

## RESOLUTION

### RESOLUTION AUTHORIZING LEASE REVENUE FINANCING FOR CONSTRUCTION AND

#### RENOVATION OF PUBLIC SAFETY FACILITIES

- WHEREAS, the Board of Supervisors of James City County, Virginia (the "Board of Supervisors") has determined that James City County, Virginia (the "County") has an immediate need for (i) the construction and equipping of a police station building and (ii) the renovation of the current Law Enforcement Center for use by Fire Administration and Training (collectively, the "Project"); and
- WHEREAS, there has been presented to the Board of Supervisors a plan for the lease financing of the Project which would not create debt of the County for purposes of the Virginia Constitution; and
- WHEREAS, pursuant to such financing plan, the Economic Development Authority of James City County, Virginia (the "Authority") would issue its lease revenue bonds in an amount not to exceed \$15,100,000 (the "Bonds") to finance the Project, which would be leased by the Authority to the County, and to finance other related costs and to fund any required reserves associated with the issuance of the Bonds; and
- WHEREAS, as a result of current conditions in the capital markets, the County's financial advisor, Davenport and Company, LLC (the "Financial Advisor"), has recommended that a determination be made closer to the time the Authority enters the market with the Bonds whether to offer and sell such Bonds pursuant to a competitive bidding process or a negotiated underwriting; and
- WHEREAS, the Bonds will be: (a) Awarded by the Authority through a competitive electronic bidding process using a Notice of Sale, to be dated the date of its posting (the "Notice of Sale"), which states the structure and terms of the sale of the proposed Bonds, or (b) Sold pursuant to a Bond Purchase Agreement, to be dated as of the date of sale of the Bonds (the "Bond Purchase Agreement"), among the Authority, the County and one or more underwriters to be selected as described below (collectively, the "Underwriters"); and
- WHEREAS, prior to the issuance of the Bonds, the County Administrator, as agent of the Authority, or his designee, may determine on behalf of the Authority, to elect that all or a portion of the Bonds shall constitute "Build America Bonds" pursuant to the Federal American Recovery and Reinvestment Act of 2009, the interest on which will be taxable to the holders thereof for federal income tax purposes, and either (a) Such holders will receive a tax credit equal to 35 percent of the interest on the Bonds or (b) The Federal government will make direct payments to, or as directed by, the Authority in the amount of the such credit as and when such interest is payable; and
- WHEREAS, there have been presented to this meeting preliminary drafts of the following documents (collectively, the "Documents") in connection with the transactions described above, copies of which shall be filed with the records of the Board of Supervisors:

- (a) Ground Lease, dated as of September 1, 2009 (the "Ground Lease"), between the County and the Authority conveying to the Authority interests in certain real property;
- (b) Lease Agreement, dated as of September 1, 2009 (the "Lease"), between the Authority and the County conveying to the County a leasehold interest in the Project;
- (c) Indenture of Trust, dated as of September 1, 2009 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), pursuant to which the Bonds are to be issued;
- (d) Assignment of Rents and Leases, dated as of September 1, 2009 (the "Assignment"), between the Authority and the Trustee, assigning to the Trustee certain of the Authority's rights under the Ground Lease and the Lease;
- (e) Leasehold Deed of Trust, dated as of September 1, 2009 (the "Deed of Trust"), from the Authority to the deed of trust trustees thereunder for the benefit of the Trustee;
- (f) Preliminary Official Statement with respect to the issuance and sale of the Bonds (the "Preliminary Official Statement"); and
- (g) Continuing Disclosure Certificate, dated as of September 1, 2009 (the "Continuing Disclosure Certificate"), pursuant to which the County agrees to undertake certain continuing disclosure obligations with respect to the Bonds.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of James City County, Virginia, hereby:

1. The Board of Supervisors hereby finds and determines that it is in the best interests of the County to proceed with the lease financing of the Project.
2. The Bonds to be issued by the Authority shall have such terms as are approved by the Authority in a duly adopted resolution; *provided*, that the Bonds shall be subject to the following terms and conditions: (a) The aggregate principal amount of the Bonds shall not exceed \$15,100,000; (b) The weighted average maturity of the Bonds shall not exceed 25 years; (c) The Bonds shall be sold at a price not less than 98 percent nor more than 108 percent of the original aggregate principal amount thereof; (d) The "true" interest cost of the Bonds shall not exceed 5.50 percent per annum, after taking into account: (i) Any original issue discount or premium, if any; and (ii) In the case of any Bonds issued as "Build America Bonds," any payments anticipated to be made by the federal government to, or as directed by, the Authority; and (e) The Bonds may be optionally redeemed after 10-1/2 years (or such shorter period as deemed advisable in the sale of the Bonds), with a redemption premium no greater than two percent of the principal amount of the Bonds to be optionally redeemed, provided that in the case of any Bonds issued as "Build America Bonds," such Bonds may be subject to such optional and extraordinary optional redemption provisions as determined by the County Administrator, as the agent of the Authority, or his designee.

3. The Documents shall be in substantially the forms submitted to this meeting, which are hereby approved, with such completions, omissions, insertions and changes (including any changes necessary in connection with offering any Bonds as Build America Bonds) as may be subsequently approved by the Chairman or Vice Chairman of the Board of Supervisors, which approval shall be evidenced conclusively by the execution and delivery of the Documents to which the County is a party by such Chairman or Vice Chairman.
4. The Chairman and Vice Chairman of the Board of Supervisors, either of whom may act, are each hereby authorized and directed to execute the Ground Lease, the Lease, the Continuing Disclosure Certificate, the Preliminary Official Statement (if required) and the final Official Statement relating to the Bonds. The County Administrator and the County Attorney are hereby authorized to record or cause to be recorded the Ground Lease, the Lease (or a memorandum thereof), the Deed of Trust and the Assignment in the Clerk's Office of the Circuit Court of the County.
5. The Chairman and Vice Chairman of the Board of Supervisors, either of whom may act, are each hereby authorized and directed to acknowledge and consent, if necessary, to the provisions of the Indenture, the Assignment and the Deed of Trust.
6. If, upon the recommendation of the Financial Advisor, the County Administrator or his designee determines that then-current market or other conditions warrant a negotiated sale of the Bonds, the County Administrator or his designee is hereby authorized, subject to the limitations set forth in Paragraph 2, to determine the Underwriters for the Bonds, including any syndicate members and members of the selling group for the Bonds, and negotiate the provisions of the Bond Purchase Agreement, including without limitation determining the prices at which the Bonds will be offered by the Underwriters to the public. The Chairman and Vice Chairman of the Board of Supervisors, either of whom may act, are each hereby authorized to execute and deliver such Bond Purchase Agreement.
7. The appropriate officers and agents of the County are hereby authorized and directed to prepare, and the Chairman and Vice Chairman of the Board of Supervisors are each authorized and directed to execute, the Preliminary Official Statement with respect to the issuance and sale of the Bonds, with such supplements as either the Chairman or Vice Chairman may consider necessary or desirable in connection therewith. The Chairman and Vice Chairman of the Board of Supervisors are each authorized, on behalf of the County, to deliver the Preliminary Official Statement and to deem the Preliminary Official Statement to be in final form as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12. The distribution of the Preliminary Official Statement shall be conclusive evidence that it has been deemed final as of its date by the County, except for the omission of such pricing and other information. The use and distribution of the Preliminary Official Statement are hereby authorized.

The appropriate officers and agents of the County are hereby authorized and directed to assist with the preparation of a final Official Statement, appropriately dated, in the form of the Preliminary Official Statement, with appropriate completions, insertions,

omissions and changes as shall be necessary to accurately describe, among other things, the Bonds, the security therefore, and the Documents. The Chairman and the Vice Chairman of the Board of Supervisors, either of whom may act, are each authorized and directed to execute and deliver the final Official Statement on behalf of the County. The use and distribution of such final Official Statement are hereby approved.

8. The Board of Supervisors hereby selects and designates U.S. Bank National Association as Trustee and Troutman Sanders LLP as Bond Counsel with respect to the Bonds, and the Authority is hereby requested to designate them as such.
9. The County covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the Bonds to be includable in the gross income for Federal income tax purposes of the registered owners thereof under existing law, unless any of the Bonds are issued as taxable "Build America Bonds," in which case the County shall comply with all requirements of the Code pertaining thereto.
10. All acts of the Chairman and Vice Chairman of the Board of Supervisors and other officers of the County, regardless of whether such acts occurred prior to or occur after the adoption of this Resolution, that are in conformity with the purposes and intent of this Resolution and in furtherance of the plan of financing, the issuance and sale of the Bonds and the undertaking of the Project are hereby approved and ratified.
11. The Board of Supervisors previously adopted on May 12, 2009 a reimbursement resolution in connection with the financing of the Project. The Board of Supervisors hereby amends the maximum principal amount of the indebtedness related to the Project as set forth in such resolution from \$15,000,000 to \$15,100,000. The provisions of such resolution relating to the reimbursement of "original expenditures", except as modified by the preceding sentence, remain in full force and effect and are ratified and confirmed hereby.
12. The County understands that, to the extent that the Bonds are not being offered as "Build America Bonds," the Authority is designating the Bonds as "qualified tax-exempt obligations" eligible for the exception from the disallowance of the deduction of interest by financial institutions allocable to the cost of carrying tax-exempt obligations in accordance with the provisions of Section 265(b)(3) of the Code. The County does not reasonably anticipate that it and any "subordinate entities" will issue during calendar year 2009 more than \$30,000,000 in qualified tax-exempt obligations for the benefit of the County, and the County will not designate more than \$30,000,000 of qualified tax-exempt obligations (including the Bonds as designated by the Authority) in calendar year 2009.
13. The Project is hereby declared to be essential to the efficient operation of the County, and the Board of Supervisors anticipates that the Project will continue to be essential to the operation of the County during the term of the Lease. The Board of Supervisors, while recognizing that it is not empowered to make any binding


commitment to make appropriations beyond the current fiscal year, hereby states its intent to make annual appropriations in future fiscal years in amounts sufficient to make all payments under the Lease and hereby recommends that future Boards of Supervisors do likewise during the term of the Lease. If the County exercises its right not to appropriate money for rent payments under the Lease, the Trustee may terminate the Lease or otherwise exclude the County from possession of the Project.

14. This Resolution shall take effect immediately.

Adopted: August 11, 2009.

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James G. Kennedy  
Chairman, Board of Supervisors

ATTEST:

  
Sanford B. Wanner  
Clerk to the Board

SUPERVISOR	VOTE
GOODSON	AYE
JONES	AYE
MCGLENNON	AYE
ICENHOUR	AYE
KENNEDY	AYE

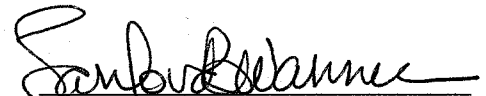
Adopted by the Board of Supervisors of James City County, Virginia, this 11th day of August, 2009.

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The undersigned Clerk of the Board of Supervisors of James City County, Virginia, hereby certifies that the foregoing constitutes a true, correct and complete copy of a Resolution duly adopted by the Board of Supervisors of James City County, Virginia, at a meeting duly called and held on August 11, 2009, during which a quorum was present and acting throughout, by the vote set forth below, and that such Resolution has not been repealed, revoked, rescinded or amended:

<u>Board Member</u>	<u>Present/Absent</u>	<u>Vote</u>
James G. Kennedy, Chair	<u>PRESENT</u>	<u>AYE</u>
Mary K. Jones, Vice Chair	<u>PRESENT</u>	<u>AYE</u>
James O. Icenhour, Jr.	<u>PRESENT</u>	<u>AYE</u>
Bruce C. Goodson	<u>PRESENT</u>	<u>AYE</u>
John J. McGlennon	<u>PRESENT</u>	<u>AYE</u>

WITNESS my signature as Clerk of the Board of Supervisors of James City County, Virginia, this 11th day of August, 2009.



Sanford B. Wanner  
Clerk to the Board of Supervisors of  
James City County, Virginia

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