Emergency
Council Meeting
May 31, 2016
5:00 p.m.

An emergency meeting of the Elkton Town Council was held in the Council Chambers of the Elkton Area Community Center, located at 20593 Blue & Gold Drive, Elkton, Virginia, on May 31, 2016, with Mayor Wayne E. Printz presiding. The purpose of the meeting is to adopt the sewer bond resolution which was the subject of the May 16, 2016 public hearing.

PRESENT
Wayne Printz, Mayor
Jay Dean, Vice Mayor
Margaretta Isom, Council Member
Harry Armbruster, Council Member
Gerry Comer, Council Member

ABSENT
Joshua Gooden, Council Member
Jeffrey Jones, Council Member

PRESENT
Nathan Miller, Town Attorney
Clairen Sipe, Town Treasurer
Denise Monger, Clerk of Council

ABSENT
Aaron Hammer, Chief of Police
Troy Shifflett, Public Works Director
Diane Johnson, Recreation Director

EMERGENCY COUNCIL MEETING

Mayor Printz called the meeting to order and the clerk was asked to call the roll.

Town Attorney Miller stated that the loan closing would take place on June 2, 2016. He noted that the Town Council would need to adopt the resolution that authorized the Town to borrow up to $3.9 million. He noted that the public hearing had already been held. He noted that the second resolution would establish a bond reserve fund that would be escrowed separately.

Adopt Sewer Bond Resolution

Council member Armbruster moved, seconded by Vice Mayor Dean, and carried to approve the Resolution of the general obligation bond for the VRA as presented.

YEAS: M. Isom, H. Armbruster, J. Dean, and G. Comer

NAYS: None

VOTE: (4 – 0 roll call) Motion carried

A RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF ELKTON, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF ITS
GENERAL OBLIGATION AND REVENUE BOND OR OTHER FINANCING
AND
PROVIDING FOR THE FORM, DETAILS, AND PAYMENT THEREOF

WHEREAS, the Town Council (the "Town Council") of the Town of Elkton, Virginia (the "Town") has determined that (i) it is necessary and desirable that the Town undertake and finance, with respect to the Town's sewer system, certain costs of acquiring, constructing and equipping capital improvements, together with related expenses (the "Project") and (ii) it is necessary and expedient to borrow an amount not to exceed $3,900,000 consisting of the issuance and sale of a general obligation bond of the Town secured by a pledge of revenues of the Town's electric, water and sewer system in the maximum principal amount not to exceed $3,900,000 (the "Bond") to provide funds to be used, together with other available funds, if any, to pay the costs of the Project,

provide for the funding of any required debt service reserve fund and pay the issuance costs of the Bond;

WHEREAS, the Mayor of the Town (the "Mayor") recommends that the Bond be sold by the Town to or at the direction of the Virginia Resources Authority ("VRA"), as Administrator of the Virginia Water Facilities Revolving Fund, pursuant to the terms of (i) a letter dated February 10, 2016, as amended by letter dated April 22, 2016, and as amended by letter dated May 23, 2016, addressed to the Town from the Executive Director of VRA (collectively, the "Commitment Letter"), (ii) a financing agreement, between the Town and VRA (the "Financing Agreement"), and (iii) this resolution (together with the Commitment Letter and the Financing Agreement, the "Basic Documents");

WHEREAS, the Mayor has been presented with (i) the form of the Bond, (ii) the Commitment Letter, and (iii) form of the Financing Agreement; and

WHEREAS, a public hearing on the issuance of the Bond has been held on May 16, 2016 after notice was published in accordance with the requirements of Section 15.2-2606 of the Code of Virginia (1950), as amended (the "Virginia Code");

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF ELKTON, VIRGINIA, AS FOLLOWS:

1. Authorization of Bond and Use of Proceeds. The Town Council hereby finds and determines that it is advisable to contract a debt and to issue and sell the Bond to or at the direction of VRA, all pursuant to the terms and conditions substantially as set forth in the Basic Documents. The issuance and sale of the Bond is hereby authorized on the terms and conditions substantially as set forth in the Basic Documents. The Bond shall be designated the "Town of Elkton, Virginia General Obligation and Revenue Bond" or such other designation as the Mayor determines to be appropriate and shall include an appropriate series designation. The proceeds of the issuance and sale of the Bond shall be used, together with other available funds, if any, to pay the costs of the Project, provide for the funding of any required debt service reserve fund and pay the issuance costs of the Bond.

2. Pledge of Full Faith and Credit. The Bond shall be a general obligation of the Town to which the full faith and credit of the Town is irrevocably pledged for the payment of the principal of and Cost of Funds (as such term is defined in the Financing Agreement) thereon. The Town Council is authorized to and shall 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 Cost of Funds on the Bond, to the extent other funds of the Town are not lawfully available and appropriated for such purpose.

3. Pledge of Revenues. The Town Council pledges the revenues from the Town's electric, water and sewer system, subject to and in accordance with the terms of the Financing Agreement, to the payment of principal of and Cost of Funds on the Bond. The pledge of Net Revenues Available for Debt Service (as defined in the Financing Agreement) securing the Bond shall be on parity with Existing Parity Bonds (as defined in the Financing Agreement).

4. Form and Details of Bond. The Bond shall be issued as a single bond, or as several bonds in one or more series, at the discretion of the Mayor or his designees, either of whom may act, in fully registered form and shall be dated the date of its issuance and delivery. 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. The

Mayor or his designees, either of whom may act, are authorized and directed to determine and approve the final form and 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 (as defined in the Financing Agreement), the maturity or payment dates and amounts, the series designation, the optional redemption provisions, and the final maturity date; provided, however, that (i) the Bond shall be in substantially the form presented to the Town Council, (ii) the terms and conditions of the Bond shall be substantially in accordance with the Commitment Letter, (iii) the maximum principal amount authorized to be advanced under the Bond shall not exceed $3,900,000, (iv) the Cost of Funds on this Bond shall not exceed **2.25%** per annum, and (v) the final maturity date of the Bond shall be no later than **25** years from its date. The approval of such form and details of the Bond shall be evidenced conclusively by the execution and the delivery of the Bond by the Mayor or his designees, either of whom may act.

5. Execution and Delivery of Bond. The Mayor and the Town Clerk are authorized and directed to execute the Bond and to affix the seal of the Town to the executed Bond and to attest it and deliver the Bond or 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 Town. The manner of execution of the Bond and affixation of the Town seal may be by facsimile, provided that if the signatures of both the Mayor and the Town Clerk are by facsimile, the Bond shall be authenticated by the manual signature of the Bond Registrar.

6. Appointment of Bond Registrar and Paying Agent. The Mayor is authorized to select and appoint as registrar ("Bond Registrar") and paying agent ("Paying Agent") for the Bond a bank or other financial institution capable of performing such duties. In the absence of such selection and appointment by the Mayor, the Mayor is appointed as Bond Registrar and Paying Agent. The Town Council or the Mayor may appoint successor Bond Registrars and/or Paying Agents upon giving written notice to the owner of the Bond specifying the name and location of the principal office of any such successor Bond Registrar or Paying Agent.

7. Registration, Transfer and Exchange. Upon surrender for transfer or exchange of the Bond at the office of the Bond Registrar, the Town 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 Town 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 Bond Registrar, duly executed by the registered owner or by such owner's duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

A new Bond delivered upon any transfer or exchange shall be a valid obligation of the Town, 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.

8. Charges for Exchange or Transfer. No charge shall be made for any exchange or transfer of a Bond, but the Bond 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.

9. Mutilated, Lost, Stolen or Destroyed Bond. If the Bond has been mutilated, lost, stolen or destroyed, the Town shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon delivery to the Bond 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 Town shall execute, authenticate and deliver a new Bond only if its registered owner has paid the reasonable expenses and charges of the Town in connection therewith and, in the case of a lost, stolen or destroyed Bond (i) has filed with the Bond 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 Town indemnity satisfactory to the Bond Registrar. If the Bond has matured, instead of issuing a new Bond, the Town may pay the Bond without surrender upon receipt of the aforesaid evidence and indemnity.

10. Approval of Commitment Letter and the Agreements. The Town Council approves the Commitment Letter and hereby ratifies and approves the Mayor's execution thereof. The Town Council approves the form of the Financing Agreement on file with the Town, with such variations, insertions or deletions as may be approved by the Mayor or his designees, either of whom may act, which approval shall be evidenced conclusively by the execution and delivery of the Financing Agreement. The Mayor is authorized and directed to execute and deliver the Financing Agreement and such other documents, agreements and certificates as either such officer may consider necessary in connection therewith.

11. Further Actions; Authorized Representative. The Mayor of the Town and such officers and agents of the Town as either may designate 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 actions previously taken by such officers and agents in connection with the issuance and sale of the Bond are hereby ratified and confirmed. The Mayor of the Town is authorized to designate the Town's Authorized Representative(s) (as defined in the Financing Agreement).

12. Filing of Resolution. The Town Attorney is authorized and directed to file a certified copy of this resolution with the Circuit Court of the County of Rockingham, Virginia, pursuant to Sections 15.2-2607 and 15.2-2627 of the Virginia Code.

13. Effective Date; Applicable Law. This resolution shall take effect immediately upon passage. The Town Council elects to issue the Bond pursuant to the provisions of the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code, in accordance with Section 15.2-2601 of the Virginia Code.

CERTIFICATE OF THE CLERK
OF THE TOWN OF ELKTON, VIRGINIA

At a regular meeting of the Town Council of the Town of Elkton, Virginia, held on the _____day of _____, 2016, the following Town Council members were recorded as present or absent:

PRESENT:

ABSENT:

On motion by _____, seconded by _____, the foregoing resolution was adopted by a majority of the members of the Town Council by the following recorded vote:

MEMBER VOTE

Clerk of the Council,
Town of Elkton, Virginia

Adopt Resolution to Establish Bond Reserve Fund

Town Attorney Miller stated that the second resolution provided information regarding the Town's current account and the transfer of funds to an escrow account in the amount of $323,179.00.

Council member Armbruster moved, seconded by Council member Isom, and carried to adopt the Resolution approving the money transfer into the United Bank account.

It was discussed that the amount of the transfer would be $323,179.00.

YEAS: M. Isom, H. Armbruster, J. Dean, and G. Comer

NAYS: None

VOTE: (4 – 0 roll call) Motion carried

As there was no additional business, the meeting was adjourned.

Mayor: Wayne E. Printz

Recorder: Denise R. Monger
Denise R. Monger, Clerk