

**RESOLUTION OF THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF A WASTEWATER AND WATER
SYSTEM REVENUE BOND AND SETTING FORTH THE FORM, DETAILS AND
PROVISIONS FOR THE PAYMENT THEREOF**

WHEREAS, the County Board of the County of Arlington, Virginia (the "County" or "County Board") has determined that it is necessary and desirable to undertake certain improvements to its wastewater system (the "Project") as set forth in the County's Water Pollution Control Master Plan and to issue its wastewater and water system revenue bond, in the maximum aggregate principal amount of \$50,000,000 (the "Bond"), and to use the proceeds thereof, along with other available funds, if any, to pay the costs of the Project.

WHEREAS, the Bond will be sold by the County to or at the direction of the Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund ("VRA"), pursuant to the terms of a Financing Agreement (the "Financing Agreement"), between the County and VRA.

WHEREAS, the County Board has held a public hearing on September 13, 2008, on the issuance of the Bond in accordance with the requirements of Section 15.2-2606 of the Code of Virginia of 1950, as amended.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY BOARD OF
ARLINGTON COUNTY, VIRGINIA:**

1. **Authorization of Bond and Use of Proceeds.** The County Board hereby finds and determines that it is advisable and in the best interest of the County to contract a debt and to issue the Bond in the maximum principal amount of \$50,000,000, and to sell the Bond, to or at the direction of VRA, all pursuant to the terms of (i) this Resolution and (ii) the Financing Agreement. Such issuance and sale of the Bond are hereby authorized and approved. The Bond shall be designated the "Arlington County, Virginia Wastewater and Water System Revenue Bond," or such other designation as may be approved in the discretion of the County Manager and shall include an appropriate series designation. The proceeds from the issuance and sale of the Bond shall be used, together with other available funds, if any, to pay the costs of the Project.

2. **Details of Bond.** The Bond shall be issued as a single bond (or in more than one series in the discretion of the County Manager) in fully registered form and shall be dated the date of its issuance and delivery. The County Manager and the Director of the Department of Management and Finance, or either of them, are authorized and directed to determine and approve all of the other final details of the Bond, including without limitation, the maximum principal amount authorized to be advanced thereunder, the Cost of Funds, the maturity or payment dates and amounts, series designation, the optional redemption provisions and the final maturity date; provided, however, that (i) the maximum principal amount authorized to be advanced under the Bond shall not exceed the amount set forth in paragraph 1 of this Resolution, (ii) the Cost of Funds (as defined in the Financing Agreement) on the Bond shall not exceed three and fifty-five hundredths percent (3.55%) per annum, and (iii) the final maturity date of the

Bond shall be no later than approximately 20 years from its date of issuance. The approval of such details shall be evidenced conclusively by the execution and the delivery of the Bond.

3. **Pledge of Revenues.** The Bond shall be a limited obligation of the County and, except to the extent payable from the proceeds of the sale of the Bond or the income, if any, derived from the investment thereof, is payable exclusively from the Revenues (as defined in the Financing Agreement), which the County hereby pledges to the payment of the principal of, premium, if any, and Cost of Funds on the Bond pursuant to the terms of the Financing Agreement. Neither the Commonwealth of Virginia nor any of its political subdivisions, including the County, shall be obligated to pay the principal of, premium, if any, or Cost of Funds on the Bond or other costs incident to it except from the Revenues and any other money or property pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any of its political subdivisions, including the County, is pledged to the payment of the principal of, premium, if any, or Cost of Funds on the Bond or other costs incident to it. The issuance of the Bond does not directly, indirectly or contingently obligate the Commonwealth of Virginia or any of its political subdivisions, including the County, to levy any taxes for the payment of the Bond.

4. **Form of Bond.** The Bond shall be in substantially the form presented at this meeting, with such variations, insertions or deletions as may be approved by the County Manager and the Director of the Department of Management and Finance, or either of them, which approval shall be evidenced by the execution and delivery of the Bond. There may be endorsed on the Bond such legend 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.

5. **Execution and Delivery of Bond.** The County Manager is authorized and directed to execute the Bond. The Clerk of the County Board is authorized and directed to affix the seal of the County to the executed Bond and to attest it and such officers are authorized and directed to deliver the Bond or to cause the Bond to be delivered to or at the direction of VRA upon payment of the first principal advance thereunder. An authorized representative or other designee of VRA shall enter the amount and date of each principal advance as provided in the Certificate of Advances attached to the Bond when the proceeds of such advance are delivered to the County.

6. **Registration, Transfer and Exchange.** The County appoints the Director of the Department of Management and Finance as its registrar and transfer agent (the "Registrar") to keep books for the registration and transfer of the Bond and to make such registrations and transfers on such books under such reasonable regulations as the County may prescribe.

Upon surrender for transfer or exchange of the Bond at the office of the Registrar, the County shall cause the execution and delivery in the name of the transferee or registered owner, as applicable, a new Bond for a principal amount equal to the Bond surrendered and of the same date and tenor as the Bond surrendered, subject in each case to such reasonable regulations as the County may prescribe. If surrendered for transfer, exchange, redemption or payment, the Bond shall be accompanied by a written instrument or instruments of transfer or authorization for

exchange, in form and substance reasonably satisfactory to the Registrar, duly executed by the registered owner or by such owner's duly authorized attorney-in-fact or legal representative.

A new Bond delivered upon any transfer or exchange shall be a valid limited obligation of the County, evidencing the same debt as the Bond surrendered and shall be entitled to all of the security and benefits of this Resolution to the same extent as the Bond surrendered.

7. Charges for Exchange or Transfer. No charge shall be made for any exchange or transfer of the Bond, but the Registrar may require payment by the holder of such Bond of a sum sufficient to cover any tax or any other governmental charge that may be imposed in relation thereto.

8. Mutilated, Lost, Stolen or Destroyed Bond. If the Bond has been mutilated, lost, stolen or destroyed, the County shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon delivery to the Registrar and cancellation of, such mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond; provided, however, that the County shall execute, authenticate and deliver a new Bond only if its registered owner has paid the reasonable expenses and charges of the County in connection therewith and, in the case of a lost, stolen or destroyed Bond (i) has filed with the Registrar evidence satisfactory to him or her that such Bond was lost, stolen or destroyed and that the holder of the Bond was its registered owner and (ii) has furnished to the County indemnity satisfactory to the Registrar. If the Bond has matured, instead of issuing a new Bond, the County may pay the Bond without surrender upon receipt of the aforesaid evidence and indemnity.

9. Approval of Financing Agreement. The County Manager and the Director of the Department of Management and Finance, or either of them, are authorized to approve the Financing Agreement and to execute and deliver the Financing Agreement and such other documents and certificates as either such officer may consider necessary in connection therewith.

10. Disclosure Documents. The County Manager and the Director of the Department of Management and Finance and such officers and agents of the County as may be designated by either of them, are hereby authorized and directed to prepare, execute and deliver any appropriate disclosure documents regarding the County as may be necessary in connection with the public offering and sale of bonds to be issued by VRA to finance the purchase of the Bond. The distribution and use by VRA of such disclosure in connection with such public offering and sale are hereby authorized and approved. The County Manager and the Director of the Department of Management and Finance, or either of them, are authorized and directed to take whatever actions with respect to such disclosure documents as are necessary and/or appropriate to ensure compliance with Securities and Exchange Commission Rule 15c2-12.

11. Tax Documents. The County Manager and the Director of the Department of Management and Finance are authorized to execute a Tax Compliance Agreement or any related document (the "Tax Documents") setting forth the expected use and investment of the proceeds of the Bond and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), including the provisions of Section 148 of the Code and applicable regulations relating to "arbitrage bonds." The County covenants that the proceeds from the issuance and sale of the Bond will be invested

and expended as set forth in the Tax Documents, to be delivered simultaneously with the issuance and delivery of the Bond and the County shall comply with the other covenants and representations contained therein.

12. Further Actions; Authorized Representative. The County Manager, the Director of the Department of Management and Finance and such officers and agents of the County as may be designated by either of them are authorized and directed to take such further actions as they deem necessary regarding the issuance and sale of the Bond and the execution, delivery and performance of the Financing Agreement, including, without limitation, the execution and delivery of closing documents and certificates. All such actions previously taken by such officers and agents are ratified and confirmed. The County Manager is authorized to designate the County's Authorized Representatives for purposes of the Financing Agreement.

13. Filing of Resolution. The County Attorney is authorized and directed to file a certified copy of this Resolution with the Circuit Court of Arlington County, Virginia, pursuant to Sections 15.2-2607 and 15.2-2653 of the Code of Virginia of 1950, as amended.

14. Reimbursement. The County Board adopts this declaration of official intent under Treasury Regulations Section 1.150-2. The County reasonably expects to reimburse advances made or to be made by the County to pay the costs of the Project from the proceeds of its debt or other financings. The maximum amount of debt or other financing expected to be issued for the Project is set forth in paragraph 1 of this Resolution.

14. Effective Date. This Resolution shall take effect immediately.

CERTIFICATE OF THE CLERK
OF THE COUNTY BOARD OF
ARLINGTON COUNTY, VIRGINIA

At a regular meeting of the County Board of Arlington County, Virginia, held on the 13th day of September, 2008, the following County Board members were recorded as present:

PRESENT:

On motion by _____, seconded by _____, the foregoing Resolution was adopted by a majority of the members of the County Board by a roll call vote recorded as follows:

MEMBER

VOTE

Dated: September ____, 2008

CLERK, ARLINGTON COUNTY BOARD

FORM OF BOND

R-1

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
COUNTY OF ARLINGTON
WASTEWATER AND WATER SYSTEM REVENUE BOND,
SERIES _____**

COST OF FUNDS

MATURITY DATE

DATED DATE

**REGISTERED OWNER: VIRGINIA RESOURCES AUTHORITY, AS
ADMINISTRATOR OF THE VIRGINIA WATER
FACILITIES REVOLVING FUND**

PRINCIPAL AMOUNT:

COUNTY OF ARLINGTON, VIRGINIA, a public body politic and corporate of the Commonwealth of Virginia (the "County"), for value received, promises to pay, solely from the revenues and other property pledged to the payment of this Bond, to the registered owner of this Bond or legal representative, the principal sum stated above, together with a Cost of Funds (as defined in the hereinafter defined Financing Agreement) thereon at the annual rate stated above, as set forth below.

The outstanding principal balance of this Bond shall bear Cost of Funds from the date of each advance of principal until payment of the entire principal amount. Cost of Funds only on this Bond shall be due and payable on _____. Commencing _____, and continuing semi-annually thereafter on _____ 1 and _____ 1 in each year, the principal of and Cost of Funds on this Bond shall be payable in equal principal and Cost of Funds installments of \$_____ with a final installment of \$_____ due on _____. Each installment shall be applied first to the Cost of Funds due and payable on this Bond, and then to the principal. If principal advances up to \$_____ are not made, the principal amount due on this Bond shall not include the unadvanced amount and shall be reduced as provided in the Financing Agreement (as defined below). Cost of Funds on this Bond shall include Supplemental Interest (as defined in the hereinafter defined Financing Agreement), if an when due and payable pursuant to the provisions of the Financing Agreement.

If any installment of principal of this Bond is not paid to the registered owner of this Bond within ten (10) days after its due date, the County shall pay to the registered owner of this Bond a late payment charge in an amount equal to five percent (5%) of the overdue installment.

All amounts due under this Bond are payable in lawful money of the United States.

The principal balance of this Bond shall be equal to the sum of the amounts advanced by

the registered owner, as shown on the certificate of principal advances appearing at the end of this Bond, less the aggregate amount of the payments and any prepayments of principal which may have been made on this Bond. No notation is required to be made on this Bond of the payment or prepayment of principal. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.

The issuance of this Bond has been duly authorized by the County Board of the County by a resolution adopted _____, 2008 (the "Resolution"), under the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended. This Bond is issued pursuant to the terms of the Resolution and a Financing Agreement dated as of _____ 1, 2008 (the "Financing Agreement"), between the County and the Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund. The County will use the proceeds of the Bond, along with other available funds, if any, to pay the costs associated with the replacement or upgrade of various components to the County's Wastewater Treatment System, together with related expenses.

This Bond is a limited obligation of the County and, except to the extent payable from the proceeds of the sale of the Bond or the income, if any, derived from the investment thereof, is payable exclusively from the Revenues (as defined in the Financing Agreement). **NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING ARLINGTON COUNTY, VIRGINIA, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR COST OF FUNDS ON THIS BOND OR THE OTHER COSTS INCIDENT TO IT EXCEPT FROM THE REVENUES AND ANY OTHER MONEY OR PROPERTY PLEDGED FOR SUCH PURPOSE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING ARLINGTON COUNTY, VIRGINIA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR COST OF FUNDS ON THIS BOND OR OTHER COSTS INCIDENT TO IT. THE ISSUANCE OF THIS BOND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING ARLINGTON COUNTY, VIRGINIA, TO LEVY ANY TAXES FOR THE PAYMENT OF THIS BOND.**

The obligations of the County under this Bond shall terminate when all amounts due and to become due pursuant to this Bond and the Financing Agreement have been paid in full.

The lien of the pledge of the Revenues securing payment of this Bond is as set forth pursuant to the terms and conditions of the Financing Agreement. The County may issue additional bonds ranking on a parity with this Bond with respect to the pledge of the Revenues under the terms of the Financing Agreement.

This Bond may not be prepaid without the written consent of the Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund, in accordance with the terms of the Financing Agreement.

If an Event of Default (as defined in the Financing Agreement) occurs, the principal of

this Bond may be declared immediately due and payable by the registered owner of this Bond by written notice to the County, provided.

This Bond may be transferred only by an assignment duly executed by the registered owner or such owner's attorney or legal representative in form satisfactory to the Director of the Department of Management and Finance, as registrar. Such transfer shall be made in the registration books kept by the Director of the Department of Management and Finance, as registrar, upon presentation and surrender of this Bond.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this Bond have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

[Signature Page Follows]

IN WITNESS WHEREOF, the County of Arlington, Virginia has caused this Bond to be signed by the County Manager and the County's seal to be affixed and attested by the signature of the Clerk of the County Board.

COUNTY OF ARLINGTON, VIRGINIA

By: _____
County Manager

[SEAL]

ATTEST:

Clerk, County Board

Certificate of Advances

The principal sum payable under this Bond, not to exceed \$_____, shall be an amount equal to the aggregate of all principal advances noted below. The aggregate amount of all principal advances under this Bond shall be certified by an authorized representative of the registered owner of this Bond.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
\$ _____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE.)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE: _____

this Bond and does irrevocably constitute and appoint _____, attorney, to transfer this Bond on the books kept for its registration, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association which is a member of a medallion program approved by The Securities Transfer Association, Inc.)

Registered Owner
(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

**CERTIFICATE OF THE CLERK OF THE CIRCUIT COURT
OF THE COUNTY OF ARLINGTON, VIRGINIA WITH RESPECT TO
COUNTY OF ARLINGTON, VIRGINIA
WASTEWATER AND WATER SYSTEM REVENUE BOND RESOLUTION**

The undersigned certifies that there has been filed with the Circuit Court of the County of Arlington, Virginia, as required by Section 15.2-2607 of the Code of Virginia of 1950, as amended, a certified copy of a Resolution authorizing the issuance of Arlington County, Virginia, Wastewater and Water System Revenue Bonds, adopted by the County Board of Arlington County, Virginia on September 13, 2008.

Dated: September ____, 2008

Clerk, Circuit Court of the County of Arlington,
Virginia