

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 COUNTY TO AMEND AN EXISTING LEASE FINANCING WITH THE VIRGINIA RESOURCES AUTHORITY TO PROVIDE FOR THE REFINANCING OF A PORTION OF THE RENTAL PAYMENTS DUE THEREUNDER, AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS PREPARED IN CONNECTION THEREWITH AND PROVIDING FOR THE REFINANCING OF CERTAIN OUTSTANDING RENTAL PAYMENTS” (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:

Member	Attendance (Present/Absent)	Vote (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 The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.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)

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

**RESOLUTION AUTHORIZING THE COUNTY TO AMEND
AN EXISTING LEASE FINANCING WITH THE VIRGINIA
RESOURCES AUTHORITY TO PROVIDE FOR THE
REFINANCING OF A PORTION OF THE RENTAL
PAYMENTS DUE THEREUNDER 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” and, together with the 2011 Prime Lease, the “2011 Leases”);

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 provide for the refunding of a portion of the principal installments of the County’s \$5,170,000 Taxable Solid Waste System Revenue Bond, Series 2012 (the “2012 Bond”), in order to provide cash flow relief in the solid waste enterprise fund;

WHEREAS, the Board of Supervisors of the County (the “Board”) adopted a resolution on September 8, 2016, approving a plan of restructuring and lease financing, pursuant to which the County will restructure the remaining principal installments of the 2012 Bond as a financing lease with VRA;

WHEREAS, VRA has indicated its willingness to restructure the remaining principal installments of the 2012 Bond as a lease financing pursuant to the terms of (a) an amendment to the 2015 Prime Lease to be dated as of a date specified by VRA, between VRA and the County (referred to herein as the “Second Amendment to Prime Lease”), and (b) an amendment to the 2015 Financing Lease to be dated as of a date specified by VRA, between VRA and the County (referred to herein as the “Second Amendment to Financing Lease”);

WHEREAS, the County administration has informed the Board that the County may be able to achieve debt service savings by refinancing all or a portion of the outstanding rental payments (the “2011 Rental Payments”) allocable to the Series 2011A VRA Bonds (as defined in the 2015 Financing Lease) as set forth on the rental payment schedule attached to the 2015 Financing Lease;

WHEREAS, the Board desires to achieve economic savings by refinancing and defeasing all or a portion of the outstanding 2011 Rental Payments (such refinanced and defeased portions, the “Defeased 2011 Rental Payments”), subject to the terms and conditions herein, including a condition that such refinancing achieve a net present value debt service savings of not less than 3.0% of the principal amount refinanced (the “Targeted Savings”);

WHEREAS, the County has applied to VRA to effect such refinancing, and VRA has indicated its willingness to undertake the same using the proceeds of one or more series of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) (collectively, the “VRA Bonds”), the provisions and details of which shall be reflected in (a) an amendment to the 2015 Prime Lease to be dated as of a date specified by VRA, between VRA and the County (referred to herein as the “Third Amendment to Prime Lease” and, together with the 2015 Prime Lease and any additional amendments thereto, the “Amended Prime Lease”), and (b) an amendment and supplement to the 2015 Financing Lease to be dated as of a date specified by VRA, between VRA and the County (referred to herein as the “Third Amendment to Financing Lease” and, together with the 2015 Financing Lease and any additional amendments thereto, 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;

WHEREAS, VRA has advised the County that VRA’s objective is to use proceeds of the VRA Bonds to make a loan to the County in an amount that in VRA’s judgment reflects the market value (the “Purchase Price Objective”) of entering into the Third Amendment to Financing Lease, taking into consideration such factors as the purchase price received by VRA for the VRA Bonds, the underwriters’ discount and other issuance costs of the VRA Bonds, and other market conditions relating to the sale of the VRA Bonds; and

WHEREAS, VRA has acknowledged that the aggregate total of principal components of rental payments allocable to the Third Amendment to Financing Lease (the “2016 Rental Payments”) and the “true” interest cost of the interest components of such 2016 Rental Payments may not exceed the respective amounts specified in this Resolution;

RESOLVED, by the Fauquier County Board of Supervisors this 8th day of September 2016, That

1. Essentiality of Project. The Board reconfirms that the Project (as defined in the 2015 Financing Lease) 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 Third Amendment to Prime Lease and Third 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 Third Amendment to Prime Lease and the Third Amendment to Financing Lease in such forms that are consistent with the terms of this Resolution and approved by the officer executing such instruments. Such officer’s execution and delivery to VRA of the Third Amendment to Prime Lease and the Third 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

otherwise defined herein shall have the same meanings as set forth in the Amended Financing Lease.

If requested by VRA, the Chairman and Vice Chairman of the Board and the County Administrator, any of whom may act, may combine into one document the terms of the Second Amendment to Financing Lease with the terms of the Third Amendment to Financing Lease and may combine into one document the terms of the Second Amendment to Prime Lease with the terms of the Third Amendment to Prime Lease. The provisions of this Resolution shall apply to such combined instruments as appropriate.

3. Terms of Lease Refinancing. The following plan of lease refinancing is approved. The County will use a portion of the proceeds of the VRA Bonds to refinance and defease the Defeased 2011 Rental Payments. 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 Third Amendment to Financing Lease to reflect the refinancing of the Defeased 2011 Rental Payments and the addition of the 2016 Rental Payments. The final pricing terms contained in the Third Amendment to Financing Lease shall be determined by VRA subject to VRA's Purchase Price Objective and market conditions described in the Recitals hereof; provided, however, that (a) the aggregate total of principal components of the 2016 Rental Payments shall not exceed \$3,800,000, (b) the interest components of the 2016 Rental Payments shall have a "true" interest cost not to exceed 4.0% (exclusive of "supplemental interest" as provided in the Amended Financing Lease), (c) the pricing terms shall achieve at least the Targeted Savings and (d) the principal components of the 2016 Rental Payments shall be subject to prepayment upon the terms set forth in the Amended Financing Lease. Subject to the preceding terms, the Board further authorizes the County Administrator to accept the final terms presented by VRA and accordingly to determine the aggregate total of principal and interest components of the 2016 Rental Payments including the dates and amounts, and the optional and extraordinary prepayment provisions, if any, of the 2016 Rental Payments, all in accordance with the provisions hereof.

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 2016 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 2016 Rental Payments upon the terms set forth in the Amended Financing Lease.

5. Subject to Appropriation. The undertaking by the County under the Amended Financing Lease to make rental payments thereunder (including the 2016 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 2016 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 covenants that it shall not take or omit to take any action the taking or omission of which will cause interest on the VRA Bonds 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 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 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 covenants that it shall not permit the proceeds derived from the Amended Financing Lease or the facilities 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. Refinancing and Defeasance of the Defeased 2011 Rental Payments. The County Administrator is authorized and directed to determine which portions of the 2011 Rental Payments, if any, shall constitute the Defeased 2011 Rental Payments and to take all proper steps to effect the refinancing and defeasance of such Defeased 2011 Rental Payments. The Chairman and Vice Chairman of the Board and the County Administrator, any of whom may act, are authorized to execute and deliver any notices, documents and certificates, as may be necessary to provide for such refinancing and defeasance.

11. Official Statement. The Board authorizes and consents to the inclusion of information with respect to the County contained in VRA’s Preliminary Official Statement and VRA’s Official Statement in final form, both prepared in connection with the sale of the VRA Bonds.

12. SNAP Investment Authorization. The Board has heretofore received and reviewed the Information Statement describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool I (the “Contract”), and the Board has determined to authorize the County, if and as necessary, to use SNAP in connection with the investment of any proceeds of the Amended Financing Lease. The Board acknowledges the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the County in connection with SNAP, except as otherwise provided in the Contract.

13. 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 refinancing and defeasance of the Defeased 2011 Rental Payments 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 Third Amendment to Prime Lease and the Third Amendment to Financing Lease and the refinancing and defeasance of the Defeased 2011 Rental Payments. 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.

14. 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.

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

(SEAL)