

## **09-11-2001 Minutes**

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:30 p.m., September 11, 2001.

Members present: Mayor G. Michael Shelton; Councilman Larry D. Brookshier; Councilwoman Mary L. Flood; Vice Mayor E. Thomas Messier; Councilman Thomas M. Padgett; and Councilman Robert T. Wandrei.

Members absent: Councilman W. D. Tharp.

Staff present: City Manager F. Craig Meadows; City Attorney W. W. Berry, and Clerk of the Council Teresa W. Hatcher.

Mayor Shelton opened the meeting and led all present in saying the Pledge of Allegiance to the Flag.

Because of the destruction of the World Trade Center in New York City by terrorists earlier in the day, Mayor Shelton dispensed with the "Administrative" portion of the agenda in order for members of Council, the staff, and the public to attend local prayer services.

The Clerk of Council read aloud the following Notice of Public Hearing:

### **PUBLIC HEARING NOTICE**

Notice is hereby given of a public hearing pursuant to Virginia Code Section 15.2-1800 to be held by the City Council of the City of Bedford, Virginia at 7:30 P.M. on September 11, 2001 at the City Municipal Building, Council Hall, 215 East Main Street, Bedford, Virginia, for the following purposes:

To consider the enactment of an ordinance authorizing the execution of a deed by the City of Bedford conveying 0.076 acre and a temporary easement over 0.031 acre to the Commonwealth of Virginia (Department of Transportation) for improvement of East Main Street in the City of Bedford, Virginia (Route 460 State Highway Project 0460-141-102, RW-201).

Information pertaining to the proposed conveyance is on file in the City of Bedford Office of Planning and Community Development.

Anyone who is in favor or opposed to the proposed conveyance will have an opportunity to express his or her views at this hearing.

By Authority of the

City Council of the City of Bedford

Teresa W. Hatcher

Clerk of the Council

Mayor Shelton opened the public hearing at 7:31 p.m. As there were comments, the Mayor closed the public hearing at 7:32 p.m.

City Manager Meadows stated Council is requested to approve the proposed ordinance authorizing conveyance of 0.076 acres to the Commonwealth of Virginia and granting a temporary construction easement over 0.031 acres for improvements to East Main Street.

On motion by Vice Mayor Messier, seconded by Councilman Padgett, voted upon and carried, Council waived the reading of the proposed ordinance as it had been posted according to the City Code.

On motion by Councilman Padgett, seconded by Councilwoman Flood, voted upon and carried by a roll call vote, Council adopted the ordinance granting a temporary easement to the Commonwealth of Virginia for improvements to East Main Street. Roll call vote follows:

|                       |        |
|-----------------------|--------|
| Councilman Brookshier | aye    |
| Councilwoman Flood    | aye    |
| Vice Mayor Messier    | aye    |
| Councilman Padgett    | aye    |
| Councilman Tharp      | absent |
| Councilman Wandrei    | aye    |

Mayor Shelton aye

The ordinance follows as adopted:

**AN ORDINANCE AUTHORIZING THE CONVEYANCE TO THE  
COMMONWEALTH OF VIRGINIA OF 0.076 ACRE TOGETHER WITH A  
TEMPORARY EASEMENT OVER 0.031 ACRES FOR IMPROVEMENT OF EAST  
MAIN STREET**

**WHEREAS**, the Commonwealth of Virginia, Department of Transportation (VDOT) is in the process of constructing improvements to East Main Street which will result in four-laning of the two lane sections of East Main Street leading to the Route 460 by-pass; and

**WHEREAS**, VDOT is obtaining necessary rights of way, and Reynolds Park owned by the City adjoins the eastbound lane of East Main Street which will be widened; and

**WHEREAS**, VDOT has asked the City of Bedford to convey the necessary land and easements to the Commonwealth of Virginia for such purposes.

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BEDFORD,**

**VIRGINIA:**

Section 1. The City Council declares that it is in the best interest of the City, in consideration of the improvements to be made to East Main Street, to convey without any other consideration to the Commonwealth of Virginia, the following property, to-wit:

All that land being shown as Parcel 009 on sheet 5 of the plans for Route 460 State Highway Project 0460-141-102, RW-201, beginning on the southwest (right) side of the Route 460 business construction centerline from a point in the lands of the landowner opposite approximate Station 105+50, to a point the lands of the landowner opposite approximate Station 106+33, and containing 0.076 acre (0.0306hectare) more or less, land.

Together with the temporary right and easement to use the additional areas shown as being required for the proper construction of cut and/or fill slopes, containing 0.031 acre (0.0126 hectares), more or less. Said temporary easement will terminate at such time as the construction of the aforesaid project is completed.

It being a part of the same land acquired from T. W. Reynolds by deed dated December 31, 1987 and recorded in Deed Book 677, page 288.

Section 2. The Mayor and the City Clerk are hereby authorized to execute and deliver a deed, in a form approved by the City Attorney, conveying the fee simple title of the real estate and the necessary easements described hereinabove to the Commonwealth of Virginia.

Section 3. This Ordinance shall take effect immediately.

City Manager Meadows stated that in January, 2001, Council approved a resolution for General Obligation Bonds in a maximum principal amount not to exceed \$4,666,300. The City has determined the need to issue these bonds in two portions and close on each portion separately due to the delay in the bidding between the two phases of the improvements. The City plans to issue one portion of the bonds as one series in the principal amount of \$1,800,000 in connection with the first phase of the project and issue the remaining portion of the bonds in another series in the principal amount of \$2,866,300.

On motion by Vice Mayor Messier, seconded by Councilman Padgett, voted upon and carried by a roll call vote, Council adopted the amended and restated resolution for Wastewater Collection System Improvements. Roll call vote follows:

|                    |        |
|--------------------|--------|
| Councilwoman Flood | aye    |
| Vice Mayor Messier | aye    |
| Councilman Padgett | aye    |
| Councilman Tharp   | absent |
| Councilman Wandrei | aye    |

Councilman Brookshier aye

Mayor Shelton aye

The resolution follows as adopted:

**RESOLUTION AMENDING AND RESTATING A RESOLUTION ENTITLED "RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A GENERAL OBLIGATION WATER AND SEWER BOND, SERIES OF 2001, OF THE CITY OF BEDFORD, VIRGINIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$4,666,300, HERETOFORE AUTHORIZED, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF", ADOPTED JANUARY 23, 2001**

**WHEREAS**, on January 23, 2001, the City Council (the "Council") of the City of Bedford, Virginia (the "City"), adopted an ordinance (the "Ordinance") and a resolution authorizing the issuance of general obligation water and sewer bonds in the maximum principal amount of \$4,666,300 to finance capital projects to the City's wastewater collection system (the "Project");

**WHEREAS**, the City has determined to issue a portion of such bonds as one series in the principal amount of \$1,800,000 in connection with the first phase of the Project and to issue the remaining portion of such bonds as another series in the principal amount of \$2,866,300 in connection with the second phase of the Project;

**WHEREAS**, the City has applied to the Virginia Resources Authority ("VRA"), as Administrator of the Virginia Water Facilities Revolving Fund (the "Fund"), for the purchase of such bonds and VRA has agreed to direct SunTrust Bank (as successor to Crestar Bank), as trustee (the "Trustee"), under a Master Indenture of Trust dated as of October 15, 1999, with VRA, as previously supplemented and as supplemented and amended by a Second Supplemental Series Indenture of Trust dated as of November 1, 2000 (collectively, the "Indenture"), between the Trustee and VRA, to use a portion of the proceeds of VRA's \$106,685,000 Clean Water State Revolving Fund Revenue Bonds, Series 2000 (the "VRA Bonds"), to purchase such bonds pursuant to the terms of a Financing Agreement between VRA and the City (the "Financing Agreement") and a Nonarbitrage Certificate and Tax Compliance Agreement between VRA and the City (the "Tax Compliance Agreement"), the forms of which have been presented to this meeting;

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:**

**1. Issuance and Sale of Bonds.** The Council determines that it is in the best interests of the City to issue the City's general obligation water and sewer bonds authorized by the Ordinance in the maximum aggregate principal amount of \$4,666,300. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, the Council hereby provides for the issuance and sale of such bonds to provide funds, together with other available funds, to finance the Project and to pay costs of issuing such bonds.

**2. Authorization of Financing Agreement.** The form of the Financing Agreement is hereby approved. The City Manager is authorized to execute the Financing Agreement in substantially such form, with such completions, omissions, insertions and changes (including any subsequent amendment to the Financing Agreement as may be necessary to provide for the issuance of both series of bonds) not inconsistent with this Resolution as may be approved by the City Manager, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of such bonds to or at the direction of VRA shall be upon the terms and conditions of the Financing Agreement. All capitalized terms used but not defined herein shall have the same meaning as set forth in the Financing Agreement.

**3. Bond Details.** The bonds shall be issued as two registered bonds, one designated "General Obligation Water and Sewer Bond, Series of 2001A" (the "2001A Bond"), and the other designated "General Obligation Water and Sewer Bond, Series of 2001B" (the "2001B Bond"). The 2001A Bond and the 2001B Bond (each a "Bond" and together, the "Bonds") shall be dated the respective date of their delivery to or for the account of VRA, shall be numbered R-1 and R-2, respectively, and shall mature no later than December 31, 2024. The Bonds shall not bear interest, except Supplemental Interest, if any. The Bonds shall provide for VRA or the Trustee to make principal advances from time to time in an aggregate amount not to exceed \$1,800,000 for the 2001A Bond and \$2,866,300 for the 2001B Bond and to note such advances on the respective Bond as moneys are advanced by VRA thereunder. An authorized representative of the Trustee shall enter the amount and the date of each such principal advance on the Certificate of Principal Advances on the Bonds when the proceeds of each such advance are delivered to the City. As set forth in the Financing Agreement, the City agrees to pay such late payment charges and other charges as provided therein.

The City Manager is authorized to determine the denomination of each Bond and to approve the maturity schedule (including payment dates) for each Bond as provided by VRA. All payments due on the Bonds shall be payable as provided in the Financing Agreement. Payments shall be made by check or draft mailed to the registered owner at its address as it appears on the registration books kept for that purpose by the City Treasurer, who is appointed registrar and paying agent (the "Registrar"), on the 15th day of the month preceding the payment date, except that the final payment is payable upon presentation and surrender of the Bonds at the office of the Registrar.

**4. Redemption Provisions.** The City may not prepay or refund the Bonds without the written consent of VRA.

**5. Execution and Form of Bonds.** The Bonds shall be signed by the Mayor or Vice Mayor and the City's seal shall be affixed thereon and attested by the Clerk of Council. Each Bond shall be issued as a typewritten bond in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or Vice Mayor, whose approval shall be evidenced conclusively by the execution and delivery of such Bond.

**6. Preparation of Printed Bonds.** Upon request of the registered owner and upon presentation of a Bond at the office of the Registrar, the City shall arrange to have prepared, executed and delivered in exchange as soon as practicable bonds in printed form in an aggregate principal amount equal to the unpaid principal of such Bond in typewritten form, in denominations of \$5,000 and multiples thereof (except that one bond may be issued in an odd denomination of not less than \$5,000), of the same form and maturity and registered in such names as requested by the Trustee or its duly authorized attorney or legal representative. The

printed bonds may be executed by the facsimile signature of the Mayor with a facsimile of the City's seal printed thereon and attested by the facsimile signature of the Clerk of Council; provided, however, that if both of 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.

**7. Pledge of Full Faith and Credit and Revenues.** The full faith and credit of the City are hereby irrevocably pledged for the payment of principal of and interest, if any, on the Bonds and the performance of its obligations under the Financing Agreement. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, 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 City sufficient to pay when due the principal of and interest, if any, on the Bonds. In addition, subject to the right of the City to apply Revenues to the payment of Operation and Maintenance Expense, the City irrevocably pledges the Revenues to the payment of principal of and interest, if any, on the Bonds and the payment and performance of the City's obligations under the Financing Agreement. Such pledge of Revenues shall be on a parity with the pledge of Revenues securing the outstanding principal amounts of the City's Taxable Water and Sewer Revenue Bond, Series of 1991, its Taxable Water and Sewer Revenue Bond, Series of 1992, and its Taxable General Obligation Water and Sewer Bond, Series of 1998.

**8. Registration and Transfer of Bonds.** Upon surrender of a 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 satisfactory to the Registrar, the City shall execute and deliver in exchange a new bond having an equal aggregate principal amount, of the same form and maturity 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 City's expense, 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 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 on the 15th day of the month preceding each payment date.

**9. Mutilated, Lost or Destroyed Bonds.** If a Bond has been mutilated, lost or destroyed, the City 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 City shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the City in connection therewith and, in the case of a lost or destroyed Bond, (a) has filed with the City evidence satisfactory to the City Treasurer that such Bond was lost or destroyed and (b) has furnished to the City Treasurer satisfactory indemnity.

**10. Preparation and Delivery of Bonds.** The Mayor or Vice Mayor and the Clerk of Council are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver them to or for the account of VRA as the purchaser thereof upon receipt of each first principal advance thereunder. The Mayor or Vice Mayor and the Clerk of Council are further authorized and directed to agree to and comply with any and all further conditions and requirements of VRA not inconsistent with this Resolution in connection with its purchase of the Bonds.

**11. Arbitrage Covenants.** The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the VRA Bonds to be "arbitrage bonds" 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 VRA Bonds to be includable in the gross income of the registered owner thereof under existing law.

**12. Tax Compliance Agreement.** Such officers of the City as may be requested are authorized and directed to execute and deliver the Tax Compliance Agreement, the form of which is hereby approved, with such completions, omissions, insertions and changes (including any subsequent amendment to the Tax Compliance Agreement as may be necessary to provide for the issuance of both series of Bonds) not inconsistent with this Resolution as may be approved by the officers of the City executing such documents, whose approval shall be evidenced conclusively by the execution and delivery thereof.

**13. Limitation on Private Use.** The City covenants that it shall not permit the proceeds of the Bonds or the facilities financed with the proceeds of the Bonds to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or the facilities financed with such proceeds being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if VRA and the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the VRA Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

**14. Other Actions.** All other actions of City officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds are ratified, approved and confirmed. The City officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds pursuant to this Resolution and the Financing Agreements.

**15. Repeal of Prior Resolution.** The resolution adopted on January 23, 2001, relating to the Bonds is hereby repealed in its entirety.

**16. Effective Date.** This resolution shall take effect immediately.

EXHIBIT A

R-[1][2]

\_\_\_\_\_, 2001

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF BEDFORD

**General Obligation Water and Sewer Bond**

**Series of 2001[A][B]**

The **City of Bedford, Virginia** (the "City"), a political subdivision of the Commonwealth of Virginia, for value received, acknowledges itself in debt and promises to pay to SunTrust Bank (successor to Crestar Bank), as trustee (the "Trustee"), under a Master Indenture of Trust dated as of October 15, 1999, with the Virginia Resources Authority (the "Authority"), as previously supplemented and as supplemented and amended by a Second Supplemental Series Indenture of Trust dated as of November 1, 2000 (collectively, the "Indenture"), between the Trustee and the Authority, or its registered assigns or legal representative, the principal sum equal to the sum of the principal advances shown on the Certificate of Principal Advances below, but not to exceed \_\_\_\_\_ **DOLLARS** (\$\_\_\_\_\_). This bond shall not bear interest. Installments of \$\_\_\_\_\_ shall be payable on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1, beginning \_\_\_\_\_ 1, \_\_\_\_\_, with a final installment of \$\_\_\_\_\_ due on \_\_\_\_\_, \_\_\_\_\_. If the aggregate amount of principal advances is less than \$\_\_\_\_\_, the principal amount due on this bond shall not include the undisbursed amount. However, unless the City and VRA agree otherwise in writing, until all amounts due under the Financing Agreement (as hereinafter defined) and hereunder shall have been paid in full, less than full disbursement of the maximum authorized amount hereunder shall not postpone the due date of any semi-annual installment due hereunder or change the amount of such installment unless the principal amount due hereunder is less than the amount of such installment. If not sooner paid, all amounts due under this bond shall be due and payable on \_\_\_\_\_, \_\_\_\_\_.

If any installment of principal of this bond is not paid within ten days of its due date, the City agrees to pay to the Authority on demand a late payment charge in an amount equal to 5% of the overdue installment. If any failure of the City to pay any required payment hereunder or of the principal of this bond results in a withdrawal from the Series 2000 Reserve Fund, the Series 2000 Debt Service Fund, the Series 2000 Debt Service Reserve Fund or the General Reserve Fund (as such terms are defined in the Indenture), the interest rate applicable to this bond shall be increased to an interest rate sufficient to reimburse such Funds for any foregone investment earnings thereon. The increment of interest payable pursuant to the increase in rate shall be referred to as "Supplemental Interest." The term "interest," as used in this bond shall include Supplemental Interest, when and if payable. Supplemental Interest shall be due and payable on the Authority's demand. The Authority shall deliver to the City a certificate as to the increase in interest rate and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in the interest rate and the manner of calculation of the increase and the amount of Supplemental Interest. The certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, the Authority may use any reasonable averaging and attribution methods.

All amounts due hereunder are payable in lawful money of the United States. Payments shall be made by check or draft mailed to the registered owner at its address as it appears on the registration books kept for that purpose by the City Treasurer, who has been appointed Registrar, on the 15th day of the month preceding the payment date, except that the final payment is payable upon presentation and surrender of this bond at the office of the Registrar.

**No notation is required to be made on this bond of any payment or prepayment of**

**principal. THEREFORE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING AND DUE HEREUNDER.**

This bond has been authorized by an ordinance adopted by the Council on January 23, 2001 (the "Ordinance"), and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, a resolution adopted by the Council on \_\_\_\_\_, 2001 (such resolution together with the Ordinance, the "Resolution"), and a financing agreement dated as of \_\_\_\_\_, 2001, between the City and the Authority (the "Financing Agreement"), to finance, in part, certain improvements to the City's wastewater collection system. The City's obligations under this bond shall terminate when all amounts due and to become due pursuant to this bond and the Financing Agreement have been paid in full.

The full faith and credit of the City are irrevocably pledged for the payment of principal of and interest, if any, on this bond and the performance of the City's obligations under the Financing Agreement. In addition, subject to the City's right to apply Revenues (as defined in the Financing Agreement) to the payment of Operation and Maintenance Expenses (as defined in the Financing Agreement), Revenues are irrevocably pledged for the payment of principal and interest, if any, on this bond and the payment and performance of the City's obligations under the Financing Agreement. Such pledge of Revenues shall be on a parity with the pledge of Revenues securing the City's Taxable Water and Sewer Revenue Bond, Series of 1991, its Taxable Water and Sewer Revenue Bond, Series of 1992, its Taxable General Obligation Water and Sewer Bond, Series of 1998, and its General Obligation Water and Sewer Bond, Series of [2001B, if and when issued] [2001A].

This bond is subject to prepayment to the extent and under terms set forth in the Financing Agreement.

This bond is issued as a registered bond and may be transferred only in accordance with the provisions with respect thereto as provided in the Financing Agreement and the Resolution.

This bond may be exchanged without cost at the office of the Registrar for bonds in printed form in denominations of \$5,000 and multiples thereof (except that one bond may be issued in an odd denomination of not less than \$5,000) in an aggregate principal amount equal to the unpaid principal of this bond.

If an Event of Default (as defined in the Financing Agreement) occurs and is continuing, the principal of this bond may be declared immediately due and payable by the registered owner by written notice to the City.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed, and this bond, together with all other indebtedness of the City, is within every debt and other limitation prescribed by the Constitution and statutes of the Commonwealth of Virginia.

**IN WITNESS WHEREOF**, the City of Bedford, Virginia, has caused this bond to be signed by its Mayor and the City's seal to be affixed hereto and attested by the Clerk of Council.

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(SEAL)

Mayor, City of Bedford, Virginia

**ATTEST:**

\_\_\_\_\_  
Clerk of the Council, City of Bedford, Virginia

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned sell(s), assign(s) and

transfer(s) unto \_\_\_\_\_ (Please print or type  
name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER

IDENTIFYING NUMBER OF TRANSFEREE:

\_\_\_\_\_

\_\_\_\_\_

the within bond and all rights thereunder, hereby irrevocably constitution and appointing \_\_\_\_\_

\_\_\_\_\_

Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_

NOTICE: Signature(s) must  
guaranteed by an Eligible  
Guarantor Institution such  
As a Commercial Bank, Trust  
Company, Securities Broker/  
Dealer, Credit Union, or Savings  
Association who is a member of  
A medallion program approved by  
The Securities Transfer Association,  
Inc.

(Signature of Registered  
NOTICE: The signature  
above must correspond with  
the name of the registered  
owner as it appears on the  
front of this bond in every  
particular, without alteration  
or enlargement or any change  
whatsoever.

CERTIFICATE OF PRINCIPAL ADVANCES

The amount and date of principal advances not to exceed the face amount hereof shall be

entered hereon by an authorized representative of the Trustee when the proceeds of each such principal advance are delivered to

the City.

| Amount   | Date  | Authorized Signature |
|----------|-------|----------------------|
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
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| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |
| \$ _____ | _____ | _____                |

The City Manager stated that in connection with the Route 460 East growth sharing development project for water and sewer improvements, City Council needs to adopt a reimbursement resolution. The resolution provides reimbursement to the City from bond proceeds of certain expenses that will have been incurred in the period 60-days prior to the date of the resolution. Mr. Meadows reported that this is required due to Internal Revenue Code provisions.

On motion by Councilman Brookshier, seconded by Councilwoman Flood, voted upon and carried by a roll call vote, Council adopted a resolution of official intent to reimburse expenditures with proceeds of a borrowing. Roll call vote follows:

|                       |        |
|-----------------------|--------|
| Vice Mayor Messier    | aye    |
| Councilman Padgett    | aye    |
| Councilman Tharp      | absent |
| Councilman Wandrei    | aye    |
| Councilman Brookshier | aye    |
| Councilwoman Flood    | aye    |
| Mayor Shelton         | aye    |

The resolution follows as adopted:

**RESOLUTION OF OFFICIAL INTENT TO REIMBURSE  
EXPENDITURES WITH PROCEEDS OF A BORROWING**

**WHEREAS**, the City of Bedford, Virginia (the "Borrower"), intends to acquire, construct and equip water and sewer system improvements, including, without limitation, water and sewer line extensions into the Joint Economic Development and Growth Sharing area at the eastern City limits along U.S. Route 460 to the Virginia Department of Transportation office (collectively, the "Project"); and

**WHEREAS**, plans for the Project have advanced and the Borrower expects to advance its own funds to pay expenditures related to the Project (the "Expenditures") prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or taxable debt, or both;

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:**

1. The Borrower intends to utilize the proceeds of tax-exempt bonds (the "Bonds") or to incur other debt, in an amount not currently expected to exceed \$2,500,000 to pay the costs of the Project.
2. The Borrower intends that the proceeds of the Bonds be used to reimburse the Borrower for Expenditures with respect to the Project made on or after July 13, 2001, which date is no more than 60 days prior to the date hereof. The Borrower reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.
3. 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 the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Borrower so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Borrower.

4. The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Borrower recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction of at least five years.

5. The Borrower intends that the adoption of this resolution confirms the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

6. This resolution shall take effect immediately upon its passage.

Mayor Shelton adjourned the meeting at 7:35 p.m.