

**INDUCEMENT RESOLUTION OF THE  
ECONOMIC DEVELOPMENT AUTHORITY OF  
JAMES CITY COUNTY, VIRGINIA**

The Economic Development Authority of James City County, Virginia (the "Authority") is empowered by the Industrial Development and Revenue Bond Act (the "Act") to issue its revenue bonds for the purposes of, among other things financing or refinancing facilities for use by organizations (other than organizations organized and operated exclusively for religious purposes) that are exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), thereby promoting the safety, health, welfare, convenience and prosperity of the residents of the Commonwealth of Virginia (the "Commonwealth").

The Authority has received a request from The College of William & Mary Foundation (formerly, The Endowment Foundation of the College of William and Mary in Virginia, Incorporated), a Virginia nonstock corporation that is exempt from taxation pursuant to Section 501(c)(3) of the Code (the "Foundation"), requesting that the Authority issue its revenue bonds to assist in financing or refinancing the acquisition, construction and equipping of a three-story building in New Town (the "Project") across from Sullivan Square at the corner of Ironbound and Discovery Roads in James City County, Virginia (the "County"). The Project is to be owned by the Foundation or an affiliate thereof, including a real estate foundation established for the benefit of The College of William and Mary in Virginia (the "College") and/or the Foundation, and will be leased to and used by the College as an office building and may also be used by the Foundation, its affiliates and related organizations. The Project is to be at the anticipated address of 5300 Discovery Park Boulevard, situated on approximately 2.25 acres of land and comprise approximately 35,000 square feet and will also include relocation costs of employees to the building.

The Foundation has its principal place of business at 46 Tennis Court, Dillard Complex, College of William & Mary, and the College has its principal place of business in Williamsburg.

A preliminary proposal for the Project has been described to the Authority by representatives of the Foundation. After careful study of the nature of such proposal, the Authority has determined that its assistance will further the purposes of the Act, thereby benefiting the inhabitants of the County, the surrounding communities and the Commonwealth.

The Foundation has advised the Authority that the estimated cost of acquiring, constructing, equipping and financing the Project will require an issue of revenue bonds (the "Bonds") in an aggregate principal amount now estimated not to exceed \$9,500,000.

A part of the cost of the Project may be paid by the Foundation from its unrestricted general funds prior to the issuance of the bonds, and the Foundation desires that it be able to be reimbursed for such payments (the "Reimbursable Expenditures") from proceeds of the Bonds, if the Bonds are issued.

Just prior to the consideration of this Inducement Resolution, a public hearing was held by the Authority on the Project and the issuance of the Bonds, following reasonable public notice, as required by, and in compliance with, Section 147(f) of the Code and Section 15.2-4906 of the Act. The Authority desires to recommend approval of the Project and the issuance of the Bonds to the Board of Supervisors of James City County, Virginia (the "Board").

**NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA:**

1. It is hereby found and determined that the acquisition, construction, equipping and financing of the Project will promote the safety, health, welfare, convenience and prosperity of the inhabitants of the Commonwealth by enhancing the ability of the Foundation to provide its services to the inhabitants of the Commonwealth.

2. As a further inducement to the Foundation to acquire, construct and equip the Project in the County, the Authority hereby agrees to assist the Foundation in every reasonable way to finance the acquisition, construction and equipping of the Project and to undertake the issuance of its qualified 501(c)(3) revenue bonds or notes in an aggregate principal amount now estimated not to exceed \$9,500,000 (the "Bonds") upon terms and conditions mutually agreeable to the Authority and the Foundation. The proceeds of the Bonds shall be loaned to the Foundation pursuant to a loan agreement, the terms of which loan agreement shall obligate the Foundation to make payments to or on behalf of the Authority sufficient to pay interest on, premium (if any), and principal of the Bonds and to pay all other expenses in connection with the Project. The Bonds will be issued pursuant to documents satisfactory to the Authority and a bond trustee or the purchaser of the Bonds which (a) will set forth the form and terms of the Bonds, and (b) as security for the Bonds, will assign the Authority's rights to payments under the loan agreement with the Foundation to the bond trustee or the purchaser of the Bonds. The Bonds may also be secured by other collateral. Such Bonds shall be issued after the Authority has received the approving opinion of bond counsel as to the qualification of the Bonds under the Act. The Bonds may be issued at one time or from time to time in one or more series.

Principal of and premium, if any, and interest on the Bonds shall be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the loan agreement and the security therefor. The principal of and premium, if any, and interest on the Bonds shall not be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the County. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and the County, shall be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident thereto except from payments received pursuant to the loan agreement and the security therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the County, will be pledged to the payment of the principal of or premium, if any, or interest on the Bonds or other costs incident thereto. No covenant, condition or agreement contained in the Bonds or in any financing instrument executed and delivered in connection therewith shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee or agent of the Authority in his or her individual

capacity, and no officer of the Authority executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

3. It having been represented to the Authority that it is necessary to proceed immediately with the acquisition, construction, equipping and financing of the Project, the Authority hereby agrees that the Foundation may proceed to develop further plans for the Project, enter into contracts for the acquisition, construction, equipping and financing of the Project and take such other steps, including interim borrowing, as the Foundation may deem appropriate in connection therewith, including the location of a purchaser or purchasers for the Bonds; *provided* that nothing herein shall be deemed to authorize the Foundation to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project or the Bonds. The Authority agrees that the Foundation may be reimbursed from the proceeds of the Bonds for all expenditures so made and costs so incurred by it, insofar as such expenditures and costs are properly reimbursable under the Act and other applicable state and federal laws.

4. All fees, costs and expenses in connection with the acquisition, construction, equipping and financing of the Project, including the Authority's annual administrative fee and the other fees and expenses of the Authority, bond counsel and Authority counsel, shall be paid from the proceeds of the Bonds or from moneys provided by the Foundation. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the Foundation and that the Authority shall have no responsibility therefor. Neither the Authority, including its officers, directors, employees and agents, nor the County, shall be liable and hereby disclaim all liability to the Foundation and its affiliated entities for any damages, direct or consequential, resulting from the failure of the Authority to issue the Bonds for any reason.

5. By submitting this Inducement Resolution to the Authority, the Foundation has agreed to indemnify and save harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Project or the Bonds.

6. The Authority hereby recommends and requests that, within sixty days hereof, the Board approve the issuance of the Bonds and the acquisition, construction, equipping and financing or refinancing of the Project. The Authority hereby directs the Secretary or Assistant Secretary of the Authority to submit to the Board this Inducement Resolution, the Foundation's Fiscal Impact Statement, and a summary of the comments made at the public hearing held by the Authority.

7. In adopting this resolution, the Authority is evidencing its "official intent" to allow for the use of the proceeds of the bonds to reimburse the Foundation or the Authority for the Reimbursable Expenditures incurred with respect to the undertaking of the Project, its acquisition or its financing, pursuant to and to the fullest extent permitted by Treasury Regulation Section 1.150-2 and Sections 103 and 141 through 150 of the Code. The Authority and the Foundation reasonably expect that they will reimburse the Reimbursable Expenditures with the proceeds of the Bonds. This resolution is a declaration of "official intent" under Treasury Regulations Section 1.150-2.

8. As requested by the Foundation, the Authority approves the use of Christian & Barton, L.L.P., as bond counsel for the Bonds. As requested by the Foundation, the Authority approves the use of SunTrust Capital Markets, as the investment banker and initial purchaser of the Bonds.

9. All other acts of the Authority that are in conformity with the purposes and intent of this Inducement Resolution and in furtherance of the issuance and sale of the Bonds and the acquisition, construction, equipping and financing of the Project are hereby ratified, approved and confirmed.

10. This Inducement Resolution shall take effect immediately upon its adoption. This Inducement Resolution will expire one year after the date that the Board approves the issuance of the Bonds, as described in Paragraph 6 above, unless it is extended by the Authority or unless some of the Bonds are issued by such date.

Adopted: July 20, 2006.