

**RESOLUTION OF THE COUNCIL OF THE
TOWN OF CHRISTIANSBURG, VIRGINIA APPROVING THE ISSUANCE AND SALE
OF THE TOWN OF CHRISTIANSBURG, VIRGINIA, GENERAL OBLIGATION
PUBLIC IMPROVEMENT BOND, SERIES 2007, IN THE MAXIMUM PRINCIPAL
AMOUNT OF UP TO \$2,000,000, AND THE EXECUTION AND DELIVERY OF
CERTAIN DOCUMENTS PREPARED IN CONNECTION THEREWITH**

WHEREAS, the Town of Christiansburg, Virginia (the "Town") has previously submitted an application (the "Application") to the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (the "Authority"), to finance, in whole or in part, certain design, construction, equipping and capital improvement costs of an aquatic center being constructed on property owned by the Town, together with related improvements, costs and expenses (collectively, the "Project"), through the Virginia Municipal League / Virginia Association of Counties Finance Program, and the Authority has indicated its willingness to finance the Project from the proceeds of its revenue bonds (the "Authority's Bonds"), in accordance with the terms of a Loan Agreement between the Authority and the Town (the "Loan Agreement"), the form of which has been presented to this meeting;

**BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF
CHRISTIANSBURG, VIRGINIA (THE "COUNCIL"):**

1. **Issuance of Bonds and Use of Proceeds.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 (the "Act"), and without regard to the requirements, restrictions or other provisions contained in any charter or local or special act applicable to the Town, the Council hereby provides for the issuance and sale of a general obligation public improvement bond of the Town in a principal amount not to exceed \$2,000,000 to provide funds to finance the Project and to pay costs incurred in issuing such bonds.

2. **Authorization of Loan Agreement.** The form of the Loan Agreement submitted to this meeting is hereby approved. The Town Manager, Assistant Town Manager, Mayor and Vice Mayor are each authorized to execute the Loan Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Town Manager or Assistant Town Manager, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Town's general obligation public improvement bond to the Authority shall be upon the terms and conditions of the Loan Agreement. The proceeds of such bond shall be applied in the manner set forth in the Loan Agreement and related documents. All capitalized terms used but not defined herein shall have the same meaning as set forth in the Loan Agreement.

3. **Bond Details.** The bond shall be issued as a single, registered bond, shall be designated "General Obligation Public Improvement Bond, Series 2007" (the "Bond"), and shall be numbered R-1. The Council authorizes the issuance and sale of the Bond on terms as shall be satisfactory to the Town Manager; provided, however, that the Bond (a) shall be in a principal amount not to exceed \$2,000,000, (b) shall mature no later than December 31, 2030, and (c) shall have a "true" interest cost not to exceed 6.00%. Subject to the preceding terms, the Council further authorizes the Town Manager or the Assistant Town Manager to (a) determine the final principal amount of the Bond and (b) establish the interest rate or rates and the amortization schedule (including the principal installment dates and amounts) for the Bond in such manner as the Town Manager or the Assistant Town Manager shall determine to be in the best interest of the Town. The Town Manager's or the Assistant Town Manager's approval of the final terms and purchase price of the Bond shall be evidenced by the execution and delivery of the Bond, and no further action shall be necessary on the part of the Town. As set forth in the Loan Agreement, the Town agrees to pay from legally available funds the Additional Payments as set forth in the Loan

Agreement. The principal of and premium, if any, and interest on the Bond shall be payable in lawful money of the United States of America.

4. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Bond shall be payable as set forth in the Bond and the Loan Agreement. The Town may, at its option, redeem, prepay or refund the Bond upon the terms set forth in the Loan Agreement.

5. Execution and Form of Bond. The Bond shall be signed by the Town Manager, the Assistant Town Manager, the Mayor or the Vice Mayor and the Town's seal shall be affixed thereon and attested by the Clerk of the Council. The 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 Town Manager, the Assistant Town Manager, the Mayor or the Vice Mayor, whose approval shall be evidenced conclusively by the execution and delivery of the Bond.

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

7. Preparation of Printed Bond. The Town shall initially issue the Bond in typewritten form. Upon request of the registered owner and upon presentation of the Bond at the office of the Registrar (as hereinafter defined), the Town shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Bond in printed form in an aggregate principal amount equal to the unpaid principal of the Bond in typewritten form, in denominations of \$5,000 and multiples thereof, of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Bond may be executed by manual or facsimile signature of the Mayor, with the Town's seal affixed thereto and attested by the Clerk of the Council; provided, however, that if both such signatures are facsimiles, no Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Bond surrendered in any such exchange shall be canceled.

8. Registration and Transfer of the Bond. The Town appoints the Town Treasurer as paying agent and registrar (the "Registrar") for the Bond. If deemed to be in the best interest of the Town, the Town Manager or the Council may at any time appoint a qualified bank or trust company, or another official of the Town, as Registrar. Upon surrender of the Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Town shall execute, and the 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 rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. The Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto. The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, 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 date that is fifteen days in advance of each interest payment date.

9. Mutilated, Lost or Destroyed Bond. If the Bond has been mutilated, lost or destroyed, the Town shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the Town shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the Town in connection therewith and, in the case of a lost or destroyed Bond, (a) has filed with the Town evidence satisfactory to the Town that such Bond was lost or destroyed and (b) has furnished to the Town satisfactory indemnity.

10. Preparation and Delivery of Bond. The Town Manager, the Assistant Town Manager, the Mayor or the Vice Mayor and the Clerk of the Council are authorized and directed to take all proper steps to have the Bond prepared and executed in accordance with its terms and to deliver it to the Authority as the purchaser thereof upon receipt of the purchase price from the Authority as set forth in the Loan Agreement.

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

12. Tax and Continuing Disclosure Documents. The Town Manager, the Assistant Town Manager, the Mayor and the Vice Mayor of the Town are authorized and directed to execute and deliver a Tax Certificate as to Arbitrage, an IRS Form 8038-G, and any required continuing disclosure documents, in forms approved by such officers and the Town's bond counsel.

13. Limitation on Private Use. The Town covenants that it shall not permit the proceeds of the Bond or the facilities financed with the proceeds of the Bond 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 the Town receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bond from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the Town need not comply with such covenants.

14. Official Statement. The Town authorizes and consents to the inclusion of information with respect to the Town contained in the near final and final Official Statement or similar offering document(s) prepared in connection with the sale of the Authority's Bonds.

15. Reimbursement for Prior Expenditures. To the extent applicable and necessary, in adopting this resolution the Council intends to evidence its "official intent" to reimburse Project expenditures with proceeds from the issuance of the Bond within the meaning of Treasury Regulations

Section 1.150-2 promulgated by the Internal Revenue Service pursuant to the Internal Revenue Code of 1986, as amended.

16. Other Actions. All other actions of Town officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bond are ratified, approved and confirmed. The Town 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 Bond pursuant to this Resolution and the Loan Agreement and any applicable continuing disclosure requirements.

17. Filing of Resolution. The Town Attorney, the Town Manager and the Assistant Town Manager are authorized and directed to see to the prompt filing of a certified copy of this resolution in the Circuit Court of Montgomery County, Virginia, in accordance with Sections 15.2-2607 and 15.2-2627 of the Act.


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

Upon a call for an aye and nay vote on the foregoing resolution on a motion by Wade seconded by Barber at a regular meeting of the Council of the Town of Christiansburg, Virginia held July 17, 2007, the members of the Council of the Town of Christiansburg, Virginia present throughout all deliberations on the foregoing and voting or abstaining, stood as indicated opposite their names as follows:

	<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Mayor Richard G. Ballengee*				
D. Michael Barber	X			
Dan R. Canada	X			
Ann H. Carter	X			
Steve Huppert	X			
Bradford J. Stipes	X			
H. Earnest Wade	X			

*Votes only in the event of a tie vote by Council.

A True Copy Test:


Richard G. Ballengee, Mayor
Clerk of Council


Michele M. Stipes,