

**RESOLUTION AUTHORIZING THE ISSUANCE OF TAX-EXEMPT
ADJUSTABLE MODE EDUCATIONAL FACILITIES REVENUE BONDS
(UNIVERSITY OF VIRGINIA FOUNDATION PROJECTS) SERIES 2006
BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY
OF CHARLOTTESVILLE, VIRGINIA AND OTHER MATTERS IN
CONNECTION THEREWITH**

The Industrial Development Authority of the City of Charlottesville, Virginia (the "Issuer") is duly organized under the Virginia Industrial Development and Revenue Bond Act (the "Act"). In the furtherance of the Act's purposes, the Issuer is authorized to issue its bonds and to loan the proceeds of its bonds to organizations (other than organizations organized and operated exclusively for religious purposes) which are described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and which are exempt from federal income taxation pursuant to Section 501(a) of the Code, to finance or refinance facilities for use by such organizations.

The University of Virginia Foundation (the "Borrower"), is a nonprofit Virginia nonstock corporation which is not organized and operated exclusively for religious purposes, and which is described in Section 501(c)(3) of the Code and exempt from taxation pursuant to Section 501(a) of the Code. The Borrower has requested that the Issuer issue its Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds (University of Virginia Foundation Projects) Series 2006A (the "Series A Bonds") and its Tax-Exempt Adjustable Mode Educational Facilities Revenue Bonds (University of Virginia Foundation Projects) Series 2006B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") in an aggregate principal amount not to exceed \$170,000,000 and to loan the proceeds of such Bonds to the Borrower to assist the Borrower in (a) financing the cost of (i) the acquisition, construction and equipping of the Advanced Research Technology building (the "ART Building") located at 550 Ray C. Hunt Drive in the Fontaine Research Park in Albemarle County, (ii) the acquisition and construction of the West Main Street parking garage fronting on 11th Street, S.W., in the City of Charlottesville (the "City") located one-half block southwest of the intersection of West Main Street and 11th Street, S.W. and to be used in part by tenants of a future office building to be built adjacent thereto, (iii) the construction of the West Main Street connector, an above-ground walkway which connects the parking garage fronting on 11th Street with the University of Virginia Hospital in the City, (iv) the acquisition, construction and equipping of the Life Sciences Annex attached to the ART Building and to be used for laboratory space located at 550 Ray C. Hunt Drive in the Fontaine Research Park in Albemarle County, and (v) the construction of a road in the University of Virginia Research Park off of Airport Road, which is located on the west side of U.S. Route 29 approximately 6 miles north of the City limits of the City of Charlottesville in Albemarle County, and (b) refinancing the cost of (i) the acquisition, construction and equipping of the Dynamics Building used by the University of Virginia for office space and located at 2015 Ivy Road in the City, (ii) the acquisition, construction and equipping of the Blake Center Building used by the University of Virginia for office space and located at 1224 Jefferson Park Avenue in the City, (iii) the acquisition, construction and equipping of a building used by the University of Virginia for office space and other purposes located at 400 Ray C. Hunt Drive in Albemarle County, (iv)

certain land located in the University of Virginia Research Park and possibly other locations and (v) the acquisition, construction and equipping of buildings used primarily for the housing of students attending the University of Virginia that are located at (1) 2021 Ivy Road, (2) 600 Brandon Avenue and (3) 411, 413-415 and 417-419 Brandon Avenue consisting of 48 units, 44 units and 47 units, respectively, all in the City (all of the foregoing in clause (a) being referred to as the “New Facilities” and all of the foregoing in clause (b) being collectively referred to herein as the “Refinanced Facilities,” which together with the New Facilities shall be collectively referred to as the “Projects”). The proceeds of the Bonds will also be used to pay costs of issuance.

A public hearing with respect to the issuance of the Bonds, as required by the Act and the Code, has been held by the Issuer at this meeting. The issuance of the Bonds for the benefit of the Borrower will benefit the inhabitants of the City, increase their commerce, and promote their safety, health, welfare, convenience and prosperity.

The Bonds will be issued pursuant to the terms of an Indenture of Trust, dated as of December 1, 2006 (the “Indenture”), between the Issuer and Regions Bank, as trustee (the “Trustee”). The proceeds of the Bonds will be loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of December 1, 2006 (the “Loan Agreement”), between the Issuer and the Borrower. In the Loan Agreement, the Borrower will evidence its obligation to repay the loan from the Issuer in amounts necessary to pay when due the principal, purchase price, premium, if any, and interest coming due on the Bonds.

Initially, the Bonds will be secured by a letter of credit (the “Letter of Credit”) issued by Wachovia Bank, National Association (the “Bank”) pursuant to a Credit and Reimbursement Agreement, dated as of December 1, 2006 (the “Reimbursement Agreement”), between the Borrower and the Bank.

The Bonds will be sold by Wachovia Bank, National Association and Banc of America Securities LLC (collectively, the “Underwriters”) pursuant to a Bond Purchase Agreement, to be dated the date of the sale of the Bonds (the “Bond Purchase Agreement”), among the Issuer, the Borrower and the Underwriters. From time to time, the Series A Bonds tendered for purchase will be remarketed by Wachovia Bank, National Association (the “Series A Remarketing Agent”) pursuant to a Remarketing and Interest Services Agreement, dated as of December 1, 2006 (the “Series A Remarketing Agreement”), between the Series A Remarketing Agent and the Borrower. From time to time, the Series B Bonds tendered for purchase will be remarketed by Banc of America Securities LLC (the “Series B Remarketing Agent”) pursuant to a Remarketing and Interest Services Agreement, dated as of December 1, 2006 (the “Series B Remarketing Agreement”), between the Series B Remarketing Agent and the Borrower.

The foregoing arrangements for the issuance of the Bonds will be reflected in the Indenture, the Bonds, the Loan Agreement, the Letter of Credit, the Reimbursement Agreement, the Bond Purchase Agreement, the Series A Remarketing Agreement and the Series B Remarketing Agreement (together, the “Bond Documents”). Further, the Bonds will be offered for sale pursuant to an Official Statement to be dated on or before the date of the delivery of the Bonds (the “Official Statement”), which describes the Bonds, the security therefor, the Issuer, the

Borrower, the Bank and the Projects. The forms of all of such documents have been presented to this meeting and filed with the Issuer's records.

After careful consideration and in furtherance of the public purposes for which the Issuer was created, **NOW, THEREFORE, BE IT RESOLVED, THAT:**

1. The foregoing recitals are approved by the Issuer and are incorporated in, and deemed a part of, this Resolution.

2. In order to assist the Borrower in financing the New Facilities and refinancing the Refinanced Facilities, the Issuer hereby agrees to undertake the issuance of the Bonds, and to loan the proceeds thereof to the Borrower upon term and conditions to be mutually agreed upon between the Issuer, the Underwriters and the Borrower.

3. It having been represented to the Issuer that it is necessary to proceed immediately with the planning and the financing of the New Facilities and refinancing of the Refinanced Facilities, the Issuer hereby agrees that the Borrower may proceed with plans for, and enter into contracts involving, the financing of the New Facilities and refinancing of the Refinanced Facilities, and take such other steps as it may deem appropriate in connection therewith, provided, however, that nothing herein shall be deemed to authorize the Borrower to obligate the Issuer without its consent in each instance to the payment of any moneys or the performance of any acts in connection with the Projects. The Issuer agrees that the Borrower may be reimbursed from the proceeds of the Bonds for all expenditures and costs including issuance costs so incurred by it, provided such expenditures and costs are properly reimbursable under the Act and other applicable state and federal laws.

4. The Issuer hereby approves the issuance of the Bonds substantially upon the terms set forth therein and in the Indenture. Although the final terms of the Bonds have not yet been determined, the Bonds shall be in a principal amount not to exceed \$170 million, shall initially bear interest at the Weekly Rate, as such term is defined in the Indenture, shall have a weighted average maturity not to exceed 31 years, and shall be subject to redemption, purchase and remarketing as set forth in the Bond Documents. The Chairman and Vice Chairman of the Issuer, either of whom may act, are each authorized to approve the final terms of the Bonds, which such approval shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement.

The principal of, premium, if any, and interest on the Bonds shall be limited obligations of the Issuer payable solely from the Security, as defined in the Indenture. The principal and purchase price of, premium, if any, and interest on the Bonds shall not be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia (the "Commonwealth") or any political subdivision thereof, including the Issuer and the City. Neither the Commonwealth nor any political subdivision thereof, including the Issuer and the City, shall be obligated to pay the principal or purchase price of, premium, if any, or interest on the Bonds or other costs incident thereto except from the Security, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Issuer and

the City, will be pledged to the payment of the principal or purchase price of, premium, if any, or interest on the Bonds or other costs incident thereto. No covenant, condition or agreement contained in the Bonds, the Bond Documents or any other financing instrument executed and delivered in connection therewith shall be deemed to be a covenant, condition or agreement of any past, present or future director, officer, employee or agent of the Issuer in his or her individual capacity, and no officer of the Issuer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

5. The Bond Documents to which the Issuer is a party are hereby approved in substantially the forms submitted to this meeting, with such changes, insertions, completions or omissions (including, without limitation, changes of the dates thereof and other changes necessary to reflect the final terms of the Bonds within the parameters described in Paragraph 4 above) as may be approved by the Chairman or the Vice Chairman of the Issuer, whose approval shall be evidenced conclusively by the execution and delivery of the Bonds and such documents containing such changes, insertions, completions or omissions.

6. The execution of the Bonds and their delivery against payment therefor, the amount of such payment to be disbursed in accordance with the terms of the Indenture, are authorized and directed. The execution and delivery of, and the performance by the Issuer of its obligations under, the Bond Documents to which it is a party are authorized and directed.

7. The Chairman and the Vice Chairman of the Issuer are each authorized and directed to execute, on behalf of the Issuer, the Indenture, the Bonds, the Loan Agreement and the Bond Purchase Agreement, and, if required or requested, the Secretary and the Assistant Secretary of the Issuer are each authorized and directed to affix the seal of the Issuer to the Indenture, the Bonds, the Loan Agreement and the Bond Purchase Agreement and to attest such seal. The signatures of the Chairman or Vice Chairman and the Secretary or Assistant Secretary and the seal of the Issuer on the Bonds may be by facsimile.

8. The Chairman and Vice Chairman of the Issuer are authorized to execute and deliver to the Underwriters the Official Statement. The Underwriters, the Series A Remarketing Agent and the Series B Remarketing Agent are authorized to distribute the Official Statement in connection with the offering, sale and remarketing of the Bonds. The distribution of the Official Statement shall be conclusive evidence that it has been deemed final by the Issuer as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. The foregoing is subject to the qualification that, except for the information contained in the Official Statement regarding the Issuer under the heading "THE ISSUER" and in the discussion of the Issuer under the heading "LITIGATION," the Issuer makes no representation or warranty as to the accuracy, adequacy or completeness of the Official Statement.

9. Each officer of the Issuer is authorized and directed to execute and deliver on behalf of the Issuer such instruments, documents or certificates, including, without limitation, Internal Revenue Service Form 8038 and a tax compliance certificate or agreement, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the

transactions authorized by this Resolution or contemplated by the Bond Documents or such other instruments, documents or certificates. All of the foregoing previously done or performed by such officers of the Issuer are in all respects approved, ratified and confirmed.

10. The Issuer determines that the issuance of the Bonds in accordance with the terms of the Bond Documents and all actions of the Issuer contemplated thereunder will be in furtherance of the purposes for which the Issuer was organized.

11. At the request of the Borrower, the Issuer hereby appoints Troutman Sanders LLP, Richmond, Virginia, as Bond Counsel to supervise the proceedings and approve the issuance of the Bonds.

12. The Issuer hereby recommends that the City Council of the City (the "City Council") approve the issuance of the Bonds within sixty days hereof and directs the Chairman and the Secretary-Treasurer of the Issuer to file with the City Council this Resolution, the Fiscal Impact Statement and a summary statement of the comments made at the public hearing.

13. All fees, costs and expenses in connection with the financing and refinancing of the Projects and the issuance of the Bonds, including the Issuer's fees (as provided in the Loan Agreement) and the other fees and expenses of the Issuer and its legal counsel, shall be paid from the proceeds of the Bonds or from funds provided by the Borrower.

14. The Borrower hereby agrees to indemnify and save harmless the Issuer, 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 Projects, the application submitted by the Borrower or the issuance of the Bonds.

15. The Borrower understands that the issuance of the Bonds shall be contingent upon the approval of the issuance of the Bonds by the City Council and the Board of Supervisors of Albemarle County, Virginia

16. All other actions heretofore or hereafter taken by the directors or officers of the Issuer that are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds and the undertaking of the financing and refinancing of the Projects are hereby ratified, approved and confirmed.

17. This Resolution shall take effect immediately upon its adoption.


Adopted: November 14, 2006

Certificate

I, the undersigned Secretary of the Industrial Development Authority of the City of Charlottesville, Virginia, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Industrial Development Authority of the City of Charlottesville, Virginia, present at a meeting duly called and held on November 14, 2006, as noted below, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

<u>Director</u>	<u>Present/Absent</u>	<u>Vote</u>
<u>Joseph Saunders</u>	<u>✓</u>	<u>Y</u>
<u>John Dezio</u>	<u>✓</u>	<u>Y</u>
<u>Daniel Fagan</u>	<u>✓</u>	<u>Y</u>
<u>Bryan Wright</u>	<u>X</u>	<u>—</u>
<u>Stan Tatum</u>	<u>✓</u>	<u>Y</u>
<u>Sean Graves</u>	<u>✓</u>	<u>Y</u>
<u>Robert Stron</u>	<u>X</u>	<u>—</u>

WITNESS my hand and the seal of the Industrial Development Authority of the City of Charlottesville, Virginia, this 14th day of November, 2006.



Secretary
Industrial Development Authority of
the City of Charlottesville, Virginia

(SEAL)

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