

**RESOLUTION #31-15, AUTHORIZING THE ISSUANCE AND SALE OF
GO REFUNDING BOND**

**RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF
COLONIAL BEACH, VIRGINIA, AUTHORIZING THE
ISSUANCE AND SALE OF ITS GENERAL OBLIGATION
REFUNDING BOND, SERIES 2015 IN A MAXIMUM PRINCIPAL
AMOUNT NOT TO EXCEED \$1,775,000, AND THE EXECUTION
AND DELIVERY OF CERTAIN DOCUMENTS PREPARED IN
CONNECTION THEREWITH**

WHEREAS, the Town of Colonial Beach, Virginia (the “Town”), has determined that it is necessary and advisable to borrow money, issue its general obligation refunding bond and, together with other available money, to finance the cost of refunding the Town’s \$2,685,000 General Obligation Public Improvement Bond, Series 2005, together with related administrative and financing costs (collectively, “the Project”);

WHEREAS, the Town staff has previously been working with the Virginia Municipal League/Virginia Association of Counties’ Finance Program to solicit proposals from banking institutions and received a proposal from Blue Ridge Bank, Inc. (the “Bank”) to purchase the Bond (as defined below), and the Bank has indicated its willingness to purchase such Bond in accordance with the terms of the Bond Purchase Agreement between the Bank and the Town (the “Agreement”), the form of which has been presented to the Town Council (the “Council”) at this meeting;

**BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF COLONIAL BEACH,
VIRGINIA:**

1. Authorization of Bond and Use of Proceeds. Pursuant to the Constitution of the Commonwealth of Virginia and the Public Finance Act of 1991, as amended (the “Public Finance Act”), Title 15.2, Chapter 26 of the Code of Virginia of 1950, as amended (the “Virginia Code”), and without regard to any requirements or restrictions contained in any charter or special act of the Town, the Council hereby authorizes the issuance and sale of a general obligation refunding bond of the Town in an aggregate principal amount not to exceed \$1,775,000, to fund, along with other available money, the costs of the refunding, including costs incurred in issuing the Bond (as hereinafter defined).

2. Authorization of Bond Purchase Agreement. The Council accepts the proposal of the Bank to purchase the Town’s Bond on the terms set forth in the Bank’s proposal dated April 16, 2015. The form of the Agreement related to the Bond and as submitted to the Council at this meeting is hereby approved. The Mayor and the Town Manager, either of whom may act (each an “Authorized

Signatory”), are authorized to execute the Agreement in substantially such forms, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by such official, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Bond to the Bank shall be upon the terms and conditions of the Agreement. The proceeds of such Bond shall be applied in the manner set forth in the Agreement. All capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the Agreement.

3. Bond Details. The Bond shall be issued as a single, fully registered bond designated “General Obligation Refunding Bond, Series 2015” (the “Bond”), shall be numbered R-1, and shall be in substantially the form of Exhibit A to this Resolution as hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing such Bond. The Council authorizes the issuance and sale of the Bond on such terms as shall be satisfactory to the Authorized Signatory; provided however, that the Bond (i) shall be in a principal amount not to exceed \$1,775,000, (ii) shall mature no later than August 1, 2035 and (iii) shall bear interest on the outstanding principal balance thereof at a rate of interest approved by the Authorized Signatory, with such rate to not exceed 2.650% per year (provided that default interest may be payable at a rate in excess thereof as provided in the related Agreement). As set forth in the Agreement, the Town agrees to pay any applicable late payment or similar costs and expenses described therein. Subject to the preceding terms, the Council further authorizes the Authorized Signatory to determine the final terms, purchase price, initial interest rate, interest rate adjustment provision, maturity date and amortization schedule of the Bond, all of which shall be evidenced by the execution and delivery of the Bond, and no further action shall be necessary on the part of the Council so long as such provisions are within the limits prescribed in this Resolution.

4. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Bond shall be payable as set forth in the Bond and the related Agreement. The Bond shall be subject to redemption on the terms set forth in the related Agreement. The principal of and premium, if any, and interest on the Bond shall be payable in lawful money of the United States of America. Nothing in the Bond, this Resolution, or the Agreement shall be deemed to create or constitute an indebtedness of the Commonwealth of Virginia or any political subdivision thereof other than the Town, or a pledge of the full faith and credit of the Commonwealth of Virginia or of any political subdivision thereof other than the Town. The Town may, at its option, redeem, prepay or refund the Bond upon the terms set forth in the related Agreement.

5. Execution and Form of Bond. The Bond shall be signed by the Mayor or Vice-Mayor and the Town’s seal shall be affixed thereon and attested by the Clerk or Deputy Clerk of the Town. The Bond shall be issued as a typewritten bond in substantially the form of the Bond, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by

the Authorized Signatory, whose approval shall be evidenced conclusively by the execution and delivery of the Bond.

6. Pledge of Full Faith and Credit. The full faith and credit of the Town are hereby irrevocably pledged for the payment of principal of and premium, if any, and interest on the Bond. Unless other funds are lawfully available and appropriated for timely payment of the Bond, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Town sufficient to pay when due the principal of and premium, if any, and interest on the Bond.

7. Preparation of Printed Bond; Mutilated or Destroyed Bond. The Town shall initially issue the Bond in typewritten form. The printed Bond may be executed by manual or facsimile signature of the Mayor or Vice-Mayor, the Town's seal affixed thereto and attested by the Clerk or Deputy Clerk of the Town; provided, however, that if both such signatures are facsimiles, no bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Bond surrendered in any such exchange shall be canceled. If the Bond has been mutilated, lost or destroyed, the Town shall execute and deliver a new bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated bond or in lieu of and in substitution for such lost or destroyed bond; provided, however, that the Town shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the Town in connection therewith and, in the case of a lost or destroyed bond, (a) has filed with the Town an affidavit reasonably satisfactory to the Town that such bond was lost or destroyed and (b) has furnished to the Town reasonably satisfactory indemnity.

8. Registration and Transfer of the Bond. The Town appoints the Town Treasurer as paying agent and registrar (the "Registrar") for the Bond. Upon surrender of the Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be reasonably satisfactory to the Registrar, the Town shall execute, and the Registrar shall authenticate and deliver in exchange, a new bond or bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, interest and premium, if any, and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as owner on the registration books.

9. Delivery of Bonds. The Mayor or Vice-Mayor and Clerk of the Town are authorized and directed to take all proper steps to have the Bond prepared and executed in accordance with its terms and to deliver it to the Issuer as the purchaser thereof as set forth in the Agreement.

10. Tax Provisions. The Town covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the Bond to be includable in the gross income of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the Town shall comply with any provision of law that may require the Town at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bond, unless the Town receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bond from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Town shall pay any such required rebate from legally available funds. Each of the Mayor and the Town Manager of the Town is 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.

11. Bank-Qualification Designation. The Town designates the Bond as a “qualified tax-exempt obligation” for the purpose of Section 265(b)(3) of the Code. The Town represents and covenants as follows:

(a) The Town will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in calendar year 2015, including the Bond, for the purpose of such Section 265(b)(3);

(b) The Town, all its “subordinate entities,” within the meaning of such Section 265(b)(3), and all entities which issue tax-exempt obligations on behalf of the Town and its subordinate entities have not authorized, in the aggregate, more than \$10,000,000 of tax-exempt obligations to be issued in calendar year 2015 (not including “private activity bonds,” within the meaning of Section 141 of the Code, other than “qualified 501(c)(3) bonds,” within the meaning of Section 145 of the Code), including the Bond;

(c) Barring circumstances unforeseen as of the date of delivery of the Bond, the Town will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the Town and such other entities in calendar year 2015, result in the Town and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2015 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Bond; and

(d) The Town has no reason to believe that the Town and such other entities will issue tax-exempt obligations in calendar year 2015 in an aggregate amount that will exceed such \$10,000,000 limit; provided, however, that if the Town receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (a) or (c) above is not required for the Bond to be a qualified tax-exempt obligation, the Town need not comply with such covenant.

12. Tax and Other Documents. Each of the Mayor and the Town Manager are authorized and directed to execute and deliver an IRS Form 8038-G in a form approved by such officers and the Town's bond counsel.

13. Limitation of Liability of Officials of Town. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of an officer, employee, member of Council, or agent of the Town in his or her individual capacity, and no officer of the Town or member of Council executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No officer, employee or agent of the Town shall incur any personal liability with respect to any other action taken by him or her pursuant to this Resolution provided he or she acts in good faith.

14. Conditions Precedent. Upon the issuance of the Bond, all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this Resolution to have happened, exist and to have been performed precedent to or in the issuance of the Bond shall have happened, exist and have been performed.

15. Other Actions. All other actions of officials of the Town in conformity with the purposes and intent of this Resolution and the Agreement and in furtherance of the issuance and sale of the Bond are ratified, approved and confirmed. The officials of the Town are authorized and directed to execute and deliver on behalf of the Town such agreements and other instruments, documents or certificates, 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 or the Agreement, and all of the foregoing, previously done or performed by such officers of the Town, are in all respects approved, ratified and confirmed.

16. Headings. Any headings in this resolution are solely for convenience of reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

17. Constitutional Authority and Severability. The Bond shall be issued under the provisions of Article VII, Section 10(a) of the Constitution of Virginia (other than Subsection (2) thereof). The principal of and interest on the Bond shall be payable from ad valorem taxes to be levied without limitation as to rate or amount on all property in the Town subject to taxation, to the extent other

funds of the Town are not lawfully available and appropriated for such purpose. If any court of competent jurisdiction shall hold any provision of this Resolution to be invalid and unenforceable, such holding shall not invalidate any other provision hereof.

18. Filing of Resolution. The Authorized Signatory and Clerk to the Town are authorized and directed to see to the prompt filing of a certified copy of this Resolution in the Circuit Court having jurisdiction over the Town, in accordance with Sections 15.2-2607 and 15.2-2627 of the Public Finance Act.

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

Adopted: May 14, 2015.

Mayor of the Town of Colonial Beach, Virginia

THIS IS TO CERTIFY THIS IS A TRUE COPY OF AN ORIGINAL RESOLUTION, adopted by the Town Council at a work session of Council held Thursday, May 14, 2015 at the Colonial Beach Town Center, with a quorum of Council being present.

Kathleen Flanagan, Town Clerk