

TOWN COUNCIL MEETING

November 24, 2020

The regular meeting of the Montross Town Council was held on Tuesday, November 24, 2020 at 7:30 p.m. at Town Hall, 15869 Kings Highway, Montross, VA.

Council Members Present: Joseph P. King, Terry A. Cosgrove, Carolyn Carlson,  
Bobby D. Greene, Robert L. Barker

Council Members Absent: Clinton A. Watson, Jr., Kathryn S. Wittman

Town Manager: Patricia K. Lewis

Water Works Operator:

REGULAR MEETING

Mayor King called the Council meeting to order at 7:30 p.m.

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

The pledge of allegiance was recited and a moment of silence was observed.

PUBLIC HEARING OF PROPOSED BOND ISSUE

The Montross Town Council held a public hearing for the proposed issuance of bonds by the Town pursuant to Virginia Code Section 15.2-2606 of the Public Finance Act. Mayor King called the public hearing to order. Mrs. Carlson, seconded by Mr. Cosgrove, made a motion to dispense with the reading of the notice since copies of the notice were made available to the public. The motion unanimously carried. A copy of the notice is attached to these minutes.

Mayor King introduced Webster Day, Bond Counsel for the Town. Because of restrictions related to COVID-19, Mr. Day attended the meeting via Google Meet video conferencing. Mr. Day reviewed the Resolution Authorizing the Issuance, Sale, and Award of Water Revenue Bonds. He explained the Resolution presented authorizes the issuance of revenue bonds in the maximum amount \$3,495,000. The bond proceeds would be used to pay the costs of capital improvements to the Town's water system. The Resolution presented is in a standard form the Rural Development requires. The Resolution also presents the form of the bond which will be completed at the time of the closing. It is important to note that this is a revenue bond, payable solely from the revenues of the town's water system.

Mayor King asked Council if they had any comments. Mrs. Carlson said that this is new territory for the Town, so we don't have a lot of questions at this time. Mr. Day responded that he understands that. He has worked with a number of smaller localities and water and

sewer authorities throughout the state and that we were not alone. Mayor King asked if we received any comments from the public. Mrs. Lewis replied that she had not received any public comments. Mr. Cosgrove stated that he appreciates Mr. Day's expertise and guidance on this project.

Mayor King closed the public hearing and asked for a motion. Mrs. Carlson, seconded by Mr. Cosgrove, made a motion to adopt the Resolution as presented. Mayor King asked for a roll call vote: Mr. Greene, aye; Mrs. Carlson, aye; Mr. Barker, aye; Mr. Cosgrove, aye. The motion unanimously carried. A copy of the Resolution is attached to these minutes.

#### APPROVAL PRIOR MINUTES

Mayor King asked if there were any additions or corrections to the minutes from the October 27, 2020 regular meeting. Mrs. Lewis stated that she listed Mayor King as absent, but he was at the meeting. Mr. Cosgrove, seconded by Mrs. Carlson, made a motion to approve the minutes from the October 27 22, 2020 meeting with the corrections mentioned. The motion unanimously carried.

#### APPROVAL FINANCIAL REPORTS

Mayor King asked if there were any additions or corrections to the financial reports for October 31, 2020. Mrs. Lewis stated that she included the report for the Water Improvements Fund. She stated that Council had authorized her to withdraw up to \$240,000 from the water encumbrance, but she has only withdrawn \$100,000 thus far so that interest can accrue. Mrs. Carlson, seconded by Mr. Greene, made a motion to approve the October 31, 2020 financial reports. The motion unanimously carried.

#### REPORTS

##### TOWN MANAGER

Mrs. Lewis congratulated Mr. King, Mr. Cosgrove, Mr. Greene, and Mrs. Wittman on their recent re-election to Town Council. She reminded them that they will need to be sworn in at the Westmoreland County Clerk's Office by January 1, 2021.

Mrs. Lewis reported that the Christmas lights will be going up Sunday, November 29, 2020. She stated that Stan Schoppe, Dottie Lewis, Les Sisson, Doug Norris, and Bobby Reamy have been working very hard to make sure that everything is working properly.

Mrs. Lewis reported that she had received several phone calls regarding Chandler's Mill Pond and the water level being low. She contacted the County Administrator's office to see if he had any information relating to the low water level. Latoya Ball-Tate sent Mrs. Lewis an email she received from Stephen Living, Lands & Access Manager for the Virginia Department of Wildlife Resources that advised that they had fully opened the flood gate in the dam and allowed the pond to drain down for the time being. There were no structural issues with the dam. He wanted to provide reassurance that there had not been any failure of the structure. Once the engineering assessment is complete and any alterations or changes made, the gate will be closed, and they expect the pond to refill quickly.

Mrs. Lewis reported that the offer that Council asked her to make for real property in support of economic development was rejected.

##### OLD BUSINESS

Mrs. Lewis reported she is waiting to get a date from the County as to when the IDA can meet to

disburse the Small Business Grant Funds to those that were approved. The committee, which consisted of Jen Dixon, Kathryn Wittman, and herself, reviewed 13 applications. Mrs. Lewis stated also became aware that 2% of the funds the Town was allocated from the CARES Act is being distributed to the Sheriff's Department, EMS, Social Services, Bay Aging, and other services for expenses incurred due to COVID-19.

The WVFD Auxiliary is still planning to move forward with the lighting of the Christmas Tree on December 4<sup>th</sup> at 6:00 p.m. Several local businesses will be open later. We will also air the lighting of the tree and the reading of the names on the Town of Montross Facebook page.

### NEW BUSINESS

Mrs. Lewis presented a Loan Resolution required by the United States Department of Agriculture (USDA) relating to the water improvements. Mr. Cosgrove, seconded by Mrs. Carlson, made a motion to adopt the Loan Resolution. Mayor King asked for a roll call vote: Mr. Greene, aye; Mrs. Carlson, aye; Mr. Barker, aye; Mr. Cosgrove, aye. The motion unanimously carried. The Loan Resolution is attached to these minutes.

Mrs. Lewis presented a Resolution relating to water rates. This resolution is also required by USDA. Tara Delaney with USDA indicated that, because the loan has a one year of deferral payments, we can increase the rates incrementally so there is less impact. Our interim financing lender will pay bills during the construction and when the construction is complete, we will close on the loan with USDA and pay off our interim financing, and then we still have one year before our payments begin from the date of the USDA closing. The rate increase may not need to be in place for another 2 years. Mr. Cosgrove, seconded by Mr. Greene, made a motion to adopt the Resolution. Mayor King asked for a roll call vote: Mrs. Carlson, aye; Mr. Barker, aye; Mr. Greene, aye; Mr. Cosgrove, aye. The motion unanimously carried. A copy of the Resolution is attached to these minutes.

Mrs. Lewis reported that the General Assembly adopted legislation this year that gives counties the ability to implement a cigarette tax. In the past it was just towns and cities. Jerry Davis, Norm Risavi, along with the County Administrators from King George, Northumberland, and Lancaster are in the process of creating a regional taxing authority. Jerry Davis had a zoom meeting on Tuesday, November 17, 2020 with Town Managers from Montross, Warsaw, Colonial Beach, and Kilmarnock and they already have a cigarette tax.

The Town of Warsaw currently has a .25 per pack tax and collects approximately \$58,000 to \$60,000 annually. The Town of Kilmarnock has a .30 per pack tax and collects approximately \$75,000 annually. The Town of Colonial Beach also has a .30 per pack tax and collects \$20,000 to \$30,000 annually.

The King George County Administrator was on the state's working group to help implement the tax. The Department of Taxation did not express an interest in implementing the tax on behalf of the counties. They recommended it be a regional effort.

Jerry Davis will be coordinating several more meetings to try to form the authority. Mrs. Lewis

stated she will keep town council up to date as this progresses and for consideration at an appropriate time. The goal is to have the tax in effect on July 1, 2021.

Mayor King reported that Terry Cosgrove's term on the Planning Commission would expire on December 31, 2020 and that Mr. Cosgrove has agreed to continue to serve on the commission. Mr. Greene, seconded by Mrs. Carlson, made a motion to re-appoint Mr. Cosgrove to the Planning Commission. The motion was unanimously carried.

Mayor King volunteered to host the judging of the Christmas decorations. Mayor King told Mrs. Lewis he would let her know the date of the judging.

Mrs. Lewis reminded Council that the next meeting would be a week earlier, on December 15<sup>th</sup>. Mayor King suggested that Council not have their annual Christmas party this year because of COVID-19, and that we need do our part and set an example. All Council members agreed.

#### COUNCIL MEMBER COMMENTS

Mr. Cosgrove stated he wanted to plant the seed with the Virginia Department of Transportation (VDOT) that, if they reroute the storm drain and dig that up, he would like to propose that we continue the sidewalk from the front of the Coke plant to the corner of Carver Street.

Mrs. Lewis reminded Council that the next meeting would be a week earlier, on December 15<sup>th</sup>. Mayor King suggested that Council not have their annual Christmas party this year because of COVID-19, and that we need do our part and set an example. All Council members agreed.

Mr. Greene said, after reviewing the Bond Resolution, it looks like there will be a lot of funds that need to be set up and maintained and asked if Mrs. Lewis will need help. Mrs. Lewis thanked Mr. Greene and said she would let Council know if she needed additional help.

#### PUBLIC COMMENTS

Mr. Larry Hinson thanked Mrs. Lewis for letting him know about the pedestrian signs. He asked if there would be a sign in front of Carrot Cottage with flashing lights to coordinate with the pedestrian sign by Angelo's. He said he understood it would be very pricey to do that and asked if that is something that could be done in the future. Mrs. Lewis stated that we were going to start with the pedestrian signs at the crosswalks first to see if that helps.

There being no further business, the meeting was adjourned at 8:15 p.m.

---

Patricia K. Lewis  
Town Manager

---

Joseph P. King  
Mayor

# Lakeway Publishers of Virginia

P. O. Box 8  
Warsaw, VA 22572  
804-333-6397  
Fax 804-333-0033

## NOTICE OF PUBLIC HEARING OF PROPOSED BOND ISSUE BY THE TOWN OF MONTROSS

The Council of the Town of Montross will hold a public hearing on the proposed issuance of bonds by the Town pursuant to Virginia Code Section 15.2-2606 of the Public Finance Act. The estimated maximum amount of the bonds is \$3,495,000. The proposed use of the bond proceeds is to pay costs of capital improvements to the Town's water system. The public hearing which may be continued or adjourned, and at which persons may appear and present their views on the proposed bond issue, will be held at 7:30 p.m., or as soon thereafter as the matter may be heard, on November 24, 2020, before the Council in the Town Hall, 15869 Kings Highway, Montross, Virginia.

In compliance with Governor Northam's Executive Order relating to the Covid-19 health and safety procedures, there will be limited seating for public attendance. Seating is available on a first come first served basis. Masks will be required to be worn. Citizens are encouraged to observe the public hearing live by visiting <https://www.facebook.com/Town-of-Montross-169533889725515/>.

### The public may also participate in the public hearing in the following ways:

1. Submit comments in writing no later than 6:30 p.m., November 24, 2020, by emailing [plewis@townofmontross.org](mailto:plewis@townofmontross.org).

Please include 1. First Name; 2. Last Name; 3. Residential Address; and, 4. Your Comment.

2. Join the meeting by visiting [meet.google.com/vrp-wywc-ohp](https://meet.google.com/vrp-wywc-ohp).

3. Via telephone by dialing US)+1 617-675-4444 and entering the following Pin Number: 401 297 153 0292#

4. Mail comments to Town of Montross, PO Box 126, Montross, VA 22520. Comments need to be received no later than 6:30 p.m. on November 24, 2020.

**If you have any questions, you may call the Town Office at (804) 493-9623 or via email to [plewis@townofmontross.org](mailto:plewis@townofmontross.org).**

Patricia K. Lewis  
Town Manager

I have examined a copy of the  
*Westmoreland News*, a  
Newspaper published in  
Montross and having a general  
Circulation in the County of  
Westmoreland, State of Virginia,  
and do hereby certify that this  
Legal Advertisement/  
Notice of Sale/  
Trustee Sale was published for

two successive week(s)  
In the issue(s) of

11-11-20 & 11-18-20

Given under my hand this  
18<sup>th</sup> day of  
November, 2020.

Cassandra Lavier  
Legal Advertising Department

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND AWARD OF WATER REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$3,495,000 AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF THE BONDS**

The Council of the Town of Montross (the “Council”) has determined to make capital improvements to the water system of the Town and to issue revenue bonds, the proceeds of which, together with other available funds, are estimated to be sufficient to pay the cost of the improvements; and

The United States of America (the “Government”) has offered to purchase the revenue bonds upon certain terms and conditions, and the Council, after mature consideration of the condition of the municipal bond market and other methods of selling its bonds, has determined to satisfy such terms and conditions and award the bonds to the Government.

On November 24, 2020, the Council held a public hearing on the proposed bond issue, in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended.

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF MONTROSS:

ARTICLE I

Definitions

Section 1.1. Definitions. Whenever used in this resolution, unless a different meaning clearly appears from the context:

“Act” means the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended).

“Additional Bonds” means any bonds issued pursuant to Article VI and secured on parity with the Initial Bonds by a pledge of the Pledged Revenues.

“Authorized Officers” means the Mayor, Vice Mayor and Town Manager of the Town, any one of whom may act.

“Bonds” means the Initial Bonds and any Additional Bonds issued under this resolution.

“Closing Date” means the date on which the Initial Bonds are delivered to the Government.

“Consulting Engineer” means the engineering firm or individual engineer as may be employed by the Town as Consulting Engineer in accordance with Section 7.5 of this resolution.

“Council” means the Council of the Town.

“Government” means the United States of America, its successors and assigns.

“Gross Revenues” means all revenues, income, and receipts derived or received by the Town from the operation and ownership of the System, including the interest income from the investment or deposit of money in any fund created by this resolution or a supplemental resolution in connection with the System, but “Gross Revenues” shall not mean or include any impact fees or developer fees charged by the Town for the construction of capital improvements or extensions to the System.

“Initial Bonds” means the Town’s water revenue bonds issued pursuant to this resolution.

“Maximum Amount” means \$3,495,000.00.

“Net Revenues” means Gross Revenues less Operating Expenses.

“Operating Expenses” means the reasonable and necessary expenses of operation, administration, maintenance and repair of the System, excluding any allowance for depreciation, the deposits or transfers to the Debt Service Fund or the Reserve Fund established in Section 4.3, and expenditures for capital improvements or extensions to the System.

“Pledged Revenues” has the meaning given that term in Section 4.4.

“Project” means capital improvements to the System, substantially as described in plans prepared by the Consulting Engineer and approved by the Town and the Government.

“System” means all plants, systems, facilities, equipment or property, including but not limited to the Project, owned, operated or maintained by the Town and used in connection with the collection, supply, treatment, storage or distribution of water, as the same may from time to time exist.

“Town” means the Town of Montross, a political subdivision of the Commonwealth of Virginia.

## ARTICLE II

### Authorization of Project

Section 2.1. The Project. The Council authorizes the acquisition and construction of the Project. The Project may be modified by the Town; however, any modification shall have been approved and recommended in writing by the Consulting Engineer and the Government.

## ARTICLE III

### Authorization, Form, Execution, Delivery, Registration and Prepayment of Initial Bonds

Section 3.1. Authorization of Initial Bonds. Pursuant to the Act, there are authorized to be issued and sold water revenue bonds of the Town in a principal amount not to exceed the Maximum Amount (the “Initial Bonds”), to provide funds, together with other available funds, to finance the cost of the Project. To the extent permitted by § 15.2-2601 of the Act, the Council elects to issue the Initial Bonds under the provisions of the Act without regard to any charter, including the Town’s charter, or local or special act applicable to the Town.

Section 3.2. Award of Initial Bonds. After mature consideration of the methods of sale of the Initial Bonds and current conditions of the municipal bond market, the Council determines that it is in the best interest of the Town to accept the offer of the Government to purchase the Initial Bonds upon certain terms and conditions set forth in the Government’s letter dated August 5, 2020, addressed to the Town Manager, a copy of which have been presented to the Council at the meeting at which this resolution is adopted. Such offer is accepted, and the Council agrees to meet such terms and conditions.

### Section 3.3. Details of Initial Bonds.

- (a) The Initial Bonds shall be issued as one fully registered bond without coupons.
- (b) Subject to subsection (c) below, each of the Authorized Officers is authorized to determine and approve all of the other final details of the Initial Bonds, including but not limited to their description and series designation, dated date, interest rate or rates, and the dates and amounts of payments of principal and interest. An Authorized Officer’s determination and approval of the final details of the Initial Bonds shall be evidenced conclusively by such officer’s execution and delivery of the Initial Bonds in accordance with this resolution.
- (c) Despite anything contained in this resolution to the contrary:
  - (i) The original aggregate principal amount of the Initial Bonds will not exceed the Maximum Amount;
  - (ii) The per annum interest rate on the Initial Bonds will not exceed 1.50%; and
  - (iii) The due date of the last installment of principal will not be later than 40 years after the date of the Initial Bonds.

Payments on the Initial Bonds shall be payable in lawful money of the United States of America by check or draft mailed to the registered owner of an Initial Bond at its address as it appears on the registration books, except that the final installment on an Initial Bond shall be payable upon

presentation and surrender of that Initial Bond at the office of the Town Manager who is appointed Registrar for the Bonds.

Section 3.4. Alternate Provisions. At the request of the Government, each Initial Bond may be delivered as a fully registered bond in the alternative form in this resolution providing for principal advances to be made from time to time by the Government in an aggregate amount not to exceed the face amount of the Initial Bond. An authorized officer of the Government shall enter the amount and the date of each such principal advance on the Certificate of Principal Advances attached to an Initial Bond when the proceeds of such advance are delivered to the Town. Each such principal advance shall bear interest from the date of such advance so entered on the certificate.

Section 3.5. Prepayment. Installments of principal due on the Initial Bonds 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, from any proceeds of the Initial Bonds remaining after completion of the Project, any proceeds derived by the Town from the sale or other disposition of a portion of the System, including the proceeds of insurance or condemnation awards, or any other source. Notwithstanding the above, the Town may at any time deliver moneys to the Government with instructions that such moneys be credited against future installments due on the Initial Bonds in inverse chronological order. Prepayments shall not affect the obligation of the Town to pay the remaining installments payable as provided in the Initial Bonds.

Section 3.6. Execution of Initial Bonds. The Initial Bonds shall be signed by one of the Authorized Officers and attested by the Clerk of the Town.

Section 3.7. Form of Initial Bonds. The Initial Bonds shall be in substantially the following form:

No. R-\_\_\_\_\_ \$[amount]

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

TOWN OF MONTROSS

Water Revenue Bond, Series of [year]

Dated: [date]

The Town of Montross, a political subdivision of the Commonwealth of Virginia (the “Town”), for value received, promises to pay, solely from the revenues described and pledged in the Bond Resolution, as defined below, to the payment of the principal of and interest on this bond, to the United States of America, or registered assigns, the principal sum [equal to the aggregate amount of principal advances shown on the attached Certificate of Principal Advances, but not to exceed the sum<sup>1</sup>] of

---

<sup>1</sup>Alternative language to be used if the Government requests provision for principal advances.

[amount] DOLLARS  
(\$[amount])

and to pay, solely from such source, to the registered owner hereof interest on the unpaid principal from the date [hereof] [of each principal advance shown on the attached Certificate of Principal Advances] until payment of the entire principal sum at the rate of [rate]% per year. Interest only is payable on [date] and [date]. Installments of combined principal and interest of \$[amount] are payable beginning [date], and continuing on the same day of each month thereafter until the principal of this bond is paid in full. Any payment on this bond shall be applied first to interest accrued to such payment date and then to principal. If not sooner paid, the final installment shall be due and payable 40 years from the date of this bond. Such 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 Manager who has been appointed Registrar, except that the final installment shall be payable upon presentation and surrender hereof at the office of the Registrar.

This bond has been issued pursuant to the Public Finance Act of 1991 (Chapter 26, Title 15.2, Code of Virginia of 1950, as amended) (the “Act”) and a resolution adopted by the Council of the Town (the “Council”) on November 24, 2020 (the “Bond Resolution”) under the Act. The purpose of the this bond is to provide funds, together with other available funds, to finance costs of capital improvements to the Town’s water system. Reference is made to the Bond Resolution and any amendments to it for the provisions, among others, describing the pledge 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 bondholder.

Capitalized terms used but not otherwise defined in this bond have the meanings given them in the Bond Resolution.

**Both principal of and interest on this bond are payable solely from the Gross Revenues of the System, and nothing in this bond or in the Bond Resolution shall be deemed to create or constitute a general obligation of or a pledge of the faith and credit of the Commonwealth of Virginia or any county, city, town or other political subdivision of the Commonwealth, including the Town.**

Pursuant to the Bond Resolution, the Town has pledged the Pledged Revenues to the payment of the principal of and interest on this bond. Additional bonds secured equally and ratably with this bond by a pledge of Pledged Revenues may be issued from time to time under the conditions, limitations and restrictions set forth in the Bond Resolution.

This bond is fully registered as to both principal and interest in the name of United States of America. 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.

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.

IN WITNESS WHEREOF, the Town has caused this bond to be signed by the Mayor, Vice Mayor or Town Manager of the Town and attested by the Clerk of the Town.

ATTEST:

**[NOT FOR SIGNATURE]**

**[NOT FOR SIGNATURE]**

\_\_\_\_\_  
Clerk, Town of Montross

\_\_\_\_\_  
Mayor, Town of Montross

**CERTIFICATE OF PRINCIPAL ADVANCES<sup>2</sup>**

The amount and date of principal advances not to exceed the face amount of the bond shall be entered below by an authorized officer of the United States of America, when the proceeds of each such principal advance are delivered to the Town.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signature</u>
_____ [amount] _____	_____ [date] _____	_____ [signature] _____

Section 3.8. Registration and Exchange of Initial Bonds. Transfer of the Initial Bonds 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.

Section 3.9. Delivery of Initial Bonds. The Authorized Officers and the Clerk of the Town are each authorized and directed to take all proper steps to have the Initial Bonds prepared and executed in accordance with their terms and to deliver the Initial Bonds to the Government upon payment or partial payment of the purchase price for it or upon the Government’s agreement to disburse principal advances thereunder.

**ARTICLE IV**

**Revenues and Funds**

\_\_\_\_\_  
<sup>2</sup>Certificate of Principal Advances to be used if the Government requests provision for principal advances.

Section 4.1. Revenue Covenants. It is covenanted and agreed with the holder of the Bonds that so long as any Bonds are outstanding the Town will:

(a) fix, charge and collect such rates, fees and other charges to users of or for the services furnished by the System and from time to time revise such rates, fees and charges so as to produce sufficient Gross Revenues in each fiscal year to equal an amount required to pay (i) the Operating Expenses which shall accrue or become payable during the then current fiscal year and (ii) the amounts required by Section 4.3 to be paid during the then current fiscal year into the Debt Service Fund and the Reserve Fund established in Section 4.3;

(b) apply the Gross Revenues as provided in Section 4.3; and

(c) segregate and keep segregated from all other Town funds all Gross Revenues and keep proper records and accounts therefor, separate and apart from all other Town records and accounts.

Section 4.2. Free Service; Enforcement of Charges.

(a) So long as any Bonds are outstanding the Town shall not permit connections to or use of the System or provide any services of the System without making a charge therefor.

(b) If any rates, fees or charges for the use of and for the services furnished by the System shall not be paid within 60 days after the same shall become due and payable, or within such shorter time as may be determined by the Town, at the expiration of such period the Town shall disconnect the premises from the System or otherwise suspend service to such premises until such delinquent rates, fees or charges and any interest, penalties or charges for reconnection shall have been paid in full; provided, however, that such services shall not be suspended if, in accordance with Section 15.2-2119 of the Code of Virginia of 1950, as amended, the health officers shall have found and shall certify to the Town that suspending such services will endanger the health of the persons occupying such premises or the health of others.

(c) The Town shall take all such action as may be necessary to perfect liens upon real estate for the amount of any unpaid rates, fees, or charges described in Section 4.2(b) above or any unpaid connection charges or other charges so that such liens will be binding upon subsequent bona fide purchasers for valuable consideration without actual notice thereof.

Section 4.3. Funds. The following special funds are established and shall be held by the Town for the following purposes:

Construction Fund: To the extent they are not applied to pay interim financing for the Project, the proceeds from the sale of the Initial Bonds shall be deposited in a special bank account designated the Construction Fund and shall be applied to the cost of the Project. The Town shall preserve at its office accurate records available at all times which show that payments from the Construction Fund or, if applicable, advances under the Initial Bonds were made solely to pay costs of the Project. Any balance remaining in the Construction Fund shall, at the option of the Town, be

used to prepay installments of principal and interest on the Initial Bonds or shall be transferred to the Reserve Fund.

Revenue Fund: All Gross Revenues shall be collected and, so far as may be practicable, deposited not less frequently than weekly in the Revenue Fund. Moneys on deposit in the Revenue Fund shall be used only in the manner and priority set out below.

Debt Service Fund: Each month the Town shall transfer from the Revenue Fund to the Debt Service Fund an amount equal to the installments of interest or principal and interest, as the case may be, coming due on the Bonds that month. If there should be insufficient moneys in the Revenue Fund and the Reserve Fund for this purpose, the deficit shall be added to the required payment for the month or months next ensuing until such deficit is eliminated. When the balances in the Debt Service Fund and the Reserve Fund shall equal the principal of and interest on the Bonds then outstanding to their respective maturities, no further transfers to the Debt Service Fund shall be required. The Town shall pay installments of principal and interest on the Bonds from the Debt Service Fund as the same become due.

Operating Fund: Each month, after making the transfer to the Debt Service Fund required above, the Town shall transfer from the Revenue Fund to the Operating Fund such amount, if any, needed to increase the balance in the Operating Fund to the sum of (a) the amount of the Operating Expenses for the current month and (b) the aggregate amount of all checks outstanding and unpaid drawn upon the Operating Fund. Each month the Town shall pay from the Operating Fund all Operating Expenses for the then current month.

Reserve Fund: Each month, after making the transfers to the Debt Service Fund and the Operating Fund required above, the Town shall transfer an amount equal to 10% of monthly installments of principal and interest on the Bonds from the Revenue Fund to the Reserve Fund until there has been accumulated and maintained therein an amount equal to twelve (12) such installments, after which no further deposits shall be required except to eliminate any deficiency in the Reserve Fund. The Reserve Fund shall be used, with the prior written approval of the Government, to make transfers to the Debt Service Fund to the extent necessary (a) to pay the principal of and interest on the Bonds as the same become due in the event the balance on the Debt Service Fund is insufficient therefor, (b) to pay the cost of repairing or replacing any damage to the System, or (c) to pay the cost of extensions or improvements to the System.

Any balance remaining in the Revenue Fund each month, after the transfers to the Debt Service Fund, the Operating Fund, and the Reserve Fund and are made as required above, may be used by the Town, with the Government's consent, for any lawful purpose.

Section 4.4. Pledged Revenues. As security for the payment of the principal of, premium, if any, and interest on the Bonds issued from time to time, the Town, pursuant to and in accordance with the provisions of the Act and Section 2.2-4902.1 of the Code of Virginia of 1950, as amended, pledges unto the holders of the Bonds all of the Town's right, title and interest to, in and under the following (the "Pledged Revenues"):

- (a) The Net Revenues;

(b) The money and investments, including investment earnings thereon, on deposit from time to time in the Construction Fund, the Revenue Fund, the Operating Fund, the Debt Service Fund, and the Reserve Fund, subject only to the right to make application thereof to other purposes as provided in this Resolution; and

(c) Such other properties and assets and interests in properties and assets as may hereafter be pledged to the payment of the Bonds pursuant to any supplemental resolution or which may be delivered, pledged, mortgaged, or assigned to the holders of the Bonds as security for the Bonds.

To the extent provided in Section 2.2-4902.1 of the Code of Virginia of 1950, as amended:

- a) The Pledged Revenues, whether presently held by the Town or in the future received by or otherwise credited to the Town, shall immediately be subject to the lien of such pledge without any physical delivery, control, filing or further act;
- b) The lien of such pledge shall have priority over any other obligations or liabilities of the Town, except as may be otherwise provided in this resolution; and
- c) The lien of each such pledge shall be valid, binding and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Town regardless of whether such persons have notice of such pledge.

Both principal of and interest on the Initial Bonds are payable solely from Gross Revenues of the System, and nothing in this resolution or in the Initial Bonds shall be deemed to create or constitute an indebtedness of or a pledge of the faith and credit of the Commonwealth of Virginia or any county, city, town or other political subdivision of the Commonwealth.

## ARTICLE V

### Security for Deposits and Investment of Funds

Section 5.1. Security for Deposits. All moneys on deposit with any bank or trust company shall be secured for the benefit of the Town and the holder of the Bonds in the manner required by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia of 1950, as amended) or any successor provision of laws.

Section 5.2. Investment of Funds. All moneys in the Construction Fund, Revenue Fund, the Operating Fund, the Debt Service Fund, and the Reserve Fund not immediately necessary for the purposes thereof may be invested by the Town in securities and deposits which are authorized by the laws of the Commonwealth of Virginia for public funds, all of which shall mature or be subject to redemption or withdrawal by the holder or depositor for the purposes of the funds. Any such investments shall be considered a part of such funds and the accounts therein and income therefrom and any profit or loss on the sale thereof shall be credited to or charged against such funds and accounts.

## ARTICLE VI

### Additional Bonds

Section 6.1. Issuance of Additional Bonds. The Town may issue additional bonds secured on a parity with the Bonds then outstanding by a pledge of the Pledged Revenues (the “Additional Bonds”) to finance (i) the cost of completing the Project, (ii) the cost of acquisition or construction of improvements, extensions, additions and replacements to the System or other facilities, properties or undertakings that the Town claims to be useful or convenient for the System, (iii) to refund any Bonds, or (iv) any combination of the foregoing. Additional Bonds shall be in such form, shall be dated such date, shall mature in such installments of principal and interest, shall bear interest at such rate or rates, shall be in such denomination or denominations and may contain such provisions for prepayment prior to their respective maturities, all as provided by the Council by resolution adopted prior to their issuance. Additional Bonds shall contain an appropriate series designation.

Section 6.2. Conditions of Issuance. The Town shall not issue any Additional Bonds unless there shall have been filed with the Town and, if the Government is the owner of either the Initial Bonds or any Additional Bonds, with the Government, the following:

(a) a certified copy of a resolution of the Council in form complying with the foregoing provisions specifying or providing for all the terms of the Additional Bonds and, if applicable, stating the cost of the acquisition or construction of any improvements, extensions, additions and replacements to the System to be acquired or constructed or of the other facilities, properties or undertakings and finding and ordering that such improvements, extensions, additions and replacements shall be a part of the System or that such other facilities, properties or undertakings are useful or convenient for the System;

(b) a certified copy of a resolution of the Council awarding the Additional Bonds, specifying or providing for the interest rate or rates and directing the delivery of such Additional Bonds to the purchaser named therein upon payment of the purchase price set forth or provided for therein;

(c) if the Additional Bonds are to be issued to complete the Project, a certificate of the Consulting Engineer to that effect;

(d) if the Additional Bonds are to be issued for any purpose other than the refunding of Bonds or the completion of the Project, either (i) a certificate of an independent certified public accountant stating that the amount of the Net Revenues for the fiscal year preceding the year in which the proposed Additional Bonds are to be issued was not less than one hundred twenty percent (120%) of the average annual principal and interest requirements for the Bonds then outstanding and the Additional Bonds to be issued, or (ii) the written consent of the holders of three-fourths in aggregate principal amount of the Bonds outstanding;

(e) a certificate of the Town, signed by an Authorized Officer, that the Town is in compliance with all covenants and undertakings in connection with this resolution and any supplemental resolution authorizing Additional Bonds which remain outstanding;

(f) if the Initial Bonds or any Additional Bonds are held by the Government, the written consent of the Government to the issuance of the Additional Bonds; and

(g) the written opinion or opinions of counsel for the Town stating that the issuance of the Additional Bonds has been duly authorized and that all conditions precedent to their delivery have been fulfilled.

## ARTICLE VII

### Particular Covenants

Section 7.1. Payment of Initial Bonds. The Town shall pay promptly, as provided in the Initial Bonds, the principal of and interest on the Initial Bonds, but such principal and interest shall be payable solely from Gross Revenues, and nothing in the Initial Bonds or in this resolution shall be deemed to create or constitute a general obligation of or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or other political subdivision of the Commonwealth.

Section 7.2. Construction of Project. The Town shall obtain all approvals, permits and consents required by law as a condition precedent to the acquisition, construction, development and operation of all parts of the Project and shall complete the construction of the Project in a sound and economical manner and in conformity with all applicable requirements of the Government and all other governmental authorities and do all acts and things necessary and reasonable so that the Town may begin to collect revenues from the Project at the earliest practicable time.

Section 7.3. Operation and Maintenance. The Town shall operate the System in an efficient and economical manner, maintain the same in good condition and make all necessary repairs, replacements and renewals. All compensation, salaries, fees and wages paid by it in connection with the operation, maintenance and repair of the System shall be reasonable. The Town shall observe and perform all of the terms and conditions contained in the Act and comply with all applicable state and federal laws.

Section 7.4. Competition. The Town shall not operate or assent to the operation of any utility service in competition with the System.

Section 7.5. Consulting Engineer. At the Government's request, the Town shall employ as Consulting Engineer an engineering firm or individual engineer of recognized standing and experience in the field of civil engineering registered in the Commonwealth of Virginia, whose duties shall include supervision of the construction of the Project and advice as to proper operation, maintenance and repair of the System.

Section 7.6. Sale or Encumbrance. The Town shall not sell, transfer, lease or otherwise encumber the System or any portion thereof, nor permit others to do so, without the prior written consent of the Government.

Section 7.7. Title to Lands. All parts of the System shall be located on lands to which title in fee simple or over which valid perpetual easements, in either case sufficient for the purposes of the System, are owned by the Town.

Section 7.8. Records and Reports. The Town shall establish and maintain such books and records relating to the operation of the System and its financial condition and provide for an annual audit, all in such manner as may be required by the Government. Copies of all such audits shall be submitted to the Government as soon as they are obtained by the Town. The Town shall prepare and submit to the Government such additional information and reports as the Government may from time to time reasonably require.

Section 7.9. Access to Books and System. The Town shall provide to the Government at all reasonable times access to all books and records relating to the System and access to the property of the System so that the Government may ascertain that the Town is in compliance with all the provisions of this resolution and all other instruments incident to the purchase of the Initial Bonds by the Government.

## ARTICLE VIII

### Defaults and Remedies

Section 8.1. Default and Remedies. Upon default by the Town (a) in the payment of principal of or interest on the Bonds or (b) in the performance of any covenant or agreement contained in the Bonds or in this resolution the holders of a majority in aggregate principal amount of the Bonds at their option may:

(a) declare the entire unpaid principal amount of the Bonds then outstanding and accrued interest thereon to be immediately due and payable;

(b) incur and pay such reasonable expenses for the account of the Town as may be necessary to cure the cause of any default;

(c) proceed to protect and enforce their rights under the Bonds and this resolution by a suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement or execution of any power or for the enforcement of any proper legal or equitable remedy as may be deemed most effectual to protect and enforce such rights, including, without limitation, the fixing of rates and the collection and proper application of the revenues of the System and the appointment of a receiver having full power to administer and operate the System.

Section 8.2. Remedies Cumulative. No remedy conferred by this resolution is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing in equity, at law or by statute.

## ARTICLE IX

### Miscellaneous

Section 9.1. 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 and interest thereon are outstanding.

Section 9.2. Authority of Officers and Agents. The officers and agents of the Town shall do all acts and things required of them by this resolution, the Bonds and the Act for the complete and punctual performance of all the terms, covenants and agreements contained therein.

Section 9.3. Limitation of Rights. Nothing expressed or mentioned in or to be implied from this resolution or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this resolution or any covenants, conditions and agreements herein contained; this resolution and all of the covenants, conditions and agreements hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds as herein provided.

Section 9.4. 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 a present or future member, officer, employee or agent of the Town in his individual capacity, and neither the members of the Council nor any 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 member, officer, employee or agent of the Town shall incur any personal liability with respect to any other action taken by him pursuant to this resolution or the Act, provided he acts in good faith.

Section 9.5. Conditions Precedent. Upon the issuance of any Bond all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this resolution to happen, exist and to be performed precedent to or in the issuance of such Bond shall have happened, exist and have been performed.

Section 9.6. Repealer. All resolutions, or parts thereof, in conflict herewith are hereby repealed except such resolutions as may have been adopted by the Council at the specific request of the Government as a condition to its purchase of the Initial Bonds.

Section 9.7. Severability. If any court of competent jurisdiction shall hold any provision of this resolution to be invalid or unenforceable, such holding shall not invalidate any other provision of this resolution.

Section 9.8. Successors and Assigns. All the covenants, stipulations, promises and agreements of the Town contained in this resolution shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 9.9. 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 9.10. Filing of Resolution. The Clerk of the Town is directed to file a certified copy of this resolution with the Circuit Court of Westmoreland County, Virginia, pursuant to Section 15.2-2607.

Section 9.10. Effective Date. This resolution shall take effect immediately upon its approval by the Mayor of the Town.

Approved, as of this \_\_\_ day of November, 2020:

---

Joseph P. King, Mayor, Town of Montross

\* \* \*

The Clerk of the Town of Montross, Virginia, certifies that:

- (a) the foregoing is a true, complete and correct copy of a resolution adopted by the Council of the Town at a meeting of the Council held on November 24, 2020;
- (b) the meeting was a duly called, noticed and held regular meeting;
- (c) during the consideration of the foregoing resolution, a quorum was present; and
- (d) the name of each member of Council voting on the adoption of the foregoing resolution and his or her vote were recorded at the meeting as follows:

<u>Members</u>	<u>Attendance</u>	<u>Vote</u>
Joseph P. King, Mayor		
Terry A. Cosgrove		
Clinton A. Watson, Jr.		
Caroly K. Carlson		
Bobby D. Greene		
Robert L. Barker		
Kathryn S. Wittman		

**WITNESS MY HAND** this \_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Clerk, Town of Montross, Virginia

**LOAN RESOLUTION**  
(Public Bodies)

A RESOLUTION OF THE \_\_\_\_\_

OF THE \_\_\_\_\_  
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A  
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the \_\_\_\_\_

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

\_\_\_\_\_ ; and

**WHEREAS**, the Association intends to obtain assistance from the United States Department of Agriculture,  
(herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921  
et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event  
that no other acceptable purchaser for such bonds is found by the Association:**NOW THEREFORE**, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*



**CERTIFICATION TO BE EXECUTED AT LOAN CLOSING**

I, the undersigned, as \_\_\_\_\_ of the \_\_\_\_\_  
hereby certify that the \_\_\_\_\_ of such Association is composed of  
\_\_\_\_\_ members, of whom , \_\_\_\_\_ constituting a quorum, were present at a meeting thereof duly called and  
held on the \_\_\_\_\_ day of \_\_\_\_\_ ; and that the foregoing resolution was adopted at such meeting  
by the vote shown above, I further certify that as of \_\_\_\_\_ ,  
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been  
rescinded or amended in any way.

Dated, this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_

Title \_\_\_\_\_

TOWN HALL  
15869 KINGS HIGHWAY  
P.O. BOX 126  
MONTROSS, VA 22520  
PH. (804)493-9623  
FAX (804)493-9036  
E-mail: townofmontross@verizon.net



*Mayor*  
JOSEPH P. KING

*Vice-Mayor*  
TERRY A. COSGROVE

*Council*  
CLINTON A. WATSON, JR.  
CAROLYN K. CARLSON  
BOBBY D. GREENE  
ROBERT L. BARKER  
KATHRYN S. WITTMAN

*Town Manager*  
PATRICIA K. LEWIS

## *Town of Montross*

### RESOLUTION

**WHEREAS**, the Town of Montross has applied for funding through the United States Department of Agriculture (USDA) – Office of Rural Development for improvements to the Town of Montross water system; and

**WHEREAS**, as the Letter of Conditions issued to the Town of Montross by the USDA Rural Development Sub-Office on August 5, 2020, requires adoption of rates and fees for the proposed system; and

**NOW, THEREFORE, BE IT RESOLVED** that the Montross Town Council hereby ratifies the following as the monthly rates for the proposed improvements to the Town of Montross water system:

<u><b>In Town Rates</b></u>		<u><b>Out of Town Rates</b></u>	
<b>\$30.00</b>	<b>for first 6,000 gallons</b>	<b>\$45.00</b>	<b>for first 6,000 gallons</b>
<b>\$ .005 /gal</b>	<b>6,001-11,000</b>	<b>\$ .007/gal</b>	<b>6,001-11,000</b>
<b>\$ .004 /gal</b>	<b>11,001-26,000</b>	<b>\$ .006/gal</b>	<b>11,001-26,000</b>
<b>\$ .003/gal</b>	<b>26,001-51,000</b>	<b>\$ .005/gal</b>	<b>26,001-51,000</b>
<b>\$ .002/gal</b>	<b>51,001 and over</b>	<b>\$ .004/gal</b>	<b>51,001 and over</b>

ADOPTED by the Town of Montross this \_\_\_\_\_ day \_\_\_\_\_ 2020.

APPROVED:

\_\_\_\_\_  
Joseph P. King, Mayor, Town Council

ATTEST:

\_\_\_\_\_  
Patricia K. Lewis, Town Manager

*County Seat of Historic Westmoreland County*