



GATE CITY TOWN COUNCIL MINUTES
SEPTEMBER 10, 2013
156 E. JACKSON ST.
6:30 PM

I. COUNCIL MEETING CALLED TO ORDER AT 6:30 P.M. BY: Mayor - Frances Perry

II. ROLL CALL – Town Clerk - Kathy Riley

PRESENT: Mayor, Frances Perry
Vice Mayor, Allan “Cotton” Roberts
Council Member, Roger Cassell
Council Member, Robin Richards
Council Member, Wallace W. Ross, Jr.
Council Member, Walter Salyers
Town Manager, Greg Jones

Others present: Town Attorney, M. Brooks, Chuck and Arletha Newton, Debbie Kindle, Benny Reed, Tommy Quillen, Jim Addington

III. INVOCATION Benny Reed

IV. PLEDGE OF ALLEGIANCE Sergeant of Arms, Chuck Newton

V. APPROVAL OF AGENDA

Motion made to approve the agenda.

Motion by: Council Member, R. Cassell 2nd by: Vice Mayor, A. Roberts

VOTE:	Yeas,	5
	Nays,	0
	Absent,	0
	Abstain,	0

VI. PROCLAMATIONS, CONGRATULATORY RESOLUTIONS, AWARDS, APPOINTMENTS, RESIGNATIONS AND CONFIRMATIONS, ADMINISTRATION OF OATHS AND INTRODUCTION OF GUESTS. - None

VII. APPROVAL OF MINUTES

Mayor Perry - Are there any corrections to the minutes for the:

- **Public Hearing –Chapter 11 – Business License** of August 13, 2013 as presented?
- **Public Hearing – Sale of Town Owned Property** of August 13, 2013 as presented?
- **Council Meeting** of August 13, 2013 as presented?

Motion made to approve the listed minutes as presented.

Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, R. Cassell

VOTE: Yeas, 5
Nays, 0
Absent, 0
Abstain, 0

VIII. APPROVAL OF PAYMENTS

Motion made for approval for payment of bills for August, 2013

Motion by: Council Member, R. Cassell 2nd by: Council Member, W.W. Ross, Jr.

VOTE: Yeas, 5
Nays, 0
Absent, 0
Abstain, 0

IX. PUBLIC COMMENT

Benny Reed – 167 Poplar Street – Discussed his approval for possibly donating the property/building to the Scott County Life Saving Crew.

Mayor Perry closed the public comment session at 6:36 P.M. and opened the consent agenda session.

X. COMMUNICATIONS – There were no communications.

XI. REPORTS

A. **Engineer's Status Report** – Town Manager, Greg Jones, stated he will address items in the Manager's Report

B. **Treasurer's Report** – Vice Mayor, A. Roberts, questioned the line item regarding Business License fees with Town Manager, G. Jones addressing his questions.

C. **Codification Committee/Property Maintenance** – No comments.

D. **Police Department Report** – No comments.

E. **Council Reports** – Council Members, W. Salyers, W.W. Ross, Jr., R. Richards and R. Cassell had no Council Report comments. Vice Mayor, A. Roberts discussed his appreciation of VDOT's placement of pedestrian signs and provides actual location of signs to Council, suggested signs be placed in middle of road for pedestrian R-O-W at courthouse and middle of town to help

slow traffic in downtown with Town Manager, G. Jones expressing his concerns of people hitting them with their cars. Suggestion made to put them up in the morning and remove them at night. Council Member, W.W. Ross, Jr. questioned the meaning of the different colors of crosswalks with Town Manager, G. Jones stating he would send him an email that defines the difference.

F. Economic Development Committee – Vice Mayor, A. Roberts, stated they met with the Events Committee meeting with a downtown merchant who attended. He discussed signage on US 23 to advertise businesses in town. Council Member, R. Cassell, informed Council of Kingsport’s video. Vice Mayor, A. Roberts, stated Mark Freeman would bring equipment to do a video of the Grillin’ at the Gate and committee discussed up-dating the web page to be more appealing to promote more foot traffic downtown. Council Member, R. Cassell, informed Council of prior agenda items addressing a video to play at the Heartwood Center at a cost of approximately \$3,000. Vice Mayor, A. Roberts, commented about VA Tourism possibly helping.

G. Historical Committee – Mayor Perry suggested the committee to look at signage with the historical part on it. Vice Mayor, A. Roberts, informed Council they did check on it and stated a study would have to be paid for before they would even consider the signs.

H. Manager- Town Manager, G. Jones, read over his report that was included in Council Packets. He addressed new water rates that would guarantee payment for the bond over the next two years, him performing a water rate analysis to present to the Finance Committee for approval to present to Council to adopt new rates. He explained rates do not have to be implemented soon, but VRA wants adoption of new rates to ensure revenue will be there to take care of the bond payment for the next two years. Council Member, R. Richards, questioned if it didn’t pass what would happen. Town Manager, G. Jones stated the town would not receive funding and the town would end up owing the Engineers for their work performed. Council Members discussed their concerns regarding the multiple bonds the Town has, with many of our customer’s on fixed incomes, tapping into Kingsport water, the need to get more customers to spread out the costs, different rates for out of town resident and how the water rates were neglected through the years. Town Manager, Greg Jones, explained the current project is a high efficient project that will provide a savings, currently have a Gold Performance reflecting we are the best in the state and the need to make sure rates are fair between residential and commercial accounts.

I. Park Committee – Council Member, R. Richards, stated they met with Ray Kilgore to look at basic plans for splash pad. Vice Mayor, A. Roberts, stated they have not received an estimate from Eagan Construction. Mayor Perry questioned the location has been solved, with Vice Mayor, A. Roberts stating, no. He is looking for grant money and feels it would be more advantageous to be in town versus Grogan Park.

J. Planning Commission – Town Manager, G. Jones, informed Council they were still working on the definitions of the subdivisions, making sure mobile home, manufactured housing and different structures have their own definite definition to avoid confusion that you will see next month.

K. Public Works – No Comments.

L. Sanitation Authority – No Comments.

M. Street Commission – Council Member, W. W. Ross, Jr., questioned the status for the handrails and possibly new trash cans with Town Manager, G. Jones, informing him he is waiting for a reply email regarding the handrails and a litter grant regarding the trash cans. Council Member, R. Cassell, asked about signage at Kim’s studio with full classes, parking on each side of the street with the kids walking out, possible “Congestion Area” to make people aware.

N. Safety Committee - No Comments.

O. Water Plant – Vice Mayor, A. Roberts, questioned work orders regarding meters not working expressing water loss concerns. Town Manager, G. Jones, stated he would check on it and report back to him.

P. Events Committee – Vice Mayor, A. Roberts, stated his excitement about it and will have good weather. Town Manager, G. Jones, informed who and where to report for those volunteering. Council discussed events, vendors and fireworks.

Mayor Perry addressed comments to combine under Street and Public Works regarding requests for handicap parking at Town Parking lot, corner of Cleveland Street and Willow where there are two law offices upstairs that have handicapped entrance and a beauty shop that has moved up there that has multiple handicap customers with their request for handicap parking spaces at each end of that. Town Manager, G. Jones to look into that.

XII. UNFINISHED BUSINESS

- **Donate Scott County Life Saving Building** – Town Attorney, M. Brooks, informed Council they have the right to donate the property if they choose to do so. Vice Mayor, A. Roberts, asked for the assessed value of the property with Town Clerk informing him it was \$174,200 for land and improvement. Mr. Roberts commented that was a lot of money to give away. Discussion between Council Members with Council Member, R. Cassell and Vice Mayor, A. Roberts, expressing his opinion to keep the property and leave it as it is and asks Mr. Gilliam if that is okay with him. Mr. Gilliam addressed the Council he is fine to leave it as it is now and addressed the insurance they have on the property. Council discussed the terms of lease, insurance coverage amounts, with Town Manager stating he would take an analysis of insurance costs and suggest going through VML to save money and turn around bill Life Saving Crew on that amount. Town Attorney, M. Brooks stated there would be no insurable interest on content, just the building. Council agreed to table till October and bring any recommendations back at that time.

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XIII. NEW BUSINESS

- **Council approval to advertise for Public Hearing for Ordinance to sale real estate 415 Kane Street** – This item was tabled until November Council Meeting.
- **Council approval for Town Attorney to proceed with legal process for delinquent property taxes and business license** – Town Attorney, M. Brooks, explained on Town Manager’s suggestion with Business License and real estate taxes we file suit against the delinquent tax payers. She explained TACS is doing debt collection on the real estate, but that is slow progress and not sure how many are late. She stated for Business License there are 12 people with some that have not paid in four years. She asked Council if they wish her to proceed to a vote for each

of these, separately, to allow her to file suit against delinquent business license of two or more years that will be in General District court hearing in Gate City and can recover the costs in filing, legal and etc fees. We can attach it to the business or the property

Motion made to allow our attorney to proceed to file suit against the businesses that are delinquent more than two years on their business license.

Motion by: Council Member, R. Cassell 2nd by: Vice Mayor, A. Roberts

VOTE: Yeas,	5
Nays,	0
Absent,	0
Abstain,	0

Town Attorney, M. Brooks, discussed options regarding handling of delinquent taxes of three or more years with Town Manager, G. Jones, suggestion to file law suit. Town Attorney explained each process of each option and advantages of each to Council. Council Members further discussed the different options regarding the best method to retrieve delinquent taxes of placing a lien against the property or sale the property.

Motion made to pursue selling real estate that had delinquent property taxes more than three years pursuant to VA Code Section 58.1-3919.1.

Motion by: Council Member, R. Cassell 2nd by: Council Member, W. Salyers

VOTE: Yeas,	5
Nays,	0
Absent,	0
Abstain,	0

- **Water Use Exception revision** – Town Manager, G. Jones, explained the policy amendment regarding abatements for water leaks, current language in the policy and changes made to give 30 days from the day they get their bill to correct the leak and apply for the abatement. This change creates the urgency for the property owner to fix the leak. He answered a question regarding ways to monitor leaks for individual customers and advantages of the smart meters.

Motion made to approve the water use exception as presented.

Motion by: Council Member, R. Cassell 2nd by: Vice Mayor, A. Roberts

VOTE: Yeas,	5
Nays,	0
Absent,	0
Abstain,	0

- **Council to appoint/authorize individual to sign agreements associated with the Sidewalk grant**

Motion made to recommend the Town Manager, Greg Jones, be the one to authorize to sign.

Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. Salyers

VOTE: Yeas,	5
Nays,	0
Absent,	0
Abstain,	0

- **Cigarette tax** – Town Manager, G. Jones, explained VA Code that provides authorization to apply a tax on each pack of cigarettes that is sold in town. He recommends Town Council adopt the cigarette tax of five cents per pack sold in town and explained the process of receiving a monthly check from wholesalers who sell cigarettes and for Council to entertain placing the revenue received from the tax to be applied toward Economic Development. A Public Hearing would be needed.

Motion made to proceed with a Public Hearing for cigarette tax.

Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. W. Ross, Jr.

VOTE: Yeas,	5
Nays,	0
Absent,	0
Abstain,	0

- **Lease for the downstairs of Town Hall** – Town Manager, G. Jones, informed Council of someone interested in leasing the downstairs, Edwards Telecommunications, which are a sub-contractor for SCTC. Their monthly rate would be \$1,300, includes electricity, water and trash pick-up and no janitorial services like we had with AEP. They want their contract to run with their contract with SCTC with immediate occupancy to be in by September 16, 2013.

Motion made to lease downstairs to the company Greg proposed.

Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. Salyers

VOTE: Yeas,	5
Nays,	0
Absent,	0
Abstain,	0

XIV. PUBLIC COMMENT – NEW BUSINESS

Mayor Perry closed the public comment session for new business at 7:50 P.M. and opened the consent agenda session.

XV. CLOSED SESSION

Motion made for Council to enter into closed session to discuss personnel and legal matters.

Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. W. Ross, Jr.

VOTE: Yeas,	5
Nays,	0
Absent,	0
Abstain,	0

Mayor Perry opened the closed session at 7:50 P.M.

XVI. RETURN FROM CLOSED SESSION

Council returned from closed session at 7:58 P.M.

Motion made for Council to return from closed session.

Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. Salyers

VOTE: Yeas, 5
Nays, 0
Absent, 0
Abstain, 0

CERTIFICATION OF CLOSED MEETING – Read by: Town Attorney, M. Brooks

WHEREAS, the Gate City Town Council has convened a Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-7312 of the Code of Virginia requires a certification by the Town Council that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Gate City Town Council hereby certifies that to the best of each member’s knowledge, (1) only public business matters lawfully exempted from open meeting requirement by Virginia law were discussed in closed meeting to which this certification applies and (2) only such business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Gate City Town Council.

VOTE: Yeas, 6
Nays, 0
Absent, 0
Abstain, 0

XVII. MOTIONS FROM CLOSED SESSION: No motions coming out of closed session.

XVIII. ADJOURN

Motion made to adjourn.

Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, R. Cassell

VOTE: Yeas, 5
Nays, 0
Absent, 0
Abstain, 0

*Mayor Perry adjourned the meeting at 8:00 P.M., until the next regularly scheduled Council Meeting on October 8, 2013, at 6:30 P.M.

Frances Perry – Mayor

Kathy Riley – Town Clerk

RESOLUTION

**IRREVOCABLE ELECTION NOT TO PARTICIPATE
IN VIRGINIA LOCAL DISABILITY PROGRAM**

WHEREAS, by enacting Chapter 11.1 of Title 51.1 of the Code of Virginia, the Virginia General Assembly has established the Virginia Local Disability Program ("VLDP") for the payment of short-term and long-term disability benefits for certain participants in the hybrid retirement program described in Virginia Code § 51.1-169; and

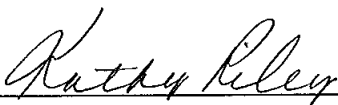
WHEREAS, for purposes of VLDP administration, an employer with VLDP-eligible employees may make an irrevocable election on or before September 1, 2013, requesting that its eligible employees not participate in VLDP as of the VLDP effective date of January 1, 2014, because it has or will establish, and continue to maintain, comparable employer-paid disability coverage for such employees that meets or exceeds the coverage set out in Chapter 11.1 of Title 51.1 of the Code of Virginia, with the exception of long term care coverage by January 1, 2014; and

WHEREAS, it is the intent of the Town of Gate City, 55394, to make this irrevocable election to request that its eligible employees not participate in VLDP;

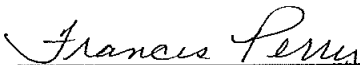
NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Town of Gate City irrevocably elects not to participate in VLDP because it has or will establish, and continue to maintain, comparable employer-paid disability coverage for such employees; and it is further

RESOLVED that, as an integral part of making this irrevocable election, the Town of Gate City certifies that it has or will establish, and continue to maintain, comparable employer-paid disability coverage for such employees.

Adopted in Gate City, Virginia this 10th day of September, 2013.



ATTEST: Kathy Riley – Town Clerk



Frances Perry Mayor

RESOLUTION OF GOVERNING BODY OF
TOWN OF GATE CITY, VIRGINIA

The governing body of the Town of Gate City consisting of 4 members, in a duly called meeting held on the 8TH day of OCTOBER, 2013, at which a quorum was present RESOLVED as follows:

BE IT HEREBY RESOLVED that, in order to facilitate obtaining financial assistance from the United States of America, United States Department of Agriculture, Rural Development (the Government) to provide funding for police vehicle and equipment purchase project, the governing body does hereby adopt and abide by the covenants contained in the agreements, documents, and forms required by the Government to be executed.

BE IT FURTHER RESOLVED that GREG JONES or FRANCES PERRY be authorized to execute on behalf of the Town of Gate City, the above-referenced agreements and to execute such other documents including, but not limited to, debt instruments and security instruments as may be required in obtaining the said financial assistance.

This Resolution, along with a copy of the required documents, is hereby entered into the permanent minutes of the meeting of the Town Council of Gate City.

Attest:

Kathy Riley
TOWN CLERK

By Frances Perry

CERTIFICATION

I hereby certify that the above resolution was duly adopted by the Gate City Town Council at a duly assembled meeting on the 8TH day of OCTOBER, 2013.


Kathy Riley - Town Clerk

**CERTIFICATE OF THE CLERK OF THE CIRCUIT COURT
OF SCOTT COUNTY, VIRGINIA**

The undersigned Clerk of the Circuit Court of Scott County, Virginia, certifies that a certified copy of a resolution entitled:


**RESOLUTION OF THE COUNCIL OF THE TOWN OF GATE CITY
AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS IN
AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$150,000, AND
PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF THE BONDS
AND THE REFUNDING OF A CERTAIN PRIOR NOTE AND
AUTHORIZING CERTAIN RELATED ACTIONS**

and adopted by the Council of the Town of Gate City, Virginia on October 8, 2013, was duly filed with the Circuit Court of Scott County pursuant to Section 15.2-2607 of the Code of Virginia of 1950, as amended, on the 10th day of October, 2013.



Clerk, Circuit Court Scott County, Virginia



FILED 10/10/13 TIME 9:40 AM
CIRCUIT COURT CLERK'S OFFICE
SCOTT COUNTY, VIRGINIA
MARK "BO" TAYLOR, CLERK
BY  DEPUTY CLERK

**RESOLUTION OF THE COUNCIL OF THE TOWN OF GATE CITY
AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS IN
AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$150,000, AND
PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF THE BONDS
AND THE REFUNDING OF A CERTAIN PRIOR NOTE AND
AUTHORIZING CERTAIN RELATED ACTIONS**

The Town of Gate City, a political subdivision of the Commonwealth of Virginia (the "Town") has previously issued a note (the "Prior Note") the proceeds of which were used to pay costs of improvements to the town hall of the Town, the Council of the Town (the "Council") desires to refund the Prior Note, and the Council has determined to acquire certain equipment for the Town's water treatment plant.

The Council desires to provide for the issuance of its bonds, the proceeds of which will be used to refund the Prior Note, to pay the costs of the equipment for the water treatment plant and the costs of issuing the bonds, and to authorize certain related actions.

BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF GATE CITY:

Section 1.1. Authorization of Bonds. It is hereby determined to be advisable, necessary and expedient for the Town to borrow an amount not to exceed \$150,000 in the aggregate, to provide funds, together with other funds that may be available, to refund the Prior Note and to pay the costs of the equipment for the water treatment plant and the costs of issuing the bonds. Pursuant to the Constitution of Virginia and the Public Finance Act of 1991, the Council authorizes to be issued and sold, at one time or from time to time, general obligation bonds of the Town in an aggregate principal amount not to exceed \$150,000 (the "Bonds").

The Bonds shall be general obligations of the Town, the principal of, premium, if any, and interest on which are 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 available and appropriated for such purpose, and a pledge of the full faith and credit of the Town.

To the extent permitted by Section 15.2-2601 of the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended) (the "Act"), the Council elects to issue the Bonds under the provisions of the Act without regard to the requirements, restrictions or other provisions contained in any charter or local or special act.

Section 1.2. Details of Bonds. The Bonds shall be issued as fully registered bonds without coupons. Each of the Bonds shall be in the principal amount and shall bear interest at the rate or rates, and the principal thereof and interest thereon shall be repayable in the amounts, all as established in accordance with Section 1.3 of this resolution.

Section 1.3. Principal Amount; Payment Dates and Other Details of the Bonds. Each of the Mayor and Vice Mayor of the Town is authorized and directed to determine, before the issuance of the Bonds, the principal amount of the Bonds, the date of the Bonds, the interest rate or rates thereon

or the means for determining such rate or rates, and the due dates and amounts of the installments of principal of and interest on the Bonds, the provisions, if any, for optional redemption of the Bonds, and all other details of the Bonds, provided, however that:

- a. the final maturity of each Bond shall not exceed ten (10) years from the date of the Bond;
- b. the aggregate principal amount of all the Bonds shall not exceed \$150,000;
- c. the interest rate on each Bond shall not exceed 2.59% per annum; and
- d. The principal of each Bond shall subject to prepayment in whole, but not in part, at the option of the Town on any regularly scheduled payment date, upon payment of the prepayment price of 101% of the principal to be prepaid plus accrued interest to the date of prepayment.

The execution of any Bond as described in Section 1.4 of this resolution shall conclusively evidence the details thereof as having been so determined as authorized by this resolution.

Section 1.4. Execution of Bonds. The Bonds shall bear the manual or facsimile signatures of the Mayor or Vice Mayor of the Town and shall bear a manually impressed or imprinted facsimile of the seal of the Town, attested by the manual or facsimile signature of the Clerk of the Town. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until such delivery. Any Bond may be signed by such persons as at the actual time of the execution thereof shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Section 1.5. Form of Bonds. The Bonds shall be in substantially the following form, with such appropriate variations, insertions and omissions as shall be consistent herewith:

No. R-_____ \$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
TOWN OF GATE CITY

General Obligation Bond
Series _____

Dated Date _____

Registered Owner:

Principal Amount: _____ DOLLARS

The Town of Gate City, a political subdivision of the Commonwealth of Virginia (the "Town"), for value received, acknowledges itself indebted and promises to pay to the registered owner named above or registered assigns, the principal sum shown above and to pay to the registered owner hereof interest on the outstanding principal of this bond until payment in full at the rate of 2.59% per annum.

Principal of and interest on this bond are due and payable as follows: _____.

Interest on this bond shall be computed based on a 360-day year consisting of twelve 30-day months.

Any payment on this bond shall be applied first to interest accrued to such payment date and then to principal.

The principal of this bond is subject to prepayment in whole, but not in part, at the option of the Town on any regularly scheduled payment date, upon payment of the prepayment price of 101% of the principal to be prepaid plus accrued interest to the date of prepayment.

Principal, premium, if any, and interest shall be payable in lawful money of the United States of America to the registered owner, at its address as it appears on the registration books kept for that purpose at the principal office of the Treasurer of the Town, who has been appointed Registrar. In case the date of maturity of the principal of this bond or the date fixed for the redemption of this bond shall be a date on which banking institutions are authorized or obligated by law to close at the place where the principal office of the Registrar is located, then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding date which is not such a date at the place where the principal office of the Registrar is located, and if made on such next succeeding date no additional interest shall accrue for the period after such date of maturity or date fixed for redemption.

This bond has been authorized by a resolution duly adopted by the Council of the Town on October 8, 2013 (the "Resolution"), and is issued pursuant to the Constitution and applicable statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended) to provide funds, together with other funds that may be available, to refund a certain bond of the Town and to pay costs of equipment for the Town's water treatment plant, and to pay the cost of issuing this bond. Copies of the Resolution are on file at the office of the Registrar. Reference is hereby made to the Resolution and any amendments thereto for the provisions, among others, describing the pledge of the full faith and credit of the Town and covenants securing this bond, the nature and extent of the security, the terms and conditions upon which this bond is issued, the rights and obligations of the Town and the rights of the holder of this bond.

This bond and the premium, if any, and interest thereon are 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 available and appropriated for such purpose, and a pledge of the full faith and credit of the Town. This bond and the premium, if any, and interest hereon shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, except the Town. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, except the Town, is pledged to the payment of the principal of, or premium, if any, and interest on, this bond.

This bond shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

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 Town, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Town has caused this bond to bear the manual or facsimile signature of the [Vice] Mayor of the Council of the Town, its seal to be imprinted or impressed hereon and attested by the manual or facsimile signature of the Clerk of the Council of the Town, and this bond to be dated the dated date shown above.

SEAL

Attest:

[SPECIMEN - DO NOT SIGN]

[SPECIMEN - DO NOT SIGN]

Clerk, Town of Gate City

Mayor, Town of Gate City

Section 1.8. Registrar. The Treasurer of the Town is hereby appointed Registrar for the Bonds.

Section 1.9. Registration, Transfer and Exchange. The Town shall cause books for the registration and transfer of the Bonds to be kept at the principal office of the Registrar, and the Town instructs the Registrar to keep such books and to make such registrations and transfers under such reasonable regulations as the Town or the Registrar may prescribe. Transfer of the Bonds may be registered upon books maintained for this purpose at the office of the Registrar. Prior to due presentment for registration of transfer the Registrar shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner.

Upon surrender for transfer or exchange of any Bond at such office, the Town shall execute and deliver in the name of the transferee or transferee a new Bond for the aggregate principal amount which the registered owner is entitled to receive, subject in each case to such reasonable regulations as the Town or the Registrar may prescribe. Any Bond presented for transfer, exchange, or payment, (if so required by the Town or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Town and the Registrar, duly executed by the registered owner or by his duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

The new Bond delivered upon any transfer or exchange shall be a valid obligation of the Town, evidencing the same debt as the Bond surrendered, shall be secured by this Resolution and entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

Section 1.10. Charges for Exchange or Transfer. No service charge shall be made for any exchange or transfer of the Bonds, but the Town may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

Section 1.11. Preparation and Sale of Bonds. The Council determines that it will be in the best interests of the Town and the Commonwealth of Virginia to sell the Bonds to Branch Banking and Trust Company (the "Bank") in accordance with the Bank's letter dated June 21, 2013, addressed to the Town Manager, a copy of which has been present to Council and is approved. The Mayor, Vice Mayor and the Clerk of the Town are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms.

Section 1.12. Application of Proceeds of Bonds. The proceeds derived from the sale of the Bonds shall be paid as follows:

- (a) a portion of the proceeds of the Bonds issued to refund the Prior Note shall be paid to the holder of the Prior Note to refund the Prior Note in full and the balance of such proceeds shall be applied to the

payment of the expenses reasonably incurred in issuing such Bonds;
and

- (b) the proceeds of the Bonds issued to pay the costs of equipment for the Town's water treatment plant (the "Project") shall be paid to, or at the direction of, the Town Manager who shall promptly deposit the funds in a bank or other depository to the credit of the Town. Such proceeds shall be accounted for through a fund designated "Town of Gate City WTP Equipment Fund" (the "Fund"), to be applied to the costs of the Project and the costs of issuance of such Bonds. Withdrawals shall be made from the Fund only after the Town Manager or his designee has certified that the amount being withdrawn from the Fund is being used to pay bona fide costs of the Project or bona fide costs of issuing such Bonds.

The proceeds may be paid initially to the Town for deposit in the Town's general fund and then applied as described above. Each of the Treasurer and the Town Manager of the Town is authorized and directed to receipt for such proceeds and to provide that the proceeds described in subclauses (a) and (b) above are applied as required by this resolution.

ARTICLE II

PARTICULAR COVENANTS

Section 2.1. Payment of Bond. The Town shall pay promptly, as provided herein, the principal of, premium, if any, and interest on the Bonds. Nothing in the Bonds or in this Resolution 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.

Section 2.2. Tax Rate Covenant. The Council hereby covenants and agrees that so long as any of any of the Bonds is outstanding, to the extent other funds are not lawfully available and appropriated for timely payment of the Bonds, the Council will levy and collect annually over and above all other taxes authorized or limited by law, an ad valorem tax, without limitation as to rate or amount, on all the taxable property in the Town in an amount sufficient to pay principal of, premium, if any, and interest on the Bonds as the same become due and payable.

ARTICLE III

TAX-EXEMPT OBLIGATIONS

Section 3.1. Bonds. The interest on the Bonds is intended to be exempt from federal income tax.

Section 3.2 Maintenance of Tax-Exempt Status.

(a) No Adverse Action: The Town shall not take any action that would adversely affect the exemption of interest on the Bonds from Federal income taxation. The Town shall, to the extent permitted by Virginia law, take all actions necessary to maintain the tax-exempt status of interest on the Bonds under Federal or Virginia law, including all actions necessary to comply with Section 103 or Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") or the regulations promulgated by the Treasury Department with respect thereto. Without limiting the generality of the foregoing, the Town shall comply with any provision of law which 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 Bonds, unless the Town receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bonds from being includable in the gross income for Federal income tax purposes of the registered owners thereof under existing law.

(b) Arbitrage/Investment: The Town shall not take or approve any action, investment or use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder. The Town, barring unforeseen circumstances, shall not request or approve the use of the proceeds of the Bonds other than in accordance with the Town's "non-arbitrage" certificate delivered at the time of the issuance of the Bonds.

(c) Tax Compliance Agreement. Each of the Mayor, Vice Mayor and Town Manager is hereby authorized and directed to execute and deliver a tax compliance agreement regarding any matters described in Section 3.2(a) and (b) and any other matters reasonably required by the initial purchaser of the Bonds, which agreement shall be in such form and content as may be required by bond counsel to the Town.

Section 3.3 Designation as Qualified Tax-Exempt Obligation. The Bonds are not private activity bonds and are hereby designated by the Council as Qualified Tax-Exempt Obligations, as defined in Section 265(b)(3) of the Code. The Town represents and covenants as follows:

(i) The Council will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in the current calendar year, including the Bonds, for the purpose of Section 265(b)(3) of the Code;

(ii) The Town, all its "subordinate entities," within the meaning of Section 265(b)(3) of the Code, and all entities which issue Bonds on behalf of the Town and such subordinate entities have together not authorized to be issued more than \$10,000,000 of tax-exempt obligations in the current calendar year (not including "private activity bonds," as defined in Section 141 of the Code), including the Bonds;

(iii) Barring circumstances unforeseen as of the date of delivery of the Bonds, 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 the current calendar year, result in the Town and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in such year (not including private activity bonds), including the Bonds; and

(iv) The Council has no reason to believe that the Town and such other entities will issue in the current calendar year tax-exempt obligations 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 (i) or (iii) above is not required for the Bonds to be a qualified tax-exempt obligation, the Town need not comply with such restriction.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Contract with Bondholders. The provisions of this resolution shall constitute a contract between the Town and the holders of the Bonds for so long as the Bonds are outstanding.

Section 4.2. Authority of Officers and Agents. The officers and agents of the Town shall do all acts and things required by them of this resolution and the Bond for the complete and punctual performance of all the terms, covenants and agreements contained therein. The appropriate officers of the Town are further authorized and empowered to take such other action as they may consider necessary or desirable to carry out the intent and purpose of this resolution, and the issuance of the Bonds.

Section 4.3. 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 or agent of the Town in his or her individual capacity, and no officer of the Town 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. 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.

Section 4.4. Conditions Precedent. Upon the issuance of the Bonds 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 Bonds shall have happened, exist and have been performed.

Section 4.5. Non-Arbitrage and Other Certificates. The Mayor and Vice Mayor and such other officers as may be requested are hereby authorized to sign appropriate certificates setting forth, among other things, the expected use and investment of the proceeds of the Bonds in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code and regulations issued pursuant thereto, applicable to "arbitrage bonds." Such certificates may also contain certain elections with regard to Section 148 of the Code and such officers are hereby authorized to make such elections on behalf of the Town and the Council.

Section 4.6. 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.

Section 4.7. Severability. 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.

Section 4.8. Effective Date. This resolution shall take effect immediately. All ordinances, resolutions or parts thereof in conflict herewith are hereby repealed.

Section 4.9. Filing of Resolution. The Clerk of the Council is hereby authorized and directed to see to the immediate filing of a certified copy of this resolution with the Circuit Court of Scott County, Virginia, pursuant to Section 15.2-2607 of the Public Finance Act of 1991.

The undersigned Clerk of the Council of the Town of Gate City, Virginia, certifies that the foregoing constitutes a true and correct copy of a resolution adopted at a meeting of the Council of the Town of Gate City, held on October 8, 2013. I further certify that such a meeting was a regular meeting, duly called and held, and that during the consideration of the foregoing resolution, a quorum was present. I further certify that the minutes of such meeting reflect how each member of Council voted with respect to the adoption of the foregoing resolution as follows:

Member	Attendance	Vote
Allan Roberts	<i>Present</i>	<i>Yea</i>
Roger C. Cassell	<i>Present</i>	<i>Yea</i>
Robin A. Richards	<i>Absent</i>	<i>Absent</i>
Walter B. Salyers	<i>Present</i>	<i>Yea</i>
Frances S. Perry	<i>Present</i>	<i>Non-Voter</i>
Wallace W. Ross, Jr.	<i>Present</i>	<i>Yea</i>

SEAL

Kathy Riley

 Clerk, Town of Gate City

VIRGINIA: IN THE CIRCUIT COURT OF SCOTT COUNTY

**IN RE: ISSUANCE OF GENERAL OBLIGATION BONDS BY THE TOWN
OF GATE CITY IN AN AMOUNT NOT TO EXCEED \$150,000**

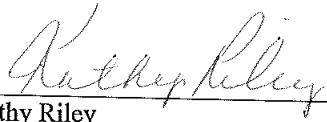
FILING OF RESOLUTION

Comes now the Town of Gate City, a political subdivision of the Commonwealth of Virginia (the "Town"), and pursuant to Section 15.2-2607 of the Code of Virginia of 1950 files with the Court a certified copy of a resolution entitled:

**RESOLUTION OF THE COUNCIL OF THE TOWN OF GATE CITY
AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$150,000,
AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF THE
BONDS AND THE REFUNDING OF A CERTAIN PRIOR NOTE AND
AUTHORIZING CERTAIN RELATED ACTIONS**

adopted by the Council of the Town on October 8, 2013

Town of Gate City

By: 
Name: Kathy Riley
Title: Town Clerk