

**COVERING CERTIFICATE FOR RESOLUTION**

The undersigned Clerk of the Board of Supervisors (the “Board”) of the County of Fauquier, Virginia (the “County”), certifies as follows:

1. Attached hereto is a true, correct and complete copy of a resolution entitled “RESOLUTION AUTHORIZING THE AMENDMENT OF AN EXISTING LEASE FINANCING WITH THE VIRGINIA RESOURCES AUTHORITY TO PROVIDE FOR THE RESTRUCTURING OF THE COUNTY’S TAXABLE SOLID WASTE SYSTEM REVENUE BOND, SERIES 2012, AS A LEASE FINANCING AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS PREPARED IN CONNECTION THEREWITH” (the “Resolution”), as adopted at a regular meeting of the Board held on September 8, 2016, by the recorded affirmative roll-call vote of a majority of all members elected to the Board.

2. Such meeting of the Board was held at the time and place established by the Board for such meeting.

3. The minutes of such meeting reflect the attendance of the members and their votes on the Resolution as follows:

<b>Member</b>	<b>Attendance</b> (Present/Absent)	<b>Vote</b> (Aye/Nay/Abstain)
Christopher T. Butler		
Richard R. Gerhardt		
Christopher N. Granger		
Mary Leigh McDaniel		
R. Holder Trumbo, Jr.		

4. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the Board of Supervisors of the County of Fauquier, Virginia, this \_\_\_\_ day of September, 2016.

(SEAL)

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Clerk, Board of Supervisors of the County  
of Fauquier, Virginia

**RESOLUTION AUTHORIZING THE AMENDMENT OF AN EXISTING LEASE FINANCING WITH THE VIRGINIA RESOURCES AUTHORITY TO PROVIDE FOR THE RESTRUCTURING OF THE COUNTY'S TAXABLE SOLID WASTE SYSTEM REVENUE BOND, SERIES 2012, AS A LEASE FINANCING AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS PREPARED IN CONNECTION THEREWITH**

**WHEREAS**, the County of Fauquier, Virginia (the "County"), has entered into a lease financing arrangement with the Virginia Resources Authority ("VRA"), under which the County leased the Alice Jane Childs Administrative Building, located at 320 Hospital Drive, Warrenton, Virginia (the "Property"), to VRA pursuant to the terms of a Prime Lease dated as of June 1, 2011, between the County and VRA (the "2011 Prime Lease"), and VRA leased the Property back to the County pursuant to the terms of a Local Lease Acquisition Agreement and Financing Lease dated as of April 15, 2011, between VRA and the County (the "2011 Financing Lease");

**WHEREAS**, pursuant to a Local Bond Sale and Financing Agreement dated as of April 30, 2012 (the "2012 Financing Agreement"), between the County and VRA, the County issued and sold its \$5,170,000 Taxable Solid Waste System Revenue Bond, Series 2012 (the "2012 Bond"), to VRA and used the proceeds to finance certain capital improvements related to the County's solid waste system (as described and defined in the 2012 Financing Agreement, the "Project");

**WHEREAS**, pursuant to a First Amendment to Local Bond Sale and Financing Agreement dated as of February 15, 2015, between the County and VRA, the parties agreed to certain amendments to the Project Budget (as defined in the 2012 Financing Agreement) and the description of the Project;

**WHEREAS**, the County and VRA entered into (a) a First Amendment to Prime Lease dated as of April 10, 2015 (the "First Amendment to Prime Lease"), amending certain terms of the 2011 Prime Lease (as amended by the First Amendment to Prime Lease, the "2015 Prime Lease"), and (b) a First Amendment and Supplement to Local Lease Acquisition Agreement and Financing Lease dated as of April 10, 2015 (the "First Amendment to Financing Lease"), amending certain terms of the 2011 Financing Lease (as amended by the First Amendment to Financing Lease, the "2015 Financing Lease"), to refund a portion of the principal installments of the 2012 Bond coming due on October 1 in the years 2015 through 2021 (such refunded principal portion, the "2012 Refunded Installments") in order to provide cash flow relief in the solid waste enterprise fund;

**WHEREAS**, the Board of Supervisors of the County (the "Board") now desires to restructure the remaining outstanding principal installments of the 2012 Bond as a lease financing with VRA to effect a change of the security for the payment of principal and interest due on such obligation from a pledge of revenues of the System (as defined in the 2012 Financing Agreement) to a moral obligation pledge of the County and a security interest in the Property;

**WHEREAS**, the Board desires to pursue the restructuring of the 2012 Bond as a lease financing through amendments to the 2015 Prime Lease and the 2015 Financing Lease; and

**WHEREAS**, VRA has indicated its willingness to restructure the remaining outstanding principal installments of the 2012 Bond as a lease financing, as described in the two preceding recitals, pursuant to the terms of (a) a Second Amendment to Prime Lease to be dated as of a date specified by VRA, between VRA and the County (the “Second Amendment to Prime Lease” and, together with the 2015 Prime Lease, the “Amended Prime Lease”), and (b) a Second Amendment and Supplement to Local Lease Acquisition Agreement and Financing Lease to be dated as of a date specified by VRA, between VRA and the County (the “Second Amendment to Financing Lease” and, together with the 2015 Financing Lease, the “Amended Financing Lease”), the forms of which will be substantially similar to the First Amendment to Prime Lease and the First Amendment to Financing Lease, respectively;

**RESOLVED, by the Fauquier County Board of Supervisors this 8<sup>th</sup> day of September, 2016, That**

**1. Essentiality of Project.** The Board reconfirms that the Project is essential to the efficient operation of the County and will continue to be so during the respective terms of the Amended Prime Lease and the Amended Financing Lease.

**2. Authorization of Second Amendment to Prime Lease and Second Amendment to Financing Lease.** The Chairman and Vice Chairman of the Board and the County Administrator, any of whom may act, are authorized to execute and deliver the Second Amendment to Prime Lease and the Second Amendment to Financing Lease in forms that are consistent with terms of this Resolution and approved by the officer executing such instruments. Such officer’s execution and delivery to VRA of the Second Amendment to Prime Lease and the Second Amendment to Financing Lease shall constitute conclusive evidence of such officer’s approval of the final forms of such instruments. All capitalized terms used but not defined herein shall have the same meanings as set forth in the Amended Financing Lease.

**3. Terms of Restructuring and Lease Financing.** The following plan of restructuring and lease financing is approved. The County will restructure its obligations under the 2012 Bond as a lease financing with VRA. Pursuant to the terms of the Amended Prime Lease, the County will lease the Property to VRA for the same term as set forth in the 2015 Prime Lease. Pursuant to the terms of the Amended Financing Lease, VRA will lease the Property back to the County for the same term as set forth in the 2015 Financing Lease. The schedule of rental payments coming due under the 2015 Financing Lease will be amended by the terms of the Second Amendment to Financing Lease to include the amounts scheduled to be paid as debt service on the outstanding portion of the 2012 Bond (such portion of the rental payments, the “2012 Rental Payments”) and bearing interest at the same annual rates applicable to the 2012 Bond.

As set forth in the Amended Financing Lease, the County agrees to pay such “supplemental interest” and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve.

**4. Payment and Prepayment Provisions.** The 2012 Rental Payments due under the Amended Financing Lease shall be payable in lawful money of the United States of America and otherwise comply with the terms set forth in the Amended Financing Lease. The County may, at its option, prepay the principal components of the 2012 Rental Payments upon the terms set forth in the Amended Financing Lease. Once the landfill cell financed by the 2012 Bond reaches its capacity, the County will be required to prepay the 2012 Rental Payments, all in accordance with the terms to be set out in the Second Amendment to Financing Lease.

**5. Subject to Appropriation.** The undertaking by the County under the Amended Financing Lease to make the 2012 Rental Payments shall be payable solely from funds to be appropriated by the Board from time to time for such purpose and shall not constitute a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith and credit of the County beyond any fiscal year for which the Board has lawfully appropriated from time to time. Nothing in this Resolution or in the Amended Financing Lease shall be deemed to constitute a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith and credit or taxing power of the County.

**6. Annual Budget.** The Board believes that funds sufficient to make payment of all amounts payable under the Amended Financing Lease can be obtained. While recognizing that it is not empowered to make any binding commitment to make such payments beyond the current fiscal year, the Board hereby states its intent to make annual appropriations for future fiscal years in amounts sufficient to make all such payments and hereby recommends that future Boards do likewise during the term of the Amended Financing Lease. The Board directs the County's Director of Finance, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to include in the budget request for each fiscal year during the term of the Amended Financing Lease an amount sufficient to pay all amounts coming due under such Amended Financing Lease during such fiscal year. As soon as practicable after the submission of the County's annual budget to the Board, the County Administrator is authorized and directed to deliver to VRA evidence that a request for an amount sufficient to make the payment of all amounts payable under the Amended Financing Lease has been made. Throughout the term of the Amended Financing Lease, the County Administrator shall deliver to VRA within 30 days after the adoption of the budget for each fiscal year, but not later than July 1, a certificate stating whether an amount equal to the 2012 Rental Payments and any other amounts due under such Amended Financing Lease that will be due during the next fiscal year has been appropriated by the Board in such budget. If at any time during the term of the Amended Financing Lease, the amount appropriated in the County's annual budget for the respective fiscal year is insufficient to pay when due the amounts payable under the Amended Financing Lease, the Board directs the Director of Finance, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to submit to the Board at the next scheduled meeting, or as promptly as practicable but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficiency.

**7. Arbitrage Covenants.** The County reaffirms its prior covenant shall not to take or omit to take any action the taking or omission of which will cause interest on the related VRA Bonds (as defined in the Amended Financing Lease) to be includable in gross income for federal income tax purposes or to become a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Without limiting the

generality of the foregoing, the County shall comply with any provision of the Tax Compliance Agreement (as hereinafter defined) 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 funds received under the Amended Financing Lease, unless the County receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the related VRA Bonds from being included in gross income for federal income tax purposes or from becoming a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The County shall pay any such required rebate from legally available funds.

**8. Tax Compliance Agreement.** Such officers of the County as may be requested by VRA are authorized and directed to execute and deliver a nonarbitrage certificate and tax compliance agreement (the "Tax Compliance Agreement") in a form not inconsistent with this Resolution as may be approved by the officers of the County executing such document, whose approval shall be evidenced conclusively by the execution and delivery thereof.

**9. Private Activity Covenants.** The County reaffirms its prior covenants not to permit the proceeds derived from the Amended Financing Lease or the facilities financed or refinanced therewith to be used in any manner that would result in (a) 5% or more of such proceeds or facilities being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Internal Revenue Code of 1986, as amended (the "Code"), (b) 5% or more of such proceeds or facilities being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the County receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the VRA Bonds from being included in gross income for federal income tax purposes or from becoming a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, the County need not comply with such covenants to the extent provided in such opinion.

**10. Other Actions.** All other actions of officers of the County in conformity with the purposes and intent of this Resolution and in furtherance of the restructuring of the 2012 Bond as a lease financing are ratified, approved and confirmed. The officers of the County are authorized and directed to execute and deliver all certificates and other instruments and to take all actions considered necessary or desirable in connection with the execution and delivery of the Second Amendment to Prime Lease and the Second Amendment to Financing Lease and the restructuring of the 2012 Bond. 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.

**11. Effective Date.** This Resolution shall become effective immediately.

The undersigned Clerk of the Board of Supervisors of the County of Fauquier, Virginia, certifies that the foregoing constitutes a true and correct extract from the minutes of a regular meeting of the Board held on the 8th day of September, 2016, and of the whole thereof so far as applicable to the matters referred to in such extract.

**WITNESS** my signature and the seal of the County of Fauquier, Virginia, this \_\_\_\_\_ day of September, 2016.

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Clerk of the Board of Supervisors,  
County of Fauquier, Virginia

(SEAL)