SPECIAL
COUNCIL MEETING
March 13, 1981

A special meeting of the Elkton Town Council was held March 13, 1981 at 7:00 P.M. in the council chambers with the Mayor Maurice W. Lough presiding. The following council members were present: S. P. H. Flick, L. C. Life, R. L. Snow and L. W. Winegard. V. L. Cook Jr. and C. A. Schumacher were absent. Norma Leap, Clerk, Gerald Monger, Superintendent and Bruce Wiles, Attorney were also present.

Councilman S. P. H. Flick moved, seconded by Councilman L. W. Winegard to approve on Second Reading the following ordinance:

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND AWARD OF A $300,000 SEWER BOND OF THE TOWN OF ELKTON, VIRGINIA, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF ELKTON, VIRGINIA:

1. It is hereby determined to be necessary and expedient for the Town of Elkton, Virginia (the Town), to borrow $300,000 to provide funds, together with other funds that may be available, to finance the cost of construction of a new wastewater treatment plant.

2. Pursuant to the Town Charter and the Public Finance Act, as amended, there is hereby authorized to be issued and sold a $300,000 Sewer Bond of the Town.

3. After mature consideration of the methods of sale of such bond and current conditions of the municipal bond market, it is hereby determined that it is in the best interests of the Town to accept the offer of the United States of America, acting through the Farmers Home Administration, to purchase the bond upon certain terms and conditions set forth in the letter attached hereto as Exhibit A and maturing and bearing interest as set forth below. Such offer is hereby accepted and the Town hereby agrees to meet such terms and conditions.

4. The bond shall be a single fully registered bond without coupons in the denomination of $300,000, shall be numbered R-1, shall be dated as of the closing date, shall bear interest at the rate of five per cent (5%) per year, and shall provide for payment of interest only on the first and second anniversaries of the closing date and payment thereafter in installments of combined principal and interest of $1,473 beginning twenty-five full months following the closing date and continuing each month thereafter for a period of thirty-eight years, until paid. If not sooner paid, the final installment shall be due and payable forty years from the date of the bond. In the event the closing date occurs on the 29th, 30th or 31st day of a month, the monthly installment payment date shall be the 28th day of the month. The payment of every installment shall be applied first to interest accrued to the payment date and then to principal. Installments shall be payable in lawful money of the United States of America by check or draft mailed to the registered owner of the bond at its address as it appears on the registration books, except that the final installment shall be payable upon presentation and surrender of the bond at the office of the Town Clerk who is hereby appointed Registrar.

5. At the request of FmHA, the bond may be delivered as a fully registered bond in the alternative form substantially as set forth in Paragraph 8 providing for principal advances to be made from time to time by FmHA in an aggregate amount not to exceed $300,000. An authorized officer of FmHA shall enter the amount and the date of each such principal advance on the Certificate of Principal Advances (the Certificate) attached to

AAD025

the back of the bond when the proceeds of such advances are delivered to the Town. Each such principal advance shall bear interest from the date of such advance so entered on the certificate.

6. Installments of principal due on the bond may be prepaid at the option of the Town at any time as a whole or in part from time to time (but if in part, in inverse order of their maturities), without premium. Prepayment of installments of principal shall not affect the obligation of the Town to pay the remaining installments payable as provided in the preceding paragraph. The Town shall cause notice of such prepayment to be sent by registered or certified mail to the registered owner of the bond at its address appearing on the registration books of the Registrar not less than thirty days prior to any prepayment date.

7. The bond shall be signed by the Mayor of the Town, shall be countersigned by the Town Clerk and the Town's seal shall be affixed thereto.

8. The bond shall be in substantially the following form:

(FORM OF BOND)

No. R-1 $300,000

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

TOWN OF ELKTON

Sewer Bond, Series of 1981

The Town of Elkton, Virginia (the Town), for value received, hereby acknowledges itself indebted and promises to pay to United States of America, Farmers Home Administration, or registered assigns, the principal sum (equal to the aggregate amount of principal advances shown on the Certificate of Principal Advances attached to the back hereof (the Certificate), but not to exceed the sum)[1/] of

THREE HUNDRED THOUSAND DOLLARS ($300,000)

and to pay to the registered owner hereof interest on the unpaid principal from the date (of each principal advance shown on the Certificate)* (hereof) until payment of the entire principal sum at the rate of five per cent (5%) per year, interest only payable on _____, 1982, and _____, 1983, and thereafter payable in installments of combined principal and interest of $1,473 beginning on _____, 1983, and continuing on the _____ day of each month thereafter for a period of thirty-eight years, until paid, each payment to be applied first to the interest accrued to such payment date and then to principal, and such final installment, if not sooner paid, to be due and payable forty years from the date hereof. Installments shall be payable in lawful money of the United States of America by check or draft mailed to the registered owner at its address as it appears on the registration books kept for that purpose at the office of the Town Clerk who has been appointed Registrar. The final installment shall be payable upon presentation and surrender hereof at the office of the Registrar.

This bond has been authorized by an ordinance duly adopted by the Council of the Town on March 9, 1981, and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Town Charter and the Public Finance Act, as amended, to provide funds, together with other funds that may be available, to finance the cost of construction of a new wastewater treatment plant.

This bond and the interest hereon are payable from the rates or fees to be charged users of the Town's sewer system, which rates or fees are required to be maintained at a level that will produce sufficient revenue to pay all costs of operation of such system and the installments of principal and interest hereon, as the same become due, and from ad valorem taxes which are required to be levied and collected on all the taxable property in the Town to pay the installments of principal and interest hereon without limitation as to rate or amount if the net revenue from such system is insufficient therefor, and the full faith and credit of the Town are pledged thereto.

Transfer of this bond may be registered upon the registration books 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 and interest and the exercise of all other rights and powers of the owner.

Installments of principal due on this bond may be prepaid at the option of the Town at any time as a whole or in part from time to time (but if in part, in inverse order of their maturities), without premium. Prepayments of installments of principal shall not affect the obligation of the Town to pay the remaining installments payable as provided above. The Town shall cause notice of such prepayment to be sent by registered or certified mail to the registered owner hereof at its address appearing on the registration books of the Registrar not less than thirty days prior to any prepayment date.

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 Constituion and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Town has caused this bond to be signed by its Mayor, to be countersigned by its Clerk, its seal to be affixed hereto, and this bond to be dated _____, 1981.

COUNTERSIGNED:

_____ (SEAL)
Clerk, Town of Elkton, Virginia

_____
Mayor, Town of Elkton, Virginia

1/ *Alternative language to be used if FmHA requests provision for principal advances.

CERTIFICATE OF PRINCIPAL ADVANCES[2/]

The amount and date of principal advances not to exceed the face amount hereof shall be entered hereon by an authorized officer of the United States of America, Farmers Home Administration, when the proceeds of such principal advances are delivered to the Town.

Amount	Date	Authorized Signature

2/ Certificate of Principal Advances to be used if FmHA requests provision for principal advances.

AAD025

TRANSFER OF BOND

The transfer of this bond may be registered by the registered owner or his duly authorized attorney upon presentation hereof to the Registrar who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

Date of Registration	Name of Registered Owner	Signature of Registrar

9. Transfer of the bond may be registered upon books maintained for that 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 and interest and the exercise of all other rights and powers of the owner.

10. It is hereby covenanted and agreed with the holder of the bond that so long as any of the installments of principal or interest on the bond are outstanding and unpaid the Town will:

(a) charge rates or fees to users of its sewer system and fix and maintain such rates or fees at such level as will produce sufficient revenue to pay the cost of operation and administration, the cost of insurance against loss by injury to persons or property and the installments of principal and interest on the bond authorized hereby and on all other bonds heretofore or hereafter issued on a parity with such bonds on account of such system, as the same respectively become due;

(b) apply the revenue derived from the operation of such system first to the payment of the cost of operation and administration, then to the payment of the installments of principal and interest on the bond and on all other bonds heretofore or hereafter issued on a parity with such bond on account of such system as the same become due and then to any other lawful purpose of the Town:

(c) levy and collect annually an ad valorem tax on all the taxable property in the Town, without limitation as to rate or amount, if the net revenue of such system available to pay the installments of principal and interest on the bond, as the same become due, is insufficient therefor; and

(d) segregate and keep segregated from all other Town funds all revenue derived from the operation of such system and keep proper records and accounts therefor, separate and apart from all other municipal records and accounts.

11. The Mayor and Clerk are hereby authorized and directed to take all proper steps to have the bond prepared and executed in accordance with its terms and to deliver the bond to the United States of America, Farmers Home Administration upon payment therefor. In the event the bond is not issued and delivered during calendar year 1981, the Mayor and Clerk are hereby authorized and directed to change the series designation to such other year as may be appropriate at the time of its issuance.

(INSERT - See Page 200)

12. The Mayor and Clerk, and such other officers of the Town as may be requested, are hereby authorized and directed to execute appropriate certificates setting forth the expected use and investment of the proceeds of the bond or notes issued pursuant hereto in order to show that such expected use and investment will not violate the provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended, and regulations issued pursuant thereto, applicable to "arbitrage bonds". Such certificates shall be in such form as may be requested by bond counsel for the Town.

13. The Clerk is hereby authorized and directed to see to the immediate filing of a certified copy of this ordinance with the Circuit Court of Rockingham County, and within ten days thereafter to cause to be published once in a newspaper having general circulation in the Town a notice setting forth (1) in brief and general terms the purpose for which the bond is to be issued and (2) the amount of the bond.

14. All ordinances, or parts thereof, in conflict herewith are hereby repealed.

15. This ordinance shall take effect immediately.

AAD025

Approved March 13, 1981.

_____
Mayor, Town of Elkton, Virginia

The vote was recorded as follows:

S. Flick	- yea	R. Snow	- yea
L. Life	- yea	L. Winegard	- yea

Councilwoman L. C. Life moved, seconded by Councilman R. L. Snow and carried to approve on Second Reading the transfer of $1000.00 in Insurance to Supplies in the Public Safety Budget.

Councilman Flick reported to council that the bid from A. M. Pullen & Co. of $2800.00 to do the change in the bookkeeping also included doing the town audit. If they did the bookkeeping only it would cost approximately $1000.00. S. B. Hoover had estimated the cost on the bookkeeping change to be between $1000.00 to $2000.00. They charged $1950.00 for the audit last year. Councilman Flick recommended hiring A. M. Pullen & Co. to do the town audit this year as well as the bookkeeping changes as it appears it would save the town some money.

Councilman S. P. H. Flick moved, seconded by Councilwoman L. C. Life to hire A. M. Pullen & Co. to do the town audit for the year 1980-81 as well as the work on changing the bookkeeping system at a cost not to exceed $2800.00. The vote was recorded as follows:

S. Flick	- yea	R. Snow	- yea
L. Life	- yea	L. Winegard	- yea

Mayor Lough stated that as Councilman Cook has resigned from the Planning Commission and no one else on council has the time to serve on the Planning Commission, it will be necessary to appoint someone else to fill this vacancy. He stated that there are two people who are willing to serve on the Planning Commission if appointed. He stated he would not announce the names as they requested their names not be made public. Mayor Lough passed out ballots to each member of council and asked each member to vote for one of the two names listed. Mayor Lough and Mr. Wiles counted the vote and Mayor Lough announced that Mrs. Rhea Tench has been appointed to fill the vacancy on the Planning Commission. Her term will run until July 1, 1982.

As there was no further business, the meeting adjourned.

MAYOR: M W Lough
Maurice W. Lough, Mayor

RECORDER: Norma R. Leap
Norma R. Leap, Clerk

INSERT:

11. The Mayor and Clerk are hereby authorized to borrow $300,000 in anticipation of the issuance and sale of the bond and for the purposes for which the bond has been authorized. The Mayor and Clerk are hereby authorized and directed to borrow such sum from such sources and at such rate or rates of interest as they may determine to be in the best interest of the Town but not to exceed 12% per year. Such borrowing shall be evidenced by one or more negotiable notes which shall be dated and executed by the Mayor and Clerk, and shall mature at such time and may be renewed from time to time, all as the Mayor and Clerk shall determine; provided, however, that each such note and renewal thereof shall mature and be paid not later than the date provided by law for repayment of bond anticipation notes. The full faith and credit of the Town are hereby irrevocably pledged to the payment of principal of and interest on such notes.