

A RESOLUTION APPROVING A PLAN TO FINANCE AND REFINANCE
CERTAIN PUBLIC FACILITIES PROJECTS THROUGH THE ISSUANCE OF
REVENUE AND REFUNDING BONDS BY THE ECONOMIC DEVELOPMENT
AUTHORITY OF JAMES CITY COUNTY, VIRGINIA

- WHEREAS, the Economic Development Authority of James City County, Virginia (the “Authority”), pursuant to the Industrial Development and Revenue Bond Act (the “Act”) under which it is created, is authorized to exercise all the powers set forth in the Act, which include, among other things, the power to make loans to, among others, a county in furtherance of the Act, to finance or refinance and lease facilities for use by, among others, a county, to issue its revenue bonds, notes and other obligations from time to time for such purposes and to pledge all or any part of its revenues and receipts derived from payments received by the Authority in connection with its loans or from the leasing by the Authority of such facilities or from any source, as security for the payment of principal of and interest on any such obligations; and
- WHEREAS, the Authority has previously issued its \$14,935,000 Taxable Lease Revenue Bonds (County Government Project), Series 2009 Build America Bonds (the “2009 Bonds”), the proceeds of which were loaned to James City County, Virginia (the “County”), to finance costs of the (a) construction and equipping of a new police station and (b) the renovation of the law enforcement center for use by the fire department (together, the “2009 Projects”); and
- WHEREAS, the Board of Supervisors of James City County, Virginia (the “Board of Supervisors”), desires to undertake, in conjunction with the Authority, the financing of the costs of capital improvements for fire vehicles and apparatus and school purposes (the “Series 2018 Project”); and
- WHEREAS, the County desires to finance the Series 2018 Project and realize interest rate savings by requesting the Authority to issue its Public Facility Revenue and Refunding Bonds (County Government Project), Series 2018 (the “Bonds”) and use the proceeds to (a) refund the outstanding principal balance of the 2009 Bonds (such portion to be refunded, the “Refunded Bonds”), (b) finance the Series 2018 Project and (c) pay the financing and issuance costs related thereto; and
- WHEREAS, the Bonds will be secured in part by payments appropriated from time to time by the Board of Supervisors and payable to the Authority in accordance with the terms of the Financing Agreement (as hereinafter defined); and
- WHEREAS, to improve the marketing of the Bonds at attractive interest rates, Davenport & Company LLC, the County’s financial advisor (the “Financial Advisor”), has recommended that the County provide additional security for the Bonds by undertaking a lease/lease-back financing arrangement with the Authority of the certain real property located in the County consisting of the completed 2009 Projects (the “Property”); and
- WHEREAS, there have been circulated prior to this meeting drafts of the following documents (collectively, the “Documents”), proposed in connection with the issuance and sale of the Bonds and the refunding of the Refunded Bonds:

- (a) Second Supplemental Agreement of Trust (including as an exhibit the form of the Bonds), supplementing the Agreement of Trust dated as of June 1, 2016, both between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"), as previously supplemented (collectively, the "Trust Agreement"), all between the Authority and the Trustee, pursuant to which the Bonds are to be issued and which is to be acknowledged and consented to by the County;
- (b) First Supplemental Financing Agreement (the "Supplemental Financing Agreement"), supplementing a Financing Agreement dated as of June 1, 2016 (together, the "Financing Agreement"), both between the Authority and the County, pursuant to which the Authority will loan the proceeds of the Bonds to the County and the County will undertake, subject to appropriation, to make payments to the Authority in amounts sufficient to pay the principal of and premium, if any, and interest on the Bonds and certain other related costs;
- (c) Preliminary Official Statement of the Authority relating to the public offering of the Bonds (the "Preliminary Official Statement");
- (d) Notice of Sale (attached as Appendix H to the Preliminary Official Statement) (the "Notice of Sale") (applicable only if the Bonds are sold through a competitive sale);
- (e) Continuing Disclosure Agreement (attached as Appendix F to the Preliminary Official Statement), pursuant to which the County agrees to undertake certain continuing disclosure obligations with respect to the Bonds;
- (f) Deed and Agreement of Ground Lease (the "Ground Lease"), between the Authority and the County, conveying to the Authority a leasehold interest in the Property;
- (g) Deed and Agreement of Financing Lease, between the Authority and the County (the "Financing Lease"), conveying to the County a subleasehold interest in the Property; and
- (h) Assignment Agreement (the "Assignment Agreement"), between the Authority and the Trustee, assigning to the Trustee certain rights of the Authority under the Ground Lease and the Financing Lease;

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

1. The Board of Supervisors hereby finds that the refunding of the Refunded Bonds and the undertaking of the Series 2018 Project will be in the best interests of the County and its citizens and hereby authorizes the County, in collaboration with the Authority, to undertake the following financing plan to accomplish the same. The Authority will issue the Bonds in an aggregate principal amount not to exceed \$25,400,000. The Authority will use the proceeds of the Bonds to refund the Refunded Bonds, to finance the Series 2018 Project, and to pay the financing and issuance costs related thereto. Pursuant to the Financing Agreement, the County will undertake to make certain Basic Payments and Additional Payments (each as defined in the Financing Agreement) to the Authority in amounts

sufficient to amortize the Bonds, to pay the fees or expenses of the Authority and the Trustee and to pay certain other related costs. The obligation of the Authority to pay principal of and premium, if any, and interest on the Bonds will be limited to Basic Payments and Additional Payments received from the County. The Bonds will be secured in part by an assignment of the Basic Payments and certain Additional Payments due under the Financing Agreement, all for the benefit of the holders of the Bonds. The undertaking by the County to make Basic Payments and Additional Payments will be subject to the appropriation by the Board of Supervisors from time to time of sufficient amounts for such purposes. As additional security for the Bonds, the County will grant to the Authority a leasehold interest in the Property pursuant to the terms of the Ground Lease with an expiration not later than December 31, 2044. The Authority will sublease the Property to the County pursuant to the terms of the Financing Lease, with an expiration contemporaneous with the final payment of the Bonds. Payments due under the Financing Lease will be credited in an amount and time to the extent the County makes all Basic Payments and Additional Payments due under the Financing Agreement with respect to the Bonds. The plan of financing the Series 2018 Project, the refunding of the Refunded Bonds and the leasing of the Property shall contain such additional requirements and provisions as may be approved by the County Administrator and the Chairman or Vice Chairman of the Authority.

2. 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 appropriations in future fiscal years in amounts sufficient to make all payments due under the Financing Agreement, which payments, as applicable, shall be credited toward the payment of amounts due under the Financing Lease, and hereby recommends that future Board of Supervisors do likewise during the term of the Financing Agreement and, if applicable, the Financing Lease.
3. The Chairman of the Board of Supervisors and the County Administrator, either of whom may act, are hereby authorized and directed to execute the Documents to which the County is a signatory, which shall be in substantially the forms circulated prior to this meeting, which are hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer signing such Documents, the execution and delivery thereof to constitute conclusive evidence of the officer's approval of any such completions, omissions, insertions and changes. The County Attorney is hereby authorized to cause the Ground Lease, the Financing Lease, the Assignment Agreement and other documents as are necessary to be recorded in the Clerk's Office of the Circuit Court of Williamsburg/James City County.
4. In making completions to the Supplemental Financing Agreement and the Financing Lease, the County Administrator, in collaboration with Financial Advisor and the Authority, shall provide for Annual Payments (under the Financing Agreement) and Basic Payments (under the Financing Lease) in amounts equivalent to the payments on the Bonds, which shall be sold to the purchaser thereof on terms as shall be satisfactory to the County Administrator; provided that the Annual Payments/Basic Payments shall be equivalent to the

Bonds (a) maturing in installments or subject to mandatory sinking fund redemption ending not later than December 31, 2039; (b) having a true or "Canadian" interest cost not exceeding 5.000% (taking into account any original issue discount or premium); (c) being subject to optional redemption, if at all, at a premium not to exceed 103% of their principal amount; and (d) being sold to the purchaser thereof at a price not less than 98% of the aggregate principal amount thereof (without taking into account any original issue discount or premium). The County Administrator is also authorized to approve a lesser principal amount for the Bonds, a maturity schedule (including serial maturities and term maturities for the Bonds) and the redemptions provisions of the Bonds, all as the County Administrator shall determine to be in the best interest of the County.

5. (a) The Board of Supervisors approves the following terms of the sale of the Bonds. The Bonds shall be sold through a competitive sale or a negotiated sale, as the County Administrator, in collaboration with the Financial Advisor and the Authority, determines to be in the best interests of the County.
- (b) If the County Administrator determines that the Bonds shall be sold by competitive sale, the County Administrator is authorized to receive bids for such Bonds and award such Bonds to the bidder providing the lowest "true" or "Canadian" interest cost, subject to the limitations set forth in Section 4. Following a competitive sale, the County Administrator shall file a certificate with the Authority and the Board of Supervisors setting forth the final terms of the Bonds. The actions of the County Administrator in selling the Bonds by competitive sale shall be conclusive and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Board of Supervisors.
- (c) If the Bonds are sold by competitive bid, the County Administrator, in collaboration with the Financial Advisor, is authorized and directed to take all proper steps to advertise the Bonds for sale substantially in accordance with the form of Notice of Sale, which is hereby approved; provided that the County Administrator, in collaboration with the Financial Advisor, may make such changes in the Notice of Sale not inconsistent with this Resolution as he may consider to be in the best interest of the County.
- (d) If the County Administrator determines that the Bonds shall be sold by negotiated sale, the County Administrator is authorized, in collaboration with the Financial Advisor and the Authority, to choose an investment bank or firm to serve as underwriter for the Bonds and to execute and deliver to the underwriter a bond purchase agreement (the "Bond Purchase Agreement") substantially in the form approved by the County Administrator and the County Attorney, in consultation with the County's bond counsel and Financial Advisor. Following a negotiated sale, the County Administrator shall file a copy of the Bond Purchase Agreement with the records of the Board. The actions of the County Administrator in selling the Bonds by negotiated sale to the underwriter shall be conclusive, and no further action with respect to the sale and

issuance of the Bonds shall be necessary on the part of the Board of Supervisors.

6. The Preliminary Official Statement in the form circulated prior to this meeting is approved with respect to the information contained therein (excluding information pertaining to the Authority). The County authorizes distribution of the Preliminary Official Statement to prospective purchasers of the Bonds in a form deemed to be "near final," within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the County Administrator. Such distribution shall constitute conclusive evidence that the County has deemed the Preliminary Official Statement to be final as of its date within the meaning of the Rule, with respect to the information therein pertaining to the County. The County Administrator is authorized and directed to approve such completions, omissions, insertions and other changes to the Preliminary Official Statement that are necessary to reflect the terms of the sale of the Bonds, determined as set forth in paragraph 4, and the details thereof and that are appropriate to complete it as an official statement in final form (the "Official Statement") and distribution thereof to the purchaser of the Bonds shall constitute conclusive evidence that the County has deemed the Official Statement final as of its date within the meaning of the Rule.
7. The County covenants that it shall not take or omit to take any action the taking or omission of which shall cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations thereunder, 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. Without limiting the generality of the foregoing, the County shall comply with any provision of law that may require the County at any time to rebate to the United States of America any part of the earnings derived from the investment of the gross proceeds of the Bonds. The County shall pay from its legally available general funds any amount required to be rebated to the United States of America pursuant to the Code.
8. All costs and expenses in connection with the financing of the Series 2018 Project, the refunding of the Refunded Bonds and the issuance of the Bonds, including the Authority's fees and expenses and the fees and expenses of bond counsel, counsel for the Authority, and the Financial Advisor for the sale of the Bonds shall be paid from the proceeds of the Bonds or other legally available funds of the County. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the County from its legally available funds and that the Authority shall have no responsibility therefor.
9. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.
10. All other acts of the County Administrator and other officers of the County that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the refunding of the

Refunded Bonds (including as necessary the execution and delivery of an escrow agreement) are hereby approved and ratified.

11. This Resolution shall take effect immediately.

Ruth M. Larson
Chairman, Board of Supervisors

ATTEST:

Teresa J. Fellows
Deputy Clerk to the Board

VOTES	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>
MCGLENNON	_____	_____	_____
ICENHOUR	_____	_____	_____
SADLER	_____	_____	_____
HIPPLE	_____	_____	_____
LARSON	_____	_____	_____

Adopted by the Board of Supervisors of James City County, Virginia, this 9th day of October, 2018.

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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 and correct extract from the minutes of a meeting of the Board of Supervisors held on October ___, 2018, 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.

Members present at the meeting were: _____

Members absent from the meeting were: _____.

Members voting in favor of the foregoing resolution were: _____

Members voting against the foregoing resolution were: _____.

Members abstaining from voting on the foregoing resolution were: _____.

WITNESS MY HAND and the seal of the Board of Supervisors of James City County, Virginia, this _____ day of _____, 2018.

Deputy Clerk, Board of Supervisors of
James City County, Virginia

[SEAL]