

SPECIAL CALLED COUNCIL MEETING OF THE FARMVILLE TOWN COUNCIL
HELD ON MARCH 25, 2010

At a special called council meeting of the Farmville Town Council held on Thursday, March 25, 2010, immediately following the public hearing held at 1:30 pm in the Council Chambers located on the second floor of the Town Hall, 116 North Main Street, Farmville, there present were Mayor S.C. Newman, Jr., presiding and Council members D.E. Whitus, D.L. Hunter, S.B. Thompson, O.S. Overton and A.D. Reid. Also in attendance was Town Manager, Gerald Spates. Council member T.M. Pairet was absent from the meeting.

Mayor Newman called the meeting to order and Town Manager read the following special call notice:

This is to serve notice of a special called Council meeting that will be held on Thursday, March 25, 2010 immediately following the public hearing scheduled at 1:30 pm at the Town Hall, Council Chambers, located on the second floor at 116 North Main Street, Farmville, Virginia. The purpose of this meeting is as follows:

1. To consider adopting a resolution authorizing the issuance and sale of its general obligation bonds in an estimated maximum amount of \$4,000,000, and
2. To take possible action in regards to any other business that may come before Council.

Council member E.I. Gordon arrived at 1:34 pm.

Mr. Spates introduced Mr. Ted Cole, Senior Vice President with Davenport Public Finance. Mr. Cole provided members with documentation on the bid summary for the Town of Farmville proposed 4 million dollar general obligation bonds. He said from information provided by the Town Manager, 1.2 million dollars of the bonds (Series A) will be taxable and used to reimburse the Town of Farmville for the purchase of the Brookleigh Country Club (Farmville Municipal Golf Course); 2.6 million dollars (Series B) will be tax-exempt, those funds will be used for the renovation of the Town's golf course, the purchase of new public safety vehicles, the acquisition of an athletic field and certain road improvements (the Project). The Town received three (3) proposals: Bank of America, RBC and SunTrust. Each proposal was reviewed and discussed.

Mr. Cole spoke on the American Recovery and Reinvestment Act of 2009, which established the Build America Bond program. The program authorized state and local governments to issue Build America Bonds as taxable bonds in 2009 and 2010 to finance any capital expenditures for which they otherwise could issue tax-exempt government bonds. After submitting the proper forms, state and local governments receive a direct federal subsidy

payment for a portion of their borrowing costs, equal to 35 percent of the total interest paid to investors. The program is intended to assist governments in financing capital projects at lower borrowing costs and to stimulate the economy. It provides a slightly better debt service cost however, the reimbursement process coupled with the risk that the federal government could discontinue the program, may outweigh the benefits. With this in mind, Davenport recommended moving forward with the "Combined Financing" with SunTrust Bank, which offered the lowest annual debt service and lowest all-in debt service when compared to other options.

On motion by Mr. Hunter, seconded by Dr. Gordon a motion was made to accept the recommendation of Davenport Public Finance and move forward with financing the 4 million dollar general obligation bonds with SunTrust Bank. At the request of the Town Manager, this motion was set aside in order to address the resolution.

On motion by Dr. Gordon, seconded by Mr. Reid, the following resolution was adopted by a majority of the members of the Town Council by a roll call vote, the votes being recorded as follows:

<u>MEMBER</u>	<u>VOTE</u>
Mr. Whitus	"aye"
Mr. Hunter	"aye"
Mrs. Thompson	"aye"
Mr. Overton	"aye"
Mr. Reid	"aye"
Dr. Gordon	"aye"

**A RESOLUTION OF THE TOWN COUNCIL
OF THE TOWN OF FARMVILLE, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF ITS
GENERAL OBLIGATION BONDS**

WHEREAS, the Town Council (the "Town Council") of the Town of Farmville, Virginia (the "Town") has determined that it is advisable to finance various capital improvements, including but not limited to, the renovation of the Town's golf course, the purchase of new public safety vehicles, the acquisition of certain athletic fields, and certain road improvements (collectively, the "Project");

WHEREAS, the Town Council has determined that it is advisable to issue its general obligation bonds in a maximum principal amount not to exceed \$4,000,000, to pay the costs of all or a portion of the Project (the "Bonds");

WHEREAS, a public hearing has been held as required by Virginia Code Section 15.2-2606 on the issuance of the Bonds; and

WHEREAS, the Bonds are to be issued on the terms set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF FARMVILLE, VIRGINIA:

1. Authorization of Bond and Use of Proceeds. The Town Council hereby determines that it is advisable to contract a debt and to issue and sell, in one or more series, on a tax-exempt or taxable basis, the Bonds in the maximum principal amount of \$4,000,000. The issuance and sale of the Bonds are hereby authorized. The proceeds from the issuance and sale of the Bonds shall be used to pay all or a portion of the costs of the Project.

2. Pledge of Full Faith and Credit. The full faith and credit of the Town are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable. The Town Council shall levy an annual ad valorem tax upon all property in the Town, subject to local taxation, sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due for payment unless other funds are lawfully available and appropriated for the timely payment thereof.

3. Details and Sale of Bond. The Town Manager or his designee is authorized to determine and approve the final details of the Bonds, including without limitation, the principal amount of the Bonds, the series designation of the Bonds, the allocation between tax-exempt and taxable, the maturity date of the Bonds, the redemption provisions of the Bonds, the sale price of the Bonds, the interest rates and interest rate provisions on the Bonds, and any elections under the federal tax code; provided that (i) the maximum principal amount of the Bonds shall not exceed \$4,000,000, (ii) the final maturity of the Bonds shall not be later than 31 years from the date of issuance of the Bonds, (iii) the maximum true interest cost of any series of tax-exempt Bonds (including Build America Bonds) shall not exceed six percent (6.0%) per annum (taking into account the direct credit payments from the United States if any of the Bonds are issued as Build America Bonds), and (iv) the maximum true interest costs of any series of taxable Bonds shall not exceed eight percent (8.0%) per annum.

The Bonds shall be issued, in one or more series, on a tax-exempt or taxable basis, upon the terms established pursuant to this Resolution and upon such other terms as may be determined in the manner set forth in this Resolution. The Bonds shall be issued in fully registered form, shall be dated such date as the Town Manager or the Director of Finance may approve, shall be in the denominations of \$5,000 each or whole multiples thereof, may be issued at one time or from time to time in one or more series (with appropriate series designations), and the Bonds of any series shall be numbered from R-1 upwards consecutively.

The Town Manager and the Director of Finance, either of whom may act, are authorized and directed to accept the bid or proposal for the purchase of all or a portion of the Bonds, provided such bid results in the lowest true interest cost to the Town, and that the true interest

cost of the Bonds does not exceed the maximum true interest cost set forth above. The Town Manager and the Director of Finance reserves the right to reject any or all bids.

4. Build America Bonds Authorized. The Town Council authorizes the Town Manager or the Director of Finance to accept bids for the purchase of a portion of the Bonds as Build America Bonds (Direct Payment) under Section 54AA(g) of the Internal Revenue Code of 1986, as amended (the "Code"), if such bid results in the lowest true interest cost to the Town, within the parameters set forth in paragraph 3 above. The Town Manager and the Director of Finance are authorized to irrevocably elect to apply Section 54AA(g) of the Code to such Bonds, including the preparation, signing and filing of the required forms with the Internal Revenue Service.

5. Designation for Bank Qualification. The Town Council authorizes the Town Manager or the Director of Finance to designate all or a portion of any of the Bonds, issued on a tax-exempt basis, as "qualified tax-exempt obligations" eligible for the exception from the disallowance of the deduction of interest by financial institutions allocable to the cost of carrying tax-exempt obligations in accordance with the provisions of Section 265(b)(3) of the Code. The Town and any of its "subordinate entities" do not reasonably anticipate issuing more than \$30,000,000 in tax-exempt obligations during calendar year 2010, and during such calendar year the Town will not designate more than \$30,000,000 of qualified tax-exempt obligations pursuant to such Section 265(b)(3).

6. Form of Bond. The Bonds shall be in substantially the form attached to this Resolution as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. There may be endorsed on the Bonds 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.

7. Appointment of Bond Registrar and Paying Agent. The Director of Finance is appointed as Bond Registrar and Paying Agent for the Bonds. The Town Manager may appoint a subsequent registrar and/or one or more paying agents for the Bonds by giving written notice to the owner of the Bonds specifying the name and location of the principal office of any such registrar or paying agent.

8. Execution of Bond. The Town Manager and the Clerk of the Town Council are authorized and directed to execute the Bonds and to affix the seal of the Town thereto and to deliver the Bonds to the purchaser or purchasers thereof upon payment of the purchase price. The manner of execution and affixation of the seal may be by facsimile, provided, however, that if the signatures of the Town Manager and the Clerk are both by facsimile, the Bonds shall not be valid until signed at the foot thereof by the manual signature of the Bond Registrar.

9. Non-Arbitrage Certificate and Tax Covenants. The Town Manager and such officers and agents of the Town as either of them may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of the proceeds of the Bonds 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 Town Council covenants on behalf of the Town that the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in the Town's Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of the Bonds and that the Town shall comply with the other covenants and representations contained therein.

10. Further Actions. The Town Manager, the Mayor and such officers and agents of the Town as either of them may designate are authorized and directed to take such further action as they deem necessary regarding the issuance and sale of the Bonds and all such actions previously taken by such officers and agents are ratified and confirmed.

11. Effective Date: Applicable Law. This Resolution shall take effect immediately. The Town Council elects to issue the Bonds pursuant to the provisions of the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended, in accordance with Section 15.2-2601 of such Act.

The undersigned Clerk of the Town Council of the Town of Farmville, Virginia, certifies that the foregoing constitutes a true, complete and correct copy of the Resolution adopted at a meeting of the Town Council of the Town of Farmville, Virginia, held on March 25, 2010.

Clerk, Town Council, Town of Farmville, Virginia

On motion by Mr. Hunter, seconded by Dr. Gordon and with a recorded vote with Council members Whitus, Hunter, Thompson, Overton, Reid and Gordon voting "aye", Council agreed to accept the recommendation of Davenport Public Finance and move forward with financing general obligation bonds with SunTrust Bank, in the maximum principal amount not to exceed \$4,000,000.

Mr. Spates asked Town Council to continue this meeting to a date later to be determined in order to update Town Council members on various projects.

On motion by Mrs. Thompson, seconded by Dr. Gordon and with all Council members voting "aye", Council moved to continue the meeting.

The meeting recessed at 2:05 pm.

Mayor S.C. Newman, Jr.

Lisa M. Hricko, Clerk