

TOWN OF WARRENTON, VIRGINIA

**A RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO
\$5,400,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE
TOWN OF WARRENTON, VIRGINIA
AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF**

Adopted on September 12, 2022

Be it Resolved by the Town Council of the Town of Warrenton, Virginia:

Section 1 Definitions

Unless the context shall clearly indicate some other meaning, the following words and terms shall for all purposes of the Resolution and of any certificate, resolution or other instrument amendatory thereof or supplemental thereto for all purposes of any opinion or instrument or other documents therein or herein mentioned, have the following meanings:

“**Act**” shall mean the Public Finance Act, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended.

“**Bond Counsel**” shall mean Sands Anderson PC or another attorney or firm of attorneys nationally recognized on the subject of municipal bonds selected by the Town.

“**Bond Fund**” shall mean the Bond Fund established by Section 6.

“**Bondholder**” or “**Holder**” shall mean the registered owner of the Bond, initially the Lender.

“**Bond**” shall mean the Town's General Obligation Bond in an aggregate principal amount not to exceed \$5,400,000 to finance a portion of the costs of funding the Project authorized to be issued hereunder.

“**Business Day**” shall mean any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banks generally are open for business in the Commonwealth of Virginia.

“**Closing Date**” shall mean the date on which the Series 2022 Bond is issued and delivered to the Bondholder.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended, and applicable regulations, procedures and rulings thereunder.

“**Commonwealth**” shall mean the Commonwealth of Virginia.

“**Council**” shall mean the Town Council of the Town of Warrenton, Virginia.

“**Interest Account**” shall mean the Interest Account in the Bond Fund established by Section 6.

“**Interest Payment Dates**” shall mean April 1 and October 1, beginning April 1, 2023 through and including the Maturity Date.

“**Lender**” shall mean _____.

“Maturity Date” shall mean October 1, 2042.

“Mayor” or “Vice Mayor” shall mean the Mayor or Vice Mayor of the Town.

“Outstanding” shall mean, as of a particular date, the Series 2022 Bond authenticated and delivered under this Resolution except:

- (i) if the Bond is cancelled by the Town at or before such date;
- (ii) if cash equal to the principal amount of the Bond, with interest to the date of maturity, shall have been deposited with the Paying Agent prior to maturity;
- (iii) the Bond for the redemption or purchase of which cash or noncallable direct obligations of the United States of America, equal to the redemption or purchase price thereof to the redemption or purchase date, shall have been deposited with the Paying Agent, for which notice of redemption or purchase shall have been given in accordance with the Resolution;
- (iv) the Bond in lieu of, or in substitution for which, another Bond shall have been authenticated and delivered pursuant to this Resolution; and
- (v) if the Bond is deemed paid under the provisions of Section 9, except that such Bond shall be considered Outstanding until the maturity or redemption date thereof only for the purposes of actually being paid.

“Paying Agent” shall mean the Finance Director of the Town acting as Paying Agent hereunder as designated and authorized under Section 3 or the successors or assigns serving as such hereunder.

“Principal Account” shall mean the Principal Account in the Bond Fund established by Section 6.

“Proceeds Fund” shall mean the Proceeds Fund established by Section 4.

“Project” shall mean the design, engineering, acquisition, construction and installation of various capital improvements to the Town’s water and sewer system, including but not limited to upgrades of existing pump stations, connection lines and piping, plants and certain other utility improvements.

“Registrar” shall mean the Paying Agent, or the successors or assigns serving as such hereunder.

“Town” shall mean the Town of Warrenton, Virginia.

“**Town Recorder**” shall mean the Recorder of the Town Council.

“**Town Charter**” shall mean the Town Charter of the Town of Warrenton, Virginia, Chapter 47 of the 1964 Acts of Assembly, as amended.

Section 2 Findings and Determinations

The Council hereby finds and determines that (i) the Town is in need of funds to be used by the Town for purposes of financing a portion of the cost of the design, engineering, acquisition, construction and installation of various capital improvements to the Town’s water and sewer system, including but not limited to upgrades of existing pump stations, connection lines and piping, plants and certain other utility improvements (**the “Project”**), for costs of issuance of the Bond and for the payment of interest on the Bond, (ii) the obtaining of such funds will be for municipal purposes of the Town for the welfare of citizens of the Town for purposes which will serve the Town and its citizens, (iii) the most effective, efficient and expedient manner in which to provide such funds is by the issuance of a general obligation bond or bonds in the maximum principal amount of up to \$5,400,000 issued by the Town as further described herein (**the “Bond”**) to be sold to the Bondholder, which has offered to purchase the same on certain terms and conditions pursuant to a Bond Purchase Agreement between the Town and the Bondholder (**the “Bond Purchase Agreement”**) a form of which has been presented to the Town Council, the issuance of such Bond being within the power of the Town to contract debts, borrow money and make and issue evidence of indebtedness, and (iv) the issuance of the Bond is in the best interests of the Town and its citizens.

Section 3 Authorization, Form and Details of the Bond

There is hereby authorized to be issued a general obligation bond of the Town in the aggregate principal amount of up to \$5,400,000 for purposes of funding the Project, to pay certain costs of issuance of the Bond and for payment of interest on the Bond, all as described in Section 2 above. The Bond authorized herein shall be designated “General Obligation Bond, Series 2022”, shall be issuable as a fully registered bond, without coupons, shall be dated the Closing Date, shall be numbered R-1, shall bear interest payable semiannually on each April 1 and October 1, commencing April 1, 2023 with principal payable annually on each October 1, commencing October 1, 2023, through and including the Maturity Date (October 1, 2042), at a rate per annum of ____% in accordance with the provisions herein and therein and with the provisions of the Lender’s written proposal to purchase the Bond, and shall mature on the Maturity Date.

[The Bond may not be prepaid before October 1, 20___. On and after October 1, 20___, after giving at least thirty (30) days' written notice to the Bank, the Town may prepay the Bond in whole only on any date upon payment of interest accrued and unpaid to such date, plus principal at the following redemption prices (expressed as a percentage of the principal amount of Bond to be redeemed):

Redemption Period (<u>both dates inclusive</u>)	Redemption <u>Prices</u>
October 1, 20___, to September 30, 20___	101%
October 1, 20___, and thereafter	100]

The Bond is hereby authorized to be issued under the Act. The Bond shall bear interest from the date on which the Bond is authenticated. Interest on the Bond shall be computed on the basis of 30-day months and a 360-day year.

Principal of, and interest on, the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond shall be payable by wire transfer to the registered holder on the payment dates of the Bond.

The Bond shall be printed, lithographed or typewritten and shall be substantially in the form herein below set forth, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution, including such variations, insertions and omissions as shall be necessary to issue the Bond under a system of book-entry for recording the ownership and transfer of ownership of rights to receive payments of principal of and interest on the Bond and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

If any principal of, or interest on, the Bond is not paid when due (whether at maturity, by acceleration or call for redemption, or otherwise), then, to the extent permitted by law, the overdue installments of principal shall bear interest until paid at the same rate as set forth in the Bond.

The Bond shall be signed by the facsimile or manual signature of the Mayor. The facsimile of the Town's seal shall be printed thereon or manually impressed thereon and attested by the facsimile or manual signature of the Town Recorder. In case any officer whose signature or facsimile of whose signature shall appear on the Bond shall cease to be such officer before delivery of the Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he remained in office until such delivery. The Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution

thereof shall be the proper officers to sign the Bond although on the date of delivery of the Bond such persons may not have been such officers.

The Bond shall bear a certificate of authentication, in the form set forth below, duly executed by the Registrar. The Registrar shall authenticate the Bond with the signature of an authorized officer of the Registrar. Only the authenticated Bond shall be entitled to any right or benefit under this Resolution, and such certificate on the Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof.

The Paying Agent shall act as Registrar and shall maintain Registration Books for the registration and the registration of transfer of the Bond. The Finance Director of the Town is hereby designated and authorized to act as Paying Agent and Registrar hereunder. The transfer of the Bond may be registered only on the books kept for the registration and registration of transfer of the Bond upon surrender thereof to the Registrar together with an assignment duly executed by the registered holder in person or by his duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such transfer, the Town shall execute and the Registrar shall authenticate and deliver, in exchange of the Bond, a new registered Bond registered in the name of the transferee of the same series, maturity and interest rate as the Bond so exchanged in any denomination or denominations authorized by this Resolution.

The Registrar shall not be required to make any such registration or registration of transfer during the fifteen (15) days immediately preceding an Interest Payment Date, the Maturity Date or a redemption date.

Prior to due presentment for registration of transfer for the Bond, the Registrar shall treat the registered holder as the person exclusively entitled to payment of principal of, premium, if any, and interest on, the Bond and the exercise of all other rights and powers of the Holder.

If the Bond has been mutilated, lost or destroyed, the Town shall execute and the Registrar shall authenticate and deliver a new Bond of like date and tenor in exchange or substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the Town and the Registrar shall execute, authenticate and deliver such Bond only if the Holder has paid the reasonable expenses and charges of the Town and the Registrar in connection therewith and, in the case of a lost or destroyed Bond, has furnished to the Town and the Registrar (a) evidence satisfactory to them that such Bond was lost or destroyed and the Holder was the Owner thereof and (b) indemnity satisfactory to them. If the Bond has matured, instead of issuing a new Bond, the Registrar may pay the same without surrender thereof upon receipt of the aforesaid evidence and indemnity.

If the Bond has been paid (whether at maturity, by acceleration or otherwise) or delivered to the Paying Agent for cancellation, the Bond shall not be reissued and the Registrar shall, unless otherwise directed by the Town, cremate, shred or otherwise dispose of the Bond. The

Registrar shall deliver to the Town a certificate of any such cremation, shredding or other disposition of the Bond.

CUSIP identification numbers may be printed on the Bond, but such numbers shall not be deemed to be a part of the Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the Town or any of the officers or agents thereof because or on account of said CUSIP numbers.

The Bond, the Certificate of Authentication and the provision for the assignment to be inserted in the Bond shall be substantially in the following forms, to-wit:

“FORM OF BOND”

No. R-1

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA, TOWN OF WARRENTON
GENERAL OBLIGATION BOND,
SERIES 2022**

Registered Holder:

**Dated: September __, 2022
Maturity Date: October 1, 2042**

**Principal Sum: [UP TO FIVE MILLION
FOUR HUNDRED THOUSAND AND
00/100 DOLLARS (\$5,400,000.00)]**

Interest Rate: _____%

KNOW ALL MEN BY THESE PRESENTS, that the Town of Warrenton, Virginia (hereinafter sometimes referred to as the “Town”), a body politic and corporate of the Commonwealth of Virginia, for value received hereby promises to pay to the registered holder (named above), or assigns, on the Maturity Date (specified above), subject to prepayment or prior redemption as hereinafter provided, the Principal Sum (specified above) by wire transfer to the registered holder on the payment dates set forth below by the Finance Director of the Town (the “Paying Agent”), and to pay interest on said Principal Sum semi-annually on each April 1 and October 1, commencing October 1, 2023 (each an “Interest Payment Date”), from the date of authentication hereof, at the rate per annum (specified above). Principal shall be paid annually on each October 1, commencing October 1, 2020, and on the Maturity Date.

[The Bond may not be prepaid before October 1, 20___. On and after October 1, 20___, after giving at least thirty (30) days’ written notice to the Bank, the Town may prepay the Bond in whole only on any date upon payment of interest accrued and unpaid to such date, plus principal at the following redemption prices (expressed as a percentage of the principal amount of Bond to be redeemed):

Redemption Period (both dates inclusive)	Redemption Prices
October 1, 20___, to September 30, 20___	101%
October 1, 20___, and thereafter	100]

Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in regular and due time, form and manner as required by law; that this Bond does not exceed any constitutional, statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of, and interest on, this Bond as provided in the Resolution.

No registration, transfer or exchange of this Bond shall be permitted within fifteen (15) days of an Interest Payment Date, the Maturity Date or the date of prepayment or redemption of this Bond.

This Bond is an authorized series in the aggregate principal amount of up to \$5,400,000 authorized of like date and tenor, except for number and denomination, and is issued under and pursuant to and in compliance with the Constitution and laws of the Commonwealth of Virginia, including Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended, the same being the Public Finance Act, and the Resolution duly adopted under said Chapter by the Town Council on September 12, 2022 (**the “Resolution”**).

This Bond shall bear interest from the date on which this Bond is authenticated. Interest on this Bond shall be computed on the basis of 30-day months and 360-day year.

This Bond is transferable only upon the registration books kept at the office of the Registrar by the registered holder hereof, or by his duly authorized attorney, upon surrender of this Bond (together with a written instrument of transfer, satisfactory in form to the Registrar, duly executed by the registered holder or his duly authorized attorney, which may be the form endorsed hereon) and subject to the limitations and upon payment of the charges, if any, as provided in the Resolution, and thereupon as provided in the Resolution a new Bond, in the aggregate principal amount and of the same series, interest rate and maturity as the Bond surrendered, shall be issued in exchange therefor. The Town and the Registrar shall deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes whatsoever.

This Bond has been designated by the Town as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (**the “Code”**).

THIS BOND IS A GENERAL OBLIGATION OF THE TOWN FOR THE PAYMENT OF WHICH THE TOWN’S FULL FAITH AND CREDIT ARE IRREVOCABLY PLEDGED. THE TOWN COUNCIL IS AUTHORIZED AND

REQUIRED TO LEVY AND COLLECT ANNUALLY AT THE SAME TIME AND IN THE SAME MANNER AS OTHER TAXES OF THE TOWN ARE ASSESSED, LEVIED AND COLLECTED, A TAX UPON ALL TAXABLE PROPERTY WITHIN THE TOWN, OVER AND ABOVE ALL OTHER TAXES AUTHORIZED OR LIMITED BY LAW AND WITHOUT LIMITATION AS TO RATE OR AMOUNT, SUFFICIENT TO PAY WHEN DUE THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BOND, TO THE EXTENT OTHER FUNDS OF THE TOWN ARE NOT LAWFULLY AVAILABLE AND APPROPRIATED FOR SUCH PURPOSE.

Reference is hereby made to the Resolution and to all of the provisions thereof to which any holder of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and nature and extent of the security for the Bond; the conditions upon which the Resolution may be amended or supplemented without the consent of the holder of this Bond and upon which it may be amended only with the consent of the holder of the Bond affected thereby; the rights and remedies of the holder hereof with respect hereto; the rights, duties and obligations of the Town; the provisions discharging the Resolution as to this Bond and for the other terms and provisions of the Resolution.

This Bond shall not be valid or obligatory for any purpose unless the certificate of authentication hereon has been duly executed by the Registrar and the date of authentication inserted hereon.

IN WITNESS WHEREOF, the Town of Warrenton, Virginia, by its Town Council has caused this Bond to be signed by the Mayor and attested by the Town Recorder, by their manual or facsimile signatures, and its seal to be impressed or imprinted hereon, and this Bond to be dated as set forth above.

(SEAL)

Town Recorder, Town Council

Mayor, Town of Warrenton, Virginia

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within-mentioned Resolution.

**REGISTRAR – TOWN OF WARRENTON,
VIRGINIA FINANCE DIRECTOR**

By: _____
Finance Director, Town of Warrenton

DATE OF AUTHENTICATION:
March __, 2022

[FORM OF ASSIGNMENT]

For value received, the undersigned hereby sells, assigns, and transfers unto

Please insert social security number or other tax identification number of assignee:

[_____]

Name and address of assignee, including zip code:

_____ the within-mentioned Bond and hereby irrevocably constitutes and appoints _____ attorney-in-fact, to transfer the same on the registration books thereof maintained in the office of the within-mentioned Registrar with the full power of substitution in the premises.

DATED: _____

NOTE: The signature to this assignment must correspond with the name of the registered holder that is written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

SCHEDULE

Section 4 Creation of Proceeds Fund

There is hereby established a trust fund to be designated the “Proceeds Fund, Town of Warrenton, Virginia, General Obligation Bond, Series 2022.”

Section 5 Payments into Proceeds Fund

All funds received from the proceeds of the sale of the Bond shall be deposited into the Series 2022 Bond Proceeds Fund to be used in the manner provided and in accordance with the Bond Purchase Agreement to pay the Costs of the Project and applicable law.

Section 6 Creation of Bond Fund

There is hereby established a trust fund to be designated the “Bond Fund, Town of Warrenton, Virginia, General Obligation Bond, Series 2022”, in which Bond Fund there are hereby established two accounts, an Interest Account and a Principal Account. As and when received, monies shall be deposited into the appropriate account of the Bond Fund, and payments from the Bond Fund shall be made as follows:

- a. to the Interest Account in the Bond Fund, subject to credit, if any, for proceeds of the Bond deposited therein, on April 1 and October 1, beginning April 1 2023, through and including the Maturity Date, an amount equal to the amount of interest that will become due on the Bond on the Interest Payment Date or Maturity Date; and
- b. to the Principal Account in the Bond Fund on each October 1 beginning October 1, 2023 through and including the Maturity Date, an amount equal to the principal that is required to be deposited into the Principal Account in order to pay the principal due on the Bond on such payment date, and on the Maturity Date.

Section 7 Accounts Within Funds

Any fund or account created by this Resolution may contain such accounts or subaccounts as may be necessary for the orderly administration thereof.

Section 8 Investment of Funds

- a. The Town shall separately invest and reinvest any monies held in the funds established by this Resolution in investments which would mature in amounts and at times so that the principal of, premium, if any, and interest on, the Bond can be paid when due at maturity thereof.
- b. Permissible investments include investments in securities that are legal investments under Chapter 45 of Title 2.2 of the Code of Virginia of 1950, as amended (Section 2.2-4500 et seq.) and which are otherwise in compliance with Section 15.2-2619 of the Act.

Section 9 Defeasance

The obligations of the Town under this Resolution and covenants of the Town provided for herein shall be fully discharged and satisfied as to the Bond and the Bond shall no longer be deemed to be Outstanding thereunder when the Bond shall have been purchased by the Town and cancelled or destroyed, when the payment of principal of the Bond, plus interest on the principal to the due date thereof either (a) shall have been made or (b) shall have been provided for by irrevocably depositing with the Paying Agent for the Bond, money sufficient to make such payment, or direct and general obligations of, or obligations the principal of, and interest on, which are guaranteed by, the United States of America, maturing in such amounts and at such times as will insure the availability of sufficient monies to make such payment.

Section 10 General Obligation

The Bond is a general obligation of the Town for the payment for which the Town's full faith and credit are irrevocably pledged. The Council, in accordance with Section 15.2-2624 of the Act, is hereafter authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the Town are assessed, levied and collected, a tax upon all taxable property within the Town, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any and interest on the Bond, to the extent other funds of the Town are not lawfully available and appropriated for such purpose.

Section 11 Event of Default

Each of the following shall constitute an event of default hereunder:

- a. Failure to pay the principal of the Bond when due;
- b. Failure to pay interest on the Bond when due;
- c. Failure of the Town to perform any other covenant or agreement contained in this Resolution, which failure shall have continued for 60 days after the notice thereof from the Holders of not less than twenty percent (20%) of the Bond Outstanding; provided, however, that if any such failure shall be such that it cannot be cured or corrected within a 60-day period but is, in fact, susceptible of cure or correction, it shall not constitute an Event of Default if curative or corrective action is instituted within said period and diligently pursued until the failure of performance is cured or corrected;
- d. The instituting of any proceeding with the consent of the Town for the purpose of effecting composition between the Town and its creditors or for the purpose of adjusting the claims of creditors pursuant to any federal or state statute; or
- e. If the Town for any reason shall be rendered incapable of fulfilling its obligations under this Resolution.

Upon the occurrence of an Event of Default, the Holders of not less than twenty-five percent (25%) in principal amount of the Bond then Outstanding may declare the principal of all of the Outstanding Bond and all accrued and unpaid interest thereon to be due and payable immediately. This provision is subject to the condition that if, at any time after such declaration and before any such further action has been taken, all arrears of interest on, and principal of, the Bond shall have been paid and all other Events of Default, if any, which shall have occurred have been remedied, then the Holders of such majority in principal amount of the Outstanding Bond may waive such default and annul such declaration.

If an Event of Default shall have occurred and be continuing, then the Holders of not less than twenty-five percent (25%) in principal amount of the Bond then Outstanding may call a meeting of the Holders of the Bond for the purpose of selecting a Bondholders' committee (**the "Bondholders Committee"**). At such meeting the Holders of not less than a majority in principal amount of the Outstanding Bond must be present in person or by proxy in order to constitute a quorum for the transaction of business. A quorum being present at such meeting, the Bondholders present may, by a majority of the votes cast, elect one or more persons who may or may not be Bondholders to the Bondholders' Committee. The Bondholders' Committee is empowered to exercise, as trustee for the Bondholders, all the rights and powers conferred on the Bondholders in the Resolution.

In case an Event of Default shall occur, subject to the provisions referred to in the preceding paragraph, the Holders of the Outstanding Bond shall have the right to protect the rights vested in such Holder by the Resolution by such appropriate judicial proceeding as such Holder shall determine either by suit in equity or by action at law.

Section 12 Enforcement by Bondholder

The Holder of the Bond may by mandamus or other appropriate proceeding at law or in equity in any court of competent jurisdiction, enforce and compel performance of this Resolution and every provision and covenant thereof, including without limiting the generality of the foregoing, the enforcement of the performance of all obligations and duties and requirements to be done or performed by the Town by the Resolution or by the applicable laws of the Commonwealth.

Section 13 Modification of Bond Resolution

The Town may without the consent of any Bondholder make any modification or amendment of this Resolution required to cure any ambiguity or error herein contained or to make any amendments hereto or to grant to the Bondholders additional rights.

The Holders of not less than sixty-six and two-thirds percent (66-2/3%) in principal amount of the Outstanding Bond shall have the power to authorize any modifications to this Resolution affecting the Outstanding Bond proposed by the Town other than as permitted above;

provided that without the consent of the Holder of the Bond affected thereby, no modifications shall be made which will (a) extend the time of payment of principal of, or interest on, the Bond or reduce the principal amount thereof or the rate of interest thereon or any alteration of prepayment provisions; (b) give to the Bond any preference over any other note or bond secured equally and ratably therewith; (c) deprive the Bondholders of the security afforded by this Resolution, or (d) reduce the percentage in principal amount of the Bond required to authorize any modification to the Resolution.

Section 14 Application of Proceeds; Sale of Bond

Proceeds derived from the sale of the Bond together with other monies available therefor shall be used to pay the costs of issuance and other expenses of the Town relating to the issuance of the Bond and thereafter any remaining funds to be deposited in the Proceeds Fund shall be used for the purposes specified in Section 2 of this Resolution and otherwise used in accordance with the provisions of this Resolution or an opinion of Bond Counsel. Interest accruing on the principal of the Proceeds Fund and any profit realized from it may be transferred to the Bond Fund to be applied to the payment of interest on the Bond during the acquisition, construction, improvement and equipping of the Project.

Section 15 No Arbitrage Covenant and Covenants and Designations as to the Code

The Town hereby covenants that it will not use or invest, or permit the use or investment of any proceeds of the Bond, in a manner that would cause the Bond to be subjected to treatment under Section 148 of the Code and the regulations adopted thereunder as an “arbitrage bond,” and to that end the Town shall comply with applicable regulations adopted under said Section 148 of the Code.

The Town covenants to comply with the Code provisions requiring that any issuance of “governmental bonds,” as defined therein, be subject to certain requirements as to rebate and timing and type of payments to be paid for from the proceeds of such notes or bonds, as well as other additional requirements. In order to assure compliance with such Code provisions, the Town has entered into a Compliance Certificate, to comply with such requirements and covenants therein that it will not breach the terms thereof.

The Council, on behalf of the Town, hereby designates the Bond as a “qualified tax-exempt obligation” as defined in Section 265(b)(3)(B) of the Code and certifies by this Resolution that it does not reasonably anticipate the issuance by it or its subordinate entities of more than \$10,000,000 in “qualified tax-exempt obligations” during the calendar year 2022 for or on its behalf and will not designate, or permit the designation by any of its subordinate entities of, any of its notes and bonds (or those of its subordinate entities) during the calendar year 2022 for or on its behalf which would cause the \$10,000,000 limitation of Section 265(b)(3)(D) of the Code to be violated.

The Council intends for the Bond to be treated as complying with the provisions of Section 148(f)(4)(D) of the Code, which provides an exception from the “rebate requirement,” since (i) the 2022 Bond (1) is issued by the Town which is a governmental unit with general taxing powers, (2) no bond which is a part of this issue is a private activity bond, (3) 95% or more of the net proceeds of this issue are to be used for local governmental activities entirely within the jurisdiction of the Town, and (4) the aggregate face amount of all tax-exempt notes and bonds (other than private activity bonds) issued by the Town during the calendar year 2022 (and notes and bonds issued by any subordinate entity of the Town) is not reasonably expected to exceed \$5,000,000 except that, pursuant to the provisions of Section 148(f)(4)(D)(vii) of the Code, this amount of \$5,000,000 may increase by the lesser of \$10,000,000 or so much of the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Town during the calendar year 2022 (and notes and bonds issued by any subordinate entity of the Town) attributable to financing the construction (within the meaning of Section 148(f)(4)(C)(iv) of the Code) of public school facilities.

The Town hereby declares, in accordance with U.S. Treasury Regulation Section 1.150-2, as amended from time to time, the Town’s intent to reimburse itself with the proceeds of the Bond for expenditures with respect to the Project made on and after the date which is no more than 60 days prior to the date of adoption of this Resolution. The Town reasonably expects on the date hereof that it will reimburse itself for the expenditures with the proceeds of the Bond. Each expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the expenditures), (b) a cost of issuance with respect to the Bond, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Town so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Town. The maximum principal amount of the Bond expected to be issued for the Project is \$5,400,000. The Town will make a reimbursement allocation, which is a written allocation by the Town that evidences the Town’s use of proceeds of the Bond to reimburse an expenditure, no later than 18 months after the later of the date on which the expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the expenditure is paid. The Town recognize that exceptions are available for certain “preliminary expenditures,” costs of issuance, certain *de minimis* amounts, expenditures by “small issuers” (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 16 Further Actions Authorized

The Mayor, the Town Recorder, the Town Manager and the Finance Director of the Town, and all other officers, employees and agents of the Town are hereby authorized and directed to take any and all such further action and to modify such documents and terms relating to the issuance of the Bond, including but not limited to the terms of payment, dates, redemption dates and terms as shall be deemed necessary, appropriate or desirable in order to effectuate delivery of, and payment for, the Bond all in accordance with the Resolution. The signature of

such officers on such documents or certificates shall be conclusive evidence of such determination.

Furthermore, terms and provisions of the Bond may be subsequently modified by a resolution of the Council as may be deemed necessary, appropriate or desirable without modifying this Resolution and without further public hearing.

Section 17 Invalidity of Sections

If any section, paragraph, clause or provision of this Resolution shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Resolution.

Section 18 Headings of Sections, Table of Contents

The headings of the sections of this Resolution and the Table of Contents appended hereto or to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Resolution.

Section 19 Effectiveness and Filing of Resolution

This Resolution shall become effective upon its passage. A certified copy of this Resolution shall be filed with the Clerk of the Circuit Court of the County of Fauquier, Virginia in accordance with Section 15.2-2607 of the Act.

The Members of the Council voted as follows:

<u>Ayes</u>	<u>Nays</u>

<u>Absent</u>	<u>Abstentions</u>

Adopted this 12th day of September, 2022.

The undersigned Town Recorder of the Town Council of the Town of Warrenton, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the Council held on September 12, 2022, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing resolution, a quorum was present and action was taken in an open meeting.

Dated this ____ day of September, 2022.

Town Recorder, Town Council of the
Town of Warrenton, Virginia

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