

RESOLUTION

AUTHORIZING LEASE REVENUE FINANCING FOR SCHOOL CONSTRUCTION

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 the construction and equipping of two new elementary schools and one new middle school and the renovation of Stonehouse Elementary School (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 \$106,000,000 (the "Bonds") to finance the Project, portions of which would be leased by the Authority to the Williamsburg-James City County School Board (the "School Board"), and to finance other related costs and to fund any required reserves associated with the issuance of the Bonds; 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 December 1, 2006 (the "Ground Lease"), between the School Board and the Authority conveying to the Authority interests in certain real property;
- (b) Lease Agreement, dated as of December 1, 2006 (the "Lease"), between the Authority and the School Board conveying to the School Board a leasehold interest in portions of the Project;
- (c) Indenture of Trust, dated as of December 1, 2006 (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 December 1, 2006 (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 December 1, 2006 (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 offering and sale of the Bonds (the "Preliminary Official Statement");
- (g) Notice of Sale pursuant to which the Bonds will be advertised for sale; and

- (h) Continuing Disclosure Certificate, dated as of December 1, 2006 (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 by the Board of Supervisors of James City County, Virginia, that:

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 (a) shall have a true or “Canadian” interest cost not to exceed 5.50 percent per year, taking into account any original issue discount or premium; (b) shall be sold to the successful bidder at a price not less than 98 percent nor more than 108 percent of the original aggregate principal amount thereof; (c) shall have a weighted average maturity of no more than twenty (20) years; (d) shall be issued in an aggregate amount not to exceed \$106,000,000; and (e) shall be subject to optional redemption, so long as the Bonds may be optionally redeemed after ten and one-half years (or such shorter period as deemed advisable in the sale of the Bonds), with a redemption premium no greater than two percent (2.00 percent) of the principal amount of the Bonds to be optionally redeemed.
3. The Documents shall be in substantially the forms submitted to this meeting, which are hereby approved, with such completions, omissions, insertions, and changes 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 Continuing Disclosure Certificate, the Preliminary Official Statement, and the final Official Statement relating to the Bonds.
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 Ground Lease, the Lease, the Deed of Trust, and the Assignment.
6. 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 to Davenport & Company LLC (the “Financial Advisor”) 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 delivery of the Preliminary Official Statement to the Financial Advisor 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 therefor, 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.

7. 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.
8. The County Administrator, the Manager of Financial and Management Services, and their respective staffs are authorized to take such actions as shall be necessary or appropriate to obtain a commitment or commitments for municipal bond insurance or other credit enhancement to secure the Bonds, if the County Administrator and the Manager of Financial and Management Services, in consultation with the Financial Advisor, determine that the receipt of such municipal bond insurance or other credit enhancement would be beneficial to the County in connection with the sale of the Bonds. All changes to the Documents and the Official Statement that are necessary to reflect the bond insurance or other credit enhancement and the requirements of the bond insurer or credit enhancement provider are hereby approved.
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. 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 any part of the earnings derived from the investment of the gross proceeds of the Bonds.
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 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 permit the School Board 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 to the School Board for rent payments under the Lease, the County understands that the Trustee may terminate the Lease or otherwise exclude the School Board from possession of the Project to the extent provided in the Lease.

12. This Resolution shall take effect immediately.

Bruce C. Goodson
Chairman, Board of Supervisors

ATTEST:

Sanford B. Wanner
Clerk to the Board

Adopted by the Board of Supervisors of James City County, Virginia, this 14th day of November, 2006.

LeaseRevFin.res

CERTIFICATE

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 November 14, 2006, 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>
Bruce C. Goodson, Chairman	_____	_____
John J. McGlennon, Vice Chairman	_____	_____
Jay T. Harrison, Sr.	_____	_____
M. Anderson Bradshaw	_____	_____
James O. Icenhour, Jr.	_____	_____

WITNESS my signature as Clerk of the Board of Supervisors of James City County, Virginia, this 14th day of November, 2006.

Clerk, Board of Supervisors of
James City County, Virginia

(SEAL)

#1545059v1
215964.000017

LeaseRevFin.res