

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 APPROVING A PLAN OF LEASE/PURCHASE FINANCING OF AN EMERGENCY COMMUNICATIONS SYSTEM AND RELATED EQUIPMENT IN THE MAXIMUM PRINCIPAL AMOUNT OF \$8,700,000” (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 The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.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 APPROVING A PLAN OF LEASE/PURCHASE
FINANCING OF AN EMERGENCY COMMUNICATIONS
SYSTEM AND RELATED EQUIPMENT IN THE MAXIMUM
PRINCIPAL AMOUNT OF \$8,700,000**

WHEREAS, the Board of Supervisors (the “County Board”) of the County of Fauquier, Virginia (the “County”), desires to provide for a plan of lease/purchase financing of the County’s share of a new emergency communications system and related equipment (collectively, the “Equipment”) in the maximum principal amount of \$8,700,000;

WHEREAS, the County’s administration, in collaboration with Davenport & Company LLC, the County’s financial advisor (the “Financial Advisor”), has solicited proposals from commercial banks, financial institutions and leasing entities (each, a “Bank”) to provide for the County to undertake a lease/purchase financing of the Equipment;

WHEREAS, the County has also applied to the Virginia Resources Authority (“VRA”) to finance the Equipment pursuant to a lease/purchase arrangement, and, subject to final credit approval, VRA has indicated its willingness to undertake the same using a portion of the proceeds from one or more series of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program) (collectively, the “VRA Bonds”); and

WHEREAS, the County Board desires to authorize the County Administrator to review the financing options presented by the Banks and VRA, and, subject to the parameters set forth in this Resolution, to determine which option offers the most favorable leasing terms to the County;

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

1. The County Board hereby authorizes the County Administrator, in consultation with the Financial Advisor, to review the financing options presented by the Banks and VRA and to select the financing lessor (such selected lessor, the “Lessor”) that offers the most favorable leasing terms to the County, subject to the parameters set forth in Section 2 below. The County Board further authorizes proceeds of such financing to be used to pay (a) the cost of acquiring the Equipment and (b) the issuance and other costs associated with the financing.

2. The County Board authorizes the County Administrator, in consultation with the Financial Advisor and the County Attorney, to negotiate the terms of a lease/purchase financing arrangement with the Lessor and to execute and deliver a lease agreement or other form of financing lease (such lease agreement or financing lease, the “Lease Agreement”) reflecting such terms as the County Administrator shall determine to be in the best interests of the County; provided, however, that: (a) the aggregate amount of principal components of basic rent (the “Basic Rent”) payable under the Lease Agreement shall not exceed \$8,700,000, (b) the Lease Agreement shall terminate not later than December 31, 2030, and (c) the interest components of Basic Rent payable on the initial draw under the Lease Agreement shall bear interest at an annual rate not to exceed 5.00% (exclusive of any interest penalties and any supplemental interest due under the Lease Agreement). The County Board further authorizes the County Administrator to (x) determine the payment dates and installment amounts of Basic Rent (constituting both principal

and interest components) due under the Lease Agreement, (y) determine the optional and extraordinary prepayment provisions, if any, of the Basic Rent payments and (z) structure the purchase of the Equipment pursuant to one or more schedules, supplements or amendments to the Lease Agreement in accordance with the terms of such Lease Agreement.

The County Board acknowledges that supplemental interest and other charges may become due under the Lease Agreement, including such amounts as may be necessary to maintain or replenish any VRA reserve fund should the County Administrator select VRA as the Lessor.

3. The undertaking by the County to make payments under the Lease Agreement shall be payable solely from funds to be appropriated from time to time by the County Board 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 or the taxing power of the County beyond any fiscal year for which the County has appropriated funds for such purpose. Nothing in this Resolution or the Lease Agreement 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.

4. The County Board hereby determines that the acquisition and continuing use of the Equipment and the financing of the same through the Lease Agreement are necessary and proper to the efficient operation of the County and will continue to be necessary and proper through the final payment date under the Lease Agreement.

5. The County Board believes that funds sufficient to make payment of all amounts payable under the Lease Agreement 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 County 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 Lease Agreement. The County Board directs the County Administrator, or such other officer as may be charged with the responsibility for preparing the County's annual budget, to include in the budget for each fiscal year during the term of the Lease Agreement an amount sufficient to make all Basic Rent and other payments due under the Lease Agreement during such fiscal year. Throughout the term of the Lease Agreement, the County Administrator is authorized and directed to deliver to the Lessor a certificate stating whether an amount equal to the estimated amounts payable under the Lease Agreement during such fiscal year has been budgeted and appropriated by the County Board. If at any time during the term of the Lease Agreement the amount appropriated in the County's annual budget in a particular fiscal year is insufficient to pay when due the amounts payable under the Lease Agreement, the County 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 County 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 deficit.

6. The County covenants that it will not take or omit to take any action the taking or omission of which (a) if a Bank is selected as the Lessor, will (i) cause the Lease Agreement together with any schedules, supplements or amendments thereto, to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations

issued pursuant thereto (collectively, the “Code”), or (ii) otherwise cause the interest components of Basic Rent to be includable in the gross income of the registered owners thereof under existing law, or (b) if VRA is selected as Lessor, will cause (i) the VRA Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or (ii) otherwise cause interest on the VRA 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, the Lease Agreement or any non-arbitrage certificate and tax compliance agreement 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 under the Lease Agreement, unless the County receives an opinion of a nationally recognized bond counsel firm that such compliance is not required to prevent (x) the interest components of Basic Rent, if a Bank is selected as the Lessor, or (y) the interest on the VRA Bonds, if VRA is selected as the Lessor, from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. The County shall pay any such required rebate from its legally available funds.

7. The County covenants that during the term of the Lease Agreement it shall not permit the proceeds of the Lease Agreement or the Equipment to be used in any manner that would result in (a) 5% or more of such proceeds or the Equipment 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 Code, or (b) 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 a nationally recognized bond counsel firm that any such covenants need not be complied with to prevent (x) the interest components of Basic Rent, if a Bank is selected as the Lessor, or (y) the interest on the VRA Bonds, if VRA is selected as the Lessor, from being includable in the gross income for federal income tax purposes of the registered owners thereof 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.

8. The County Administrator is hereby authorized to designate the Lease Agreement (or one or more Schedules thereunder) as a “qualified tax-exempt obligation” for the purpose of Section 265(b)(3) of the Code if the County Administrator determines that it is in the best interests of the County to do so and that the County can satisfy the requirements of Section 265(b)(3) for the applicable calendar year.

9. The County intends that the adoption of this resolution confirms the “official intent” (within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Code) of the County to advance its own funds to pay expenditures related to the Equipment prior to entering into the Lease Agreement and subsequently to receive reimbursement for such expenditures from proceeds of the Lease Agreement.

10. All other actions of the County in conformity with the purposes and intent of this Resolution and in furtherance of entering into the Lease Agreement are approved and confirmed.

11. All resolutions or parts of resolutions in conflict herewith are repealed.

12. This Resolution shall take effect 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)