

**RESOLUTION OF THE BOARD OF SUPERVISORS OF  
THE COUNTY OF CARROLL, VIRGINIA**

**WHEREAS**, the Board of Supervisors (**the “Board of Supervisors”**) of the County of Carroll, Virginia (**the “County”**) directed Davenport & Company LLC (**the “Financial Advisor”**) to prepare and distribute a Request for Proposals (**the “RFP”**) to obtain financing proposals to refinance various County obligations for potential debt service savings;

**WHEREAS**, the Financial Advisor reviewed responses to the RFP for the refunding of the Refunded Bond (as defined below) and along with the County’s Bond Counsel, Sands Anderson PC, Richmond, Virginia (**“Bond Counsel”**) and the County Administrator recommends that the Board of Supervisors accept the proposal dated March 7, 2022 (**the “Proposal”**) from Webster Bank, National Association (**the “Lender”**) for such financing with an interest rate as set forth in such Proposal and subject to such other terms as set forth therein;

**WHEREAS**, the County hereby requests the Carroll County School Board (**the “School Board”**) approve a resolution authorizing documentation of the financing described in the Proposal;

**WHEREAS**, the Board of Supervisors hereby requests the Economic Development Authority of Carroll County, Virginia (**the “Authority”**) (a) issue, offer and sell its lease revenue refunding bond in an amount of approximately \$5,800,000 (**the “Bond”**) to provide for the refinancing of the Authority's outstanding unrefunded \$5,932,500 Lease Revenue Bond, Series 2014 (**the “Refunded Bond”**) originally issued to finance a portion of capital needs for Carroll County Public Schools, consisting of capital costs related to HVAC projects, an Agriculture STEM lab and gas transmission lines within district school buildings (**the “Project”**), (b) lease the School Board's High School property (**the “Leased Property”**) from the School for an approximately twenty-six year term under a Ground Lease (as defined below), and in turn, lease the Leased Property to the County for a term not to exceed the term of the Bond under a Lease Agreement (as defined below) with the Authority and, (c) secure the Bond by an assignment of its rights under such Lease Agreement (except the right to receive indemnification, to receive notices, to give consents and to receive its administrative expenses) to the Lender, under an assignment agreement between the Authority and the Lender, which is to be acknowledged and consented to by the School Board and the County, all in accordance with a bond purchase agreement among the Lender, the County and the Authority;

**WHEREAS**, there have been presented to this meeting 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. a Ground Lease, dated as of April 1, 2022, between the School Board and the Authority, which is to be acknowledged by the County, conveying to the Authority a leasehold interest in the Leased Property described therein (**the “Ground Lease”**);
- b. a Lease Agreement, dated as of April 1, 2022, between the Authority and the County (**the “Lease Agreement”**) conveying to the County a leasehold interest in such Leased Property;

- c. a Bond Purchase Agreement, dated as of April 1, 2022 among the Authority, the County and the Lender, pursuant to which the Bond is to be issued (**the “Bond Purchase Agreement”**);
- d. an Assignment Agreement, dated as of April 1, 2022 between the Authority and the Lender, assigning to the Lender certain of the Authority’s rights under the Lease Agreement and the Ground Lease, which is to be acknowledged and consented to by the County and the School Board (**the “Assignment Agreement”**);
- e. a specimen Bond.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Supervisors of the County of Carroll, Virginia:

1. All costs and expenses in connection with the undertaking of the refunding of the Refunded Bond and the issuance of the Bond, including the Authority’s expenses, the fees and expenses of the County, and the fees and expenses of Bond Counsel, the County Attorney and the Financial Advisor, and other fees and expenses related thereto, for the sale of the Bond, shall be paid from the proceeds therefrom or other funds of the County. If for any reason the Bond is not issued, it is understood that all such expenses shall be paid by the County and that the Authority shall have no responsibility therefor.
2. The Board of Supervisors hereby instructs the Financial Advisor and Bond Counsel to take all such action as necessary or appropriate to conclude the refinancing as so set forth in the Proposal by the issuance of the Bond by the Authority, based upon the recommendation of the Financial Advisor and Bond Counsel.
3. The following plan for refunding the Refunded Bond is approved. The Authority shall use the proceeds from the issuance of the Bond to provide for the refunding of the Refunded Bond and to lease the Leased Property from the School Board for a lease term of approximately twenty-six years and to lease the Leased Property to the County for a lease term not less than the term of the Bond at a rent sufficient to pay when due the interest and principal on the Bond. The obligation of the Authority to pay principal and interest on the Bond will be limited to rent payments received from the County under the Lease Agreement. The obligation of the County to pay rent under the Lease Agreement will be subject to the Board of Supervisors of the County making annual appropriations for such purpose. The Board of Supervisors on behalf of the County has adopted this resolution as its moral obligation to the repayment of the Bond and as a statement of its intent to consider the appropriation of funds sufficient to pay rent under the Lease Agreement and the Financing Agreement annually during the term thereof. The Bond will be secured by an Assignment Agreement to the Lender and any subsequent assignee of the Lender, as the holder thereof. If the Board of Supervisors exercises its right not to appropriate money for rent payments, the Lender may terminate the Lease Agreement or otherwise exclude the County from possession of the Leased Property. The issuance of the Bond on the terms set forth in a Bond Purchase Agreement is hereby approved.
4. The Board of Supervisors hereby approves the Proposal and the Documents and (a) the

form of the Bond in the principal amount of approximately \$5,800,000, with a fixed interest rate not to exceed 2.62%, maturing no later than November 1, 2042, subject to other terms as set forth therein with such changes, including but not limited to changes in the principal payment amounts, dated dates, payment dates and rates as may be approved by the officer executing them whose signatures shall be conclusive evidence of his approval of the same. The County Administrator or Chairman is hereby authorized to determine the final terms of the Bond, including, but not limited to the principal amount, maturity and amortization, whose determination shall be conclusive, as evidenced by his execution of such Bond.

5. The Chairman or Vice Chairman of the Board of Supervisors, or either of them, and the County Administrator and Clerk of the Board of Supervisors are each hereby authorized and directed to execute the Documents and such other instruments and documents as are necessary to create and perfect a complete assignment of the rents and profits due or to become due in favor of the Lender, to issue the Bond, to refund the Refunded Bond and to lease the Leased Property. The County hereby requests the Authority to issue the Bond pursuant to and in accordance with the Documents.
6. The County represents and covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (**the “Code”**) or otherwise cause the interest on the Bond to be includable in gross income for Federal income tax purposes under existing law. Without limiting the generality of the foregoing, the County shall comply with any provision of law that may require the Authority or the County at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds from the sale of the Bond.
7. 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.
8. All other acts of the officers of the County that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bond and the refunding of the Refunded Bond, are hereby approved, ratified and confirmed.
9. The County by acceptance of this financing agrees to indemnify, defend and save harmless, to the extent permitted by law, the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the Authority, the issuance of the Bond, the refunding of the Refunded Bond or the lease of the Leased Property.
10. Nothing in this Resolution, the Bond or any documents executed or delivered in relation thereto shall constitute a debt or a pledge of the faith and credit of the Authority or the County, and the Authority shall not be obligated to make any payments under the Bond or the Documents except from payments made by or on behalf of the County under the Lease Agreement pursuant to annual appropriation thereof in accordance with applicable law.
11. The County recommends that Sands Anderson PC, Richmond, Virginia, serve as bond counsel and hereby appoints such firm to supervise the proceedings and approve the

issuance of the Bond and consents to such firm acting in such capacity as well as County Attorney, School Board Counsel and Authority Counsel in this financing.

12. The County hereby designates the Bond and allocates to the Authority in relation to the issuance of the Bond, such designation as a “qualified tax-exempt obligation” for the purpose of Section 265(b)(3) of the Code. The County does not reasonably anticipate (nor do any of its subordinate entities reasonably anticipate) issuing more than \$10,000,000 in qualified tax exempt obligations during calendar year 2022 for the benefit of the County and the County (and any of its subordinate entities) will not designate more than \$10,000,000 of qualified tax-exempt obligations for the benefit of the County pursuant to Section 265(b)(3) of the Code during such calendar year.
13. The Board of Supervisors on behalf of the County hereby designates to the Bond the “small issuer exception” to the rebate requirements of Section 148(f)(2) and (3) of the Code pursuant to Section 148(f)(D)(vii) of the Code, as the Authority is a subordinate entity of the County under Section 148(f)(4)(D) of the Code and the County is a governmental unit with general taxing powers, no bond which is a part of the Bond will be a private activity bond, 95% or more of the net proceeds of the Bond are to be used for local governmental activities of the County, and the aggregate face amount of all tax-exempt bonds, excluding private activity bonds to be issued by the County and the Authority during the calendar year 2022 is not reasonably expected to exceed \$5,000,000 increased by the lesser of \$10,000,000 or so much of the aggregate face amount of the Bond as is attributable to financing the construction of public school facilities within the meaning of Section 148(f)(D)(vii). The Board of Supervisors on behalf of the County hereby allocates to the Authority a portion of its small issuer size limitation in the amount of the Bond for the calendar year 2022 to the Bond for purposes of Section 148(f)(4)(D) of the Code.
14. The Board of Supervisors has determined to authorize the County, if and as necessary, to utilize SNAP in connection with the investment of the proceeds of the Bond.
15. This resolution shall take effect immediately.

ADOPTED THIS 28<sup>TH</sup> DAY OF MARCH, 2022.

**CERTIFICATION OF ADOPTION OF RESOLUTION**

The undersigned Clerk of the Board of Supervisors of the County of Carroll, Virginia hereby certifies that the Resolution set forth above was adopted during an open meeting on March 28, 2022, by the Board of Supervisors with the following votes:

Aye:

Absent:

Nay:

Abstentions:

Signed this \_\_\_ day of \_\_\_\_\_, 2022.

By: \_\_\_\_\_  
Clerk, Board of Supervisors