

## RESOLUTION OF THE CARROLL COUNTY SCHOOL BOARD

**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, including, but not limited to the Economic Development Authority of Carroll County, Virginia (**the “Authority”**) \$5,932,500 Lease Revenue Bond, Series 2014 (**the “Refunded Bond”**) 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”**);

**WHEREAS**, the Financial Advisor reviewed responses to the RFP for the refunding of the Refunded Bond and along with the County’s Bond Counsel, Sands Anderson PC, Richmond, Virginia (**“Bond Counsel”**) and the County Administrator have recommended to the Board of Supervisors acceptance of 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 Board of Supervisors has requested the Authority to assist the County and the Carroll County School Board (**the “School Board”**) in providing funds to refund the Refunded Bond by the issuance of the Authority’s lease revenue refunding bonds to accomplish certain purposes of the Virginia Industrial Development and Revenue Bond Act;

**WHEREAS**, the County has requested the School Board approve a resolution authorizing documentation of the financing described in the Proposal, including conveyance of a leasehold interest in the real estate and improvements known as the Carroll County High School property, which property already serves as security for the Refunded Bond; and

**WHEREAS**, the Authority will (a) issue, offer and sell its lease revenue refunding bond in an approximate amount of \$5,800,000 (**the “Bond”**) to provide for the refunding of the Refunded Bond, including costs of issuing the Bond, (b) lease the real estate and improvements thereon known as the Carroll County High School property, or such other property selected by the Chairman (as defined below) if it is determined that such property is not available or appropriate to be leased, (**the “Leased Property”**) from the School Board for an approximately twenty-six year term under a ground lease, 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 with the Authority, and (c) secure the Bond or a portion thereof by an assignment of its rights under such ground lease and lease agreement (except the right to receive indemnification, to receive notices and to give consents and to receive its administrative expenses) to the Lender under the assignment agreement, and once the obligations of the County under the lease agreement are satisfied, the Leased Property will be transferred or conveyed by the Authority to the School Board;

**WHEREAS**, there have been presented to this meeting drafts of the forms 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 School Board:

- a. a Ground Lease (**the “Ground Lease”**), between the School Board and the Authority, which is to be acknowledged by the County;
- b. a Lease Agreement (**the “Lease Agreement”**), between the Authority and the County, providing for payments by the County under the Bond; and
- c. an Assignment Agreement (**the “Assignment Agreement”**), between the Authority and the Lender, which is to be acknowledged and consented to by the County and the School Board.

**NOW THEREFORE, BE IT RESOLVED** by the Carroll County School Board:

1. The following plan for refunding the Refunded Bond as described in the preambles above is hereby approved. The Authority will be requested to issue the Bond and to use the proceeds therefrom to refund the Refunded Bond originally issued to finance the Project. The Authority will lease the Leased Property from the School Board under the Ground Lease, for a term of approximately twenty-six years and the Authority will lease the Leased Property to the County pursuant to the Lease Agreement. The Authority will lease the Leased Property to the County for use by the County and the School Board for a term not less than the term of the Bond, at rents sufficient to pay interest and principal due on the Bond, all pursuant to the Lease Agreement. The obligation of the Authority to pay principal and interest on the Bond will be limited to rent payments received from the County. The obligation of the County to pay rent will be subject to the Board of Supervisors making annual appropriations for such purpose. The Bond will be secured by an assignment of the Ground Lease and the Lease Agreement to the Lender as the holder of the Bond pursuant to the Assignment Agreement. If the County exercises its right not to appropriate money for rent payments, the Lender or the holder of the Bond may terminate the Lease Agreement or otherwise take possession of the Leased Property, subject to the terms of the Lease Agreement, as supplemented by the Assignment Agreement and the Ground Lease.

2. The School Board hereby approves the Documents and such related documents to which it is a party or to which it approves, acknowledges and consents. Such Documents may contain such additional provisions and changes as may be approved by either of the Chairman or, in his or her absence, the Vice Chairman of the School Board (**together, the “Chairman”**) or the Superintendent with such approval to be evidenced conclusively by the execution and delivery of such documents by the Chairman or the Superintendent.

3. The Chairman or the Superintendent is hereby authorized and directed to execute the Documents to which the School Board is a party or to which it consents and such other instruments and documents as are necessary or appropriate to issue the Bond, to lease the Leased Property to secure the Bond, or to refund the Refunded Bond, including a federal tax compliance certificate relating to the tax-exempt status of the interest on the Bond.

4. The School Board 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 School Board will comply with any provision of law that may require a rebate to the United States of any part of the earnings derived from the investment of the gross proceeds from the sale of the Bond; provided, however, the School Board is relying upon all such actions and payments, if any, to be performed and paid by the County.

5. 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.

6. All other acts of the officers, employees and representatives of the School Board that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bond, the leasing of the Leased Property to secure the Bond, or the refunding of the Refunded Bond are hereby approved, ratified and confirmed.

7. The School Board covenants that it shall not permit the proceeds of the Bond or the Leased Property to be used in any manner that would result in (a) 10% or more of the proceeds of the Bond 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, provided that no more than 5% of such proceeds may be used in a trade or business unrelated to the School Board’s use of the Leased Property, (b) 5% or more of such proceeds 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 School Board receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bond from being includable in gross income for Federal income tax purposes of the registered owners thereof under existing law, the School Board need not comply with such covenants.

8. This resolution shall take effect immediately.

ADOPTED THIS \_\_\_ DAY OF \_\_\_\_\_, 2022.

CERTIFICATION OF ADOPTION OF RESOLUTION

The undersigned Clerk of the Carroll County School Board hereby certifies that the Resolution set forth above was adopted on \_\_\_\_\_ \_\_\_\_, 2022 in an open meeting, by the School Board with the following votes:

Aye:

Nay:

Absent:

Abstentions:

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

By: \_\_\_\_\_  
Clerk, Carroll County School Board