officers of the County as either may designate are each hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix F 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.

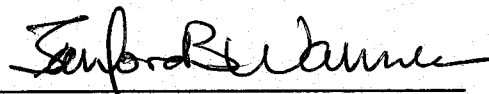
13. **Filing of Resolution.** The appropriate officers or agents of the County are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the City of Williamsburg and the County of James City, Virginia.

14. **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 Bonds and any such action previously taken is hereby ratified and confirmed.

15. **Effective Date.** This Resolution shall take effect immediately.

The undersigned Clerk of the Board of Supervisors of James City 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 March 11, 1997, 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.

WITNESS MY HAND and the seal of the Board of Supervisors of James City County,
Virginia, this 11th day of March, 1997.



Clerk, Board of Supervisors of
James City County, Virginia

[SEAL]

#386708

EXHIBIT A
(FORM OF TEMPORARY BOND)

NO. TR-1

\$18,800,000

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
JAMES CITY COUNTY, VIRGINIA

General Obligation School Bond

Series 1997 A

JAMES CITY COUNTY, VIRGINIA (the "County"), for value received, hereby acknowledges itself indebted and promises to pay to the VIRGINIA PUBLIC SCHOOL AUTHORITY the principal amount of EIGHTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$18,800,000), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 1998 and annually on July 15 thereafter to and including July 15, 2017 (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 1997 (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. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond, Crestar Bank, Richmond, Virginia, as bond registrar (the "Bond Registrar"), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to

the Virginia Public School Authority, 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 principal, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next preceding 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 the Bonds provides, and Section 15.1-227.25 of the Code of Virginia 1950, as amended, 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, premium, if any, and interest 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 5.1, Title 15.1, Code of Virginia 1950, as amended, and resolutions duly adopted by the Board of Supervisors of the County and the School Board of the County to provide funds for capital projects for school purposes.

This Bond may be exchanged without cost at the office of the Bond Registrar for an equal aggregate principal amount of bonds in definitive form having 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, issuable in fully registered form in denominations of \$5,000 and whole multiples thereof. On twenty (20) days written notice from the Virginia Public School Authority, the County shall deliver, at its expense, this Bond in marketable form, in exchange for the temporary typewritten Bond.

This Bond is registered in the name of the Virginia Public School Authority 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, 2008 and the definitive Bonds for which this Bond may be exchanged that mature on or before July 15, 2008, are not subject to prepayment or redemption prior to their stated maturities. The principal installments of this Bond coming due after July 15, 2008, and the definitive Bonds for which this Bond may be exchanged that mature after July 15, 2008, 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, 2008, upon payment of the prepayment or redemption prices (expressed as percentages of principal installments to be prepaid or the principal amount of the Bonds 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, 2008 to July 14, 2009, inclusive.....	103%
July 15, 2009 to July 14, 2010, inclusive.....	102
July 15, 2010 to July 14, 2011, inclusive.....	101
July 15, 2011 and thereafter.....	100;

Provided, however, that the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without the prior written consent of the registered owner of the Bonds. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the 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.


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 James City County, Virginia has caused this Bond to be issued in the name of James City 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 April __, 1997.

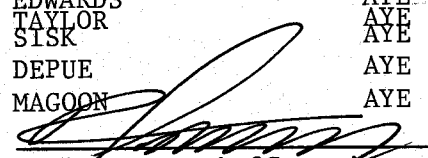
JAMES CITY COUNTY, VIRGINIA

(SEAL)

ATTEST:


 Clerk, Board of Supervisors
 of James City County, Virginia

<u>SUPERVISOR</u>	<u>VOTE</u>
EDWARDS	AYE
TAYLOR	AYE
SISK	AYE
DEPUE	AYE
MAGOON	AYE


 Chairman, Board of Supervisors
 of James City County, Virginia