

**INDUCEMENT RESOLUTION OF THE
LOUISA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
EVIDENCING THE INTENT TO ISSUE UP TO
\$3,500,000 IN PRINCIPAL AMOUNT OF
EDUCATIONAL FACILITIES REVENUE BONDS
FOR THE BENEFIT OF
THE PEABODY SCHOOL**

WHEREAS, the Louisa County Industrial Development Authority, a political subdivision of the Commonwealth of Virginia (the "Authority"), is empowered by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), to issue its revenue bonds to protect and promote the health and welfare of the inhabitants of the Commonwealth of Virginia by assisting in the financing of educational facilities;

WHEREAS, the Authority has received a request from The Peabody School, a Virginia nonstock, not-for-profit corporation (the "School"), for the Authority to issue its educational facilities revenue bonds in an amount not to exceed \$3,500,000 (the "Bonds") to finance and refinance the costs associated with certain educational facility improvements on the School's academic campus located at 1232 Stoney Ridge Road, Charlottesville, Virginia 22902 in Albemarle County, Virginia (the "Host County"), including but not limited to the acquisition, construction and equipping of an approximately 7,456 square foot new academic building and to pay costs of issuance and other expenses in connection with the issuance of the bonds (the "Project");

WHEREAS, such assistance will benefit the inhabitants of Louisa County, Virginia (the "County"), the Host County and the Commonwealth of Virginia, either through the increase of commerce, tax revenue and employment opportunities or through the promotion of their education, health, welfare, convenience or prosperity;

WHEREAS, preliminary plans for a credit facility from United Bank to finance the Project and purchase the Bonds (the "Plan of Financing") have been described in general terms to the Authority;

WHEREAS, the School has represented that the estimated cost of the Project and all expenses of the Bond issue will require the issuance of tax-exempt educational facilities revenue bonds in an aggregate principal amount not to exceed \$3,500,000;

WHEREAS, the School intends to use the Bond proceeds made available to it from time to time in the furtherance of its tax-exempt purposes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") to provide non-sectarian, educational opportunities to boys and girls in the Charlottesville, Virginia metropolitan area;

WHEREAS, (a) each member of the Authority has, before entering upon his or her duties during his or her present term of office, taken and subscribed to the oath prescribed by Section 49-1 of the Code of Virginia of 1950, as amended and (b) at the time of their appointments and at all times thereafter, including the date hereof, all of the members of the Board of Directors of the Authority have satisfied the residency requirements of the Act;

WHEREAS, no member of the Board of Directors of the Authority has any personal interest or business interest in the School or the Bonds or has otherwise engaged in conduct prohibited under the Conflict of Interests Act, Chapter 31, Title 2.2 of the Code of Virginia of 1950, as amended (the "Conflict of Interests Act") in connection with this Inducement Resolution or any other official action of the Authority in connection therewith;

WHEREAS, the Authority's obligation to pay the principal of and interest on the Bonds and any other costs incident thereto will not be general obligations of the Authority, but will be limited obligations payable solely from the revenue and money derived by the Authority from the School's obligation to repay the loan and other security pledged by the School (collectively, the "Revenue"), and the Authority will pledge and assign the Revenue to the holder of the Bonds as security for the payment of the principal of and interest on the Bonds and the other costs incident thereto;

WHEREAS, a public hearing was conducted by the Authority with respect to the proposed issuance of the Bonds to provide financing for the Project following reasonable public notice, as required by, and in accordance with Section 147(f) of the Code and the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE LOUISA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY:

1. It is hereby found and determined, following a duly notice of public hearing regarding the Project held on April 25, 2019 that the acquisition, construction and equipping of the Project will be in the public interest and will promote the commerce, safety, health, welfare, education, convenience or prosperity of the Commonwealth of Virginia, the County, the Host County and their citizens.

2. The Authority hereby agrees to assist the School in facilitating the Plan of Financing by undertaking the issuance of the Bonds in an amount not to exceed \$3,500,000 upon terms and conditions mutually agreeable to the Authority and the School. The Bonds will be issued pursuant to documents satisfactory to the Authority. The Bonds may be issued in one or more series at one time or from time to time.

3. It having been represented to the Authority that it is necessary to proceed immediately with the Project and the Plan of Financing, and therefore the Authority agrees that the School may proceed to undertake actions to facilitate work on the Project and the Plan of Financing, enter into contracts for construction, materials, tools, professional services and equipment for the Project, and take such other steps as it may deem appropriate in connection with the Project and the Plan of Financing, provided, however, that nothing in this Inducement Resolution shall be deemed to authorize the School to obligate the Authority without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Project and the Plan of Financing. The Authority agrees that the School may be reimbursed from the proceeds of the Bonds for all expenditures and costs previously incurred by it, provided such expenditures and costs are properly reimbursable under the Act and applicable federal laws.

4. All costs and expenses in connection with the Plan of Financing and the acquisition, construction and equipping of the Project, including the fees and expenses of Bond Counsel, shall be paid by the School or, to the extent permitted by applicable law, from the proceeds of the Bonds. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the School and that the Authority shall have no responsibility, therefore.

5. In adopting this Inducement Resolution the Authority intends to take "official action" toward the issuance of the Bonds and to evidence its "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Code to allow the School to be reimbursed from the proceeds of the Bonds for any expenditures paid by the School to finance or refinance the acquisition, construction and equipping of the Project and the planning therefore before the issuance of the Bonds, all within the meaning of regulations issued by the Internal Revenue Service pursuant to Sections 103 and 141 through 150 and related sections of the Code.

6. The School intends to utilize the proceeds of the Bonds or other sources, including additional debt to pay the costs of the Project in an amount not currently expected to exceed \$3,500,000. Any additional debt incurred by the School to finance the Project may be refinanced with the Bonds, subject to the as approval by Bond Counsel.

7. The School intends that the proceeds of such Bonds will be used to pay third parties directly or to reimburse the School for debt or expenses previously incurred or made with respect to the Project (the "Expenditures").

8. Each Expenditure was or will be, unless otherwise approved by Bond Counsel, 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 Expenditure), (b) a cost of issuance with respect to such Bonds, or (c) any other costs eligible for tax-exempt financing.

9. The Authority recommends that the Board of Supervisors of Louisa County and the Board of Supervisors of Albemarle County provide governing body approval regarding the issuance of the Bonds by the Authority, taking into account citizen input at public hearings that will be conducted by or on behalf of the Authority following the due publication of notice in accordance with Federal and State law.

10. The Authority hereby appoints Williams Mullen, as engaged by the School, to serve as Bond Counsel.

11. No Bonds may be issued pursuant to this Inducement Resolution until such time as the issuance of the Bonds has been approved by the Board of Supervisors of Louisa County and the Board of Supervisors of the Host County.

12. The Authority understands that the Board of Supervisors of Louisa County intend to designate the Bonds to be issued on behalf of the School as "bank qualified" obligations for purposes of Section 265 of the Code, and concurs with such designation.

13. All fees, costs and expenses in connection with the financing or refinancing of the Project, including the fees and expenses of the Authority and any applicable annual administration fee or other reasonable charges, shall be paid from the proceeds of the Bonds or from moneys

provided by the School. If for any reason such Bonds are not issued, it is understood that all expenses related to the Project shall be paid by the School and that the Authority shall have no responsibility therefor.

14. By submitting its request for an Inducement Resolution to the Authority, the School has agreed to indemnify and hold harmless the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, losses, costs and expenses in any way connected with the Project or the Bonds.

15. The Authority hereby directs the Secretary or Assistant Secretary of the Authority to submit this Inducement Resolution, the School's Fiscal Impact Statement, and a summary of the comments made at the public hearing held by the Authority to the Board of Supervisors of Louisa County and the Host County for governing body approval.

16. The Authority, including its officers, directors, employees and agents, shall not be liable and hereby disclaims all liability to the School and all other persons or entities for any damages, direct or consequential, resulting from the failure of the Authority to issue the Bonds for any reason.

17. All other acts of the Authority that are in conformity with the purposes and intent of this Inducement Resolution and in furtherance of the issuance and sale of the Bonds are hereby ratified, approved and confirmed.

18. This Inducement Resolution shall take effect immediately upon its adoption.

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The undersigned, ^{Chairman}~~Secretary~~ of the Louisa County Industrial Development Authority (the "Authority"), does hereby certify that the foregoing Inducement Resolution was adopted at a meeting of the Board of Directors of the Authority, duly called and held on April 25, 2019, at which meeting a quorum of the directors was present and acting throughout, and that such Inducement Resolution has not been repealed, amended or supplemented and is in full force and effect on the date hereof.

**LOUISA COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY**

Date: April 25, 2019

By: 

Print Name: Stewart Reynolds
Chairman

(S E A L)

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CERTIFICATE

The undersigned, Secretary of the Louisa County Industrial Development Authority (the "Authority"), hereby certifies that the foregoing Inducement Resolution is a true, correct and complete copy of an Inducement Resolution duly adopted by a majority of the directors of the Authority that were present and voting during the meeting duly called and held on April 25, 2019 at which a quorum of the directors was present and acting throughout, and that such Inducement Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof. A summary of the members present or absent at such meeting, and the recorded vote with respect to the foregoing Inducement Resolution, is set forth below.

			VOTING		
MEMBER NAME	PRESENT	ABSENT	YES	NO	ABSTAINING
Willie Harper	✓				
Stewart Reynolds	✓				
William E. Poindexter	✓				
Jeff Martin	✓				
Dan Byers		✓			
Samuel Hughes	✓				
Robert Clarke, Jr.	✓				

WITNESS my hand and the seal of the Authority this 25th day of April, 2019.

LOUISA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By: 
Print Name: Edwin J. Jarvis
Secretary

(S E A L)