Public Hearing
February 18, 2002
6:00 P.M.

The Elkton Town Council held a Public Hearing on February 18, 2002 at 6:00 P.M., in Council Chambers with Mayor M. Lee Dearing presiding. The roll call was as follows:

PRESENT:

J. T. Dean
C. H. Murphy
M. S. O'Neill
T. Pence
W. Printz
L. Sigafoose

Attorney J. Burns Earle and Richard Carey, Clerk of Council, were also present.

Mayor Dearing stated the purpose of the meeting was a public hearing on the proposed issuance of a general obligation bond in the estimated maximum amount of $2,000,000.00. The purpose of the bond is for the acquisition of real estate and the acquisition and/or construction of a community center.

Attorney J. Burns Earle read in part from the Resolution which appears below:

At a meeting of the Town Council of the Town of Elkton, Virginia, held on the 18th day of February, 2002, the following Town Council members were recorded as present:

PRESENT
T. DEAN
C. MURPHY
T. PENCE
W. PRINTZ
L. SIGAFOOSE
M. O'NEILL

On motion by Councilman M. O'NEILL, seconded by Councilman T. PENCE, the attached Resolution was adopted by a majority of the members of the Town Council by a roll call vote, the votes being recorded as follows:

MEMBER	VOTE
T. DEAN	YEA
C. MURPHY	YEA
T. PENCE	YEA
W. PRINTZ	YEA
L. SIGAFOOSE	YEA
M. O'NEILL	YEA

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF ELKTON, VIRGINIA AUTHORIZING THE ISSUANCE AND SALE OF $2,000,000 GENERAL OBLIGATION BONDS

WHEREAS, the Town Council of the Town of Elkton, Virginia (the "Town"), adopted a motion on January 21, 2002 authorizing the publication of a notice of a Public Hearing for the issuance of the Town's general obligation bond (the "Bond") to finance the cost of acquisition of real estate and the acquisition and/or construction of a community center (the "Project") and;

WHEREAS, the Bond is to be issued on the terms set forth in this Resolution and a public hearing has been held on the issuance of the Bond after due publication of notice in accordance with Section 15.2-2606 of the Code of Virginia 1950, as amended.

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

Authorization of Bond and Use of Proceeds. The Town Council hereby determines that it is advisable to contract a debt and to issue and sell the Bond. The issuance and sale of the Bond are hereby authorized. The proceeds from the issuance and sale of the Bond or shall be used to pay the costs, in whole or in part, of the Project.

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

Details and Sale of Bond. The Bond shall be issued upon the terms established pursuant to this Resolution and upon such other terms as may be determined in the manner set forth in this Resolution. The Bond shall be issued in fully registered form, shall be dated the date of issuance and delivery (or such other date as the Town Manager may approve) and shall be in the form of a single bond in the denomination equal to its principal amount or, if approved by the Town Manager, in one or more series in minimum denominations of $100,000. The Bond shall be issued upon such other terms as may be approved by the Town Manager, including, but not limited to, the aggregate principal amount of the Bond, the prepayment provisions, the sale price and interest rate on the Bond, provided that the final principal payment on the Bond shall be not more than approximately 25 years from its date, the principal amount shall not exceed $2,000,000 and the interest rate on the Bond shall not exceed 7.5%. The Town Manager is authorized to accept the proposal for the purchase of the Bond which such officer determines to be most advantageous to the Town.

Form of Bond. The Bond shall be in substantially the form attached to this Resolution as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution. There may be endorsed on the Bond such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

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

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

Registration, Transfer and Exchange. Upon surrender for transfer or exchange of any Bond at the principal office of the Bond Registrar, the Town shall execute and deliver and the Bond Registrar shall authenticate in the name of the transferee or transferees a new Bond or Bonds of any authorized denomination in any aggregate principal amount equal to the Bond surrendered and of the same form and maturity and bearing interest at the same rate as the Bond surrendered, subject in each case to such reasonable regulations as the Town and the Bond Registrar may prescribe. All Bonds presented for transfer or exchange 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 Bond Registrar, duly executed by the registered

owner or by his or her duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Town, evidencing the same debt as the Bonds surrendered, shall be secured by this Resolution and entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Charges for Exchange or Transfer. No change shall be made for any exchange or transfer of Bonds, but the Town may require payment by the registered owner of any Bond of a sum sufficient to cover any tax or other governmental change which may be imposed with respect to the transfer or exchange of such Bond.

Non-Arbitrage Certificate and Tax Covenants. The Town Manager and such officers and agents of the Town as he may designate are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected used and investment of the proceeds of the Bond and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended ("Code), including the provisions of Section 148 of the Code and applicable regulations relating to "arbitrage bonds." The Town Council covenants on behalf of the Town that the proceeds from the issuance and sale of the Bond will be invested and expended as set forth in the Town's Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of the Bond and that the Town shall comply with the other covenants and representations contained therein.

Designation for Purchase by Financial Institutions. The Town Council designates the Bond as a "qualified tax-exempt obligation" eligible for the exception from the disallowance of the deduction of interest by financial institutions allocable to the cost of carrying tax-exempt obligations in accordance with the provisions of Section 265 (b)(3) of the Code. The Town Council does not reasonably anticipate that it and any "subordinate entities" will issue more than $10,000,000 in tax-exempt obligations during calendar year 2002 (not including certain private activity bonds) and the Town Council will not designate more than $10,000,000 of qualified tax-exempt obligations pursuant to such Section 265(b)(3) in calendar year 2002.

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

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

The undersigned Clerk of the Town Council of the Town of Elkton, Virginia, certifies that the foregoing constitutes a true, complete and correct copy of the Resolution adopted at a meeting of the Town Council of the Town of Elkton, Virginia, held on February 18, 2002.

_____
Clerk, Town Council, Town of Elkton, Virginia

Exhibit A
FORM OF BOND

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

TOWN OF ELKTON
GENERAL OBLIGATION BOND, SERIES 2002

TOWN OF ELKTON, VIRGINIA ("Town"), for value received, acknowledges itself indebted and promises to pay _____, as registered owner of this Bond or legal representative, the principal amount of _____Dollars ($_____) and to pay interest on this Bond shall be paid in the amounts and on the dates set forth on Schedule 1 attached to this Bond. Both principal of and interest on this Bond are payable in lawful money of the United States of America. The principal of and interest on this Bond are payable by check or by wire transfer mailed or sent to the registered owner hereof without presentation and surrender except for the final payment of principal and interest which shall be payable upon presentation and surrender hereof at the office of the Town Manager, as Bond Registrar.

This Bond has been duly authorized by the Town Council and is issued for the purpose of providing funds to pay the costs, in whole or in part, to finance the cost of acquisition of real estate and the acquisition and/or construction of a community center. The full faith and credit of the Town are irrevocably pledged for the payment of the principal of and premium, if any, and interest on this Bond in accordance with its terms.

This Bond is issued under the authority of and in full compliance with the Constitution and statues of the Commonwealth of Virginia, and, more particularly, issued pursuant to the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended and a motion adopted by the Town Council on January 21, 2002 and a resolution adopted February 18, 2002 ("Resolution").

[Prepayment provisions"]

This Bond may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in a form satisfactory to the Bond Registrar. Such transfer shall be made in the registration books kept by the Bond Registrar upon presentation and surrender hereof and the Town shall execute, and the Bond Registrar shall authenticate and deliver in exchange, a new Bond having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rate, and registered in such name as requested by the then registered owner hereof or such owner's attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Bond 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 Town may designate a successor Bond Registrar and/or paying agent, provided that written notice specifying the name and location of the principal office of any such successor shall be given to the registered owner of this Bond. Upon registration of transfer of this Bond, the Bond Registrar shall furnish written notice to the transferee of the name and location of the principal office of the Bond Registrar and/or the paying agent.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and statues of the Commonwealth of Virginia to happen, exist or be performed precedent to the issuance of this Bond have happened, exist or been performed in due time, form and manner as so required and that the indebtedness evidenced by this Bond is within every debt and other limit prescribed by the Constitution and statues of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Town Council of the Town of Elkton, Virginia, has caused this Bond to be signed by the signature of the Mayor of the Town, its seal to be affixed and attested by the signature of the Clerk of the Town Council and this Bond to be dated_____, 2002.

TOWN OF ELKTON

By_____
Mayor, Town of Elkton, Virginia

[SEAL]

ATTEST:

_____
Clerk, Town Council,
Town of Elkton, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:_____

the within Bond does hereby irrevocably constitute and appoint _____, attorney to transfer said Bond on the books kept for registration of said Bond, with full power of substitution in the premises.

Dated_____

_____
Registered Owner
(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the books kept for registration of this Bond in every particular, without alteration or change.)

Signature Guaranteed:

_____
(NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association which is a

member of a medallion program
approved by the Securities
Association, Inc.)

As there were no citizen comments, the Public Hearing was adjourned.

MAYOR: _____
M. Lee Dearing, Mayor

RECORDER: _____
Richard D. Carey, Clerk