PUBLIC HEARING:
Amendment to Chapter 6, Section 6.6 Ordinance for Adoption of a Cigarette Tax

I. Mayor, Frances Perry called the Public Hearing to order at 6:30 P.M.

II. ROLL CALL

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

Absent: Council Member, Robin Richards

Others present: Town Attorney, Michele Brooks, Benny Reed, Debbie Kindle, Larry Estep, Jim Addington, Robin Skeen, Ginger Helms, Claude Williams, Terry Frazier, Jo Ann Castle, Ahmed Elgashi

III. NEW BUSINESS

- Amendment to Chapter 6, Section 6.6 Ordinance for Adoption of a Cigarette Tax

IV. PUBLIC COMMENT

Benny Reed, 167 Poplar Street – Expressed his opposition to any tax increase on anything at this time during this economy. Explained taxes should be justified with specific reasons why they are needed and the need to collect delinquent property taxes.

Jim Addington – Provides Council Members an envelope from Randy Bates. He is attending on behalf of Quik Stop Markets and it has been a presence in Gate City for 81 years. Stated 40% of his total sales is cigarette sales and he estimated a loss of 25-28% of those sales, losing 10% of his total sales. States eight stores in Gate City sale cigarettes and people will drive to other areas that
do not have the tax. He provided a breakdown of other taxes that are levied on tobacco products, stating it is a power to destroy.

Robin Skeen – Lives in Nickelsville, stated she will not be affected by this tax and presented the psychology of a cigarette smoker. Stated people will travel to save 50 cents or five cents, works in retail and hears people comparing prices for favorite brand. Stated if you lose sales from a cigarette smoker, you also lose sales of other incremental sales in the store. Not only would lose cigarette tax, but the loss of sales tax from those incremental sales and provided figures based on loss of sales for one person. She provided figures from an informal survey she conducted of cigarette carton sales and tax revenue from sales. She provided information regarding process of tax stamp and administration costs associated with the program. Asked Council to think about this and talk to the business owners to see how it will affect them. She provided a sheet to Council regarding excise taxes on cigarettes.

Virginia Helms – Stated she has worked with Phillips Morris Tobacco for ten years with her territory being in top ten sellers due to being on the state line and people will travel to save money. Currently works at Thriftway and stated it will have an impact on them. Understands the need to create revenue, but her opinion is to increase your tax base as being the best way. She stated cigarettes can be purchased anywhere, so why not save the money, added taxes will not attract businesses and addressed what is involved with placing tax stamps on packs of cigarettes. She asked Council to not pass this.

Terry Frazier – Doesn’t understand Council’s objective in this matter. He discusses loss of sales and the decrease to business license revenue to the Town. Stated he has a large volume cigarette store, which is not Thriftway, it’s located on the state line. Stated it won’t benefit him and he will cease to carry them, he won’t lose business, but will pick it up over there. Came here to listen and learn more about it and as a business person it places us at a disadvantage with our competition.

Claude Williams, owner of the Wilderness Road Market – Stated he has been in business since 1995. Stated he doesn’t understand the reasoning as to why. Stated he pays a high business license fee which is based on our high volume of sales in gasoline with cigarettes which includes $40.00 for a carton. Stated with him being on US 23, he does not feel he is really included in Gate City. Reiterated prior public comments regarding people will drive elsewhere to save 50 cents, the loss of revenue and sales and the additional charge to stamp the cigarettes from his wholesaler.

Jo Ann Castle, 116 Moccasin Hills Drive – Stated it won’t affect her, the town won’t get her money, she does not buy cigarettes, but she will benefit, as a resident of Gate City, from this. She stated she opposes the selective taxation, it is not fair. If extra funds are needed it should be spread across the residents of Gate City who will benefit from it. People will go elsewhere.

Ahmed Elgashi – Explained he is not a resident of Virginia, but lives in Kingsport. He came into town four years ago to start a business and due to him not being a resident of Virginia had to establish a corporation. He stated business has dropped due to the economy and if the cigarette tax comes in, we will lose a lot more business.

Robin Skeen – Readdressed the cost per carton and of no guarantee it will be just 50 cents, especially if additional costs of placing stamps on each pack is passed on. Costs could escalate to 70-75 cents, if costs are passed on.

Close Public Comment at 7:05 P.M.

V. Public Hearing closes at 7:05 P.M.
PUBLIC HEARING:

Proposed Issuance of Bonds

I. Mayor, Frances Perry called Public Hearing to order at 7:06 P.M.

II. ROLL CALL

Town Clerk, Kathy Riley

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

Others present: Town Attorney, Michele Brooks

III. NEW BUSINESS

• Proposed Issuance of Bonds

IV. PUBLIC COMMENT - None

    Close Public Comment at 7:06 P.M.

V. Public Hearing closes at 7:07 P.M.
COUNCIL MEETING

I. COUNCIL MEETING CALLED TO ORDER AT 7:07 P.M. BY: Mayor - Frances Perry

II. ROLL CALL – Town Clerk - Kathy Riley

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

ABSENT: Council Member, Robin Richards

Others present: Town Attorney, Michele Brooks, Debbie Kindle, Arletha and Chuck Newton

III. INVOCATION - Don Muncie

IV. PLEDGE OF ALLEGIANCE Sergeant of Arms, Chuck Newton

V. APPROVAL OF AGENDA

Motion made to approve the agenda.
Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, R. Cassell

VOTE: Yeas, 4
Nays, 0
Absent, 1-R. Richards
Abstain, 0

VI. PROCLAMATIONS, CONGRATULATORY RESOLUTIONS, AWARDS, APPOINTMENTS, RESIGNATIONS AND CONFIRMATIONS, ADMINISTRATION OF OATHS AND INTRODUCTION OF GUESTS.

Vice Mayor, A. Roberts – Recognized, Greg Jones, Town Manager, regarding the outstanding job he did with putting Grillin’ at the Gate together. Mayor F. Perry commended the Events Committee as well.

VII. APPROVAL OF MINUTES

Mayor Perry - Are there any corrections to the minutes for the September 10, 2013 Council Meeting: Minutes were approved as presented.

VIII. APPROVAL OF PAYMENTS

Motion made for approval for payment of bills for September, 2013
Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. Salyers
VOTE: Yeas, 4
Nays, 0
Absent, 1-R. Richards
Abstain, 0

IX. PUBLIC COMMENT

Robert Cloud, Food Pantry – He distributed pictures of the rear site of the Old Theater Building to Council Members and expressed his concerns regarding the stability of the structure. He requests the Town of Gate City to possibly tear the building down to make it a safe area.

Mayor Perry – Informed Mr. Cloud it is a concern of the Town and they are looking into a remedy as quickly as possible.

Mayor Perry closed the public comment session at 7:16 P.M. and opened the consent agenda session.

X. COMMUNICATIONS - None

XI. REPORTS

A. Engineer’s Status Report - No comments.

B. Treasurer’s Report - No comments.

C. Codification Committee/Property Maintenance – No comments.

D. Police Department Report – No comments.

E. Council Reports – Council Member, W. W. Ross, Jr. – Questioned status on the handrails with Town Manager, G. Jones informing him it will be mentioned in the Town Manager’s Report. Council Members, A. Roberts, R. Cassell, W. Salyers had no Council Report comments.

F. Economic Development Committee – Vice Mayor, A. Roberts stated they met twice since the last Council Meeting with the focus of the Committee to try to come up with funds for signage to direct traffic into Gate City, a website for social media to draw people to the town and to increase revenue.

G. Historical Committee – No comments.

H. Manager - Town Manager, G. Jones – Goes over his report as presented to Council and thanked everyone who volunteered with Grillin’ at the Gate. He addressed the placement of a handrail at Bank of America and explained issues with VDOT and ADHA. Council Member, W. W. Ross, Jr. expressed his disappointment with the delay. Vice Mayor, A. Roberts applauded Town Manager, G. Jones, on his thoroughness in gathering information and stated the town needs to be in compliance. Town Manager, G. Jones stated he would have more information in a couple weeks and discussed the school’s traffic pattern.
I. **Park Committee** – Vice Mayor, A. Roberts, stated they did meet with just himself and Mr. Jones present. He informed Council of his receipt of an estimate from Egan Construction for just the construction of the splash pad. Mayor Perry stated her and Greg will take a look at the splash pad in Arlington, VA while there for the VML Conference for ideas.

J. **Planning Commission** – Town Manager, G. Jones, explained the finalization of the definitions on Chapter 24 on some zoning ordinances the town has and will address that further into the agenda.

K. **Public Works** – No comments.

L. **Sanitation Authority** – Council Member, R. Cassell discussed an email from Dan Danko regarding a pump breakdown at the Gate City pump station at a cost of $7,000 to repair it. Discussed him and Greg’s review of the bills and feel the bill will be adjusted due to items that should not have been on the bill.

M. **Street Commission** – Council Member, W. W. Ross, Jr. discussed the possibility of Job Corp returning to town to complete sidewalk repairs. Town Manager, G. Jones, stated he will look into it after the sidewalk project, explaining there may be some funds left from that project.

N. **Safety Committee** – No comments.

O. **Water Plant** – No comments.

P. **Events Committee** – Vice Mayor, A. Roberts stated they are meeting every two weeks, with last night’s meeting being a joint meeting with Economic Development. Items discussed were putting on more events to draw more people into town, open house to be held November 23rd, Christmas parade, tree lighting, involvement of local church choirs to come and sing around the Christmas tree. They will meet in two more weeks to finalize items. He explained about capitalizing on having a Black Friday event to bring more business into town.

XII. **UNFINISHED BUSINESS**

- **Approval to have a Public Hearing to modify/amend definitions to Chapter 24 – Comprehensive Zoning Ordinance** – Town Manager, G. Jones, explained this came back from the Planning Commission with taking a better look at the definitions regarding manufactured and modular homes stating definitions were used loosely and interchangeable. The Commission broadened the definitions making them clearer between the two. Council Member, W. W. Ross, Jr., questioned how the number change was determined with Town Manager, G. Jones, provided an explanation with standard rate of length and width. Council Member, R. Cassell, explained why this transpired was due to a call from Clayton Homes and after looking at the definitions it was determined they wasn’t really spelled out.

  **Motion made to hold a Public Hearing at next month’s meeting to consider holding this adoption change.**

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

  **VOTE:**

  - Yeas, 4
  - Nays, 0
  - Absent, 1-R. Richards
XIII. NEW BUSINESS

- **Discussion and decision on Resolution – Irrevocable Election Not to Participate in Virginia Local Disability Program** – Town Manager, G. Jones provided Council an explanation of the program with the town already has a program in place at a lesser cost.

  **Motion made to adopt the resolution as presented.**
  
  Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, R. Cassell
  
  VOTE: Yeas, 3
  Nays, 1-W.W. Ross, Jr.
  Absent, 1-R. Richards
  Abstain, 0

- **Approval for a Public Hearing regarding water rates**

  **Motion made to advertise for a Public Hearing regarding the water rates.**
  
  Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. Salyers
  
  VOTE: Yeas, 4
  Nays, 0
  Absent, 1-R. Richards
  Abstain, 0

- **Decision regarding Amendment to Chapter 6, Section 6.6 Ordinance for Adoption of a Cigarette Tax** - Town Attorney, M. Brooks explained Council Member, R. Richards, request to be present by phone, which is legal. She stated as long as she can hear and be heard by everyone, her vote is counted and she is considered to be here. She asks Town Clerk to reflect in the minutes the time she entered the meeting.

  **Council Member, R. Richards, entered the meeting at 7:46 p.m. via speaker phone from electronic means (cell phone). Council Member, R. Richards, identified herself.**

Vice Mayor, A. Roberts asked for Town Manager to provide an explanation as to why this is being asked. Town Manager, G. Jones discussed:

- Funds in budget for Economic Develop was $500.00 and he further explained cuts to this years’ budget to balance it
- His meeting with an individual with UVA who suggested looking into the cigarette tax
- 56 towns in Virginia who has implemented it
- What the money would be used for
- Talking with other towns who has cigarette tax to see if they lost revenue and was informed they had no loss

Council Member, W. Salyers expressed his concern of no town close to here that has it and running business out of Gate City to Weber City. Vice Mayor, A. Roberts stated Town Manager investigated this thoroughly and taxes are always controversial. He explained the difficulty in balancing the budget without raising taxes and the inability to do a lot for Economic Development with just $500.00. He heard those from Public Comment speaking against it, but did not hear any suggestions on how to generate money other than one requesting it not be an individual tax but to
be a tax all the way around. He reiterated the need to have revenue to be able to do something to generate revenue so it can help generate growth and bring more business into the Town of Gate City. He stated how busy the town used to be in pictures, but it’s dead now and something needs to be done to generate some Economic Development or just let it die. He asked the audience for ideas of how to do it, that his ears are open and stated some decisions that are made are not only hard, but unpopular. Council Member, W. W. Ross, Jr. reiterated on Vice Mayor’s comments, of his being born and raised in Gate City, his concern of bringing in business into town with the need to beautify and make the area attractive.

Motion made to table this discussion, with the reason to give an opportunity for someone who has a better idea to bring it forward. Item was tabled for one month.

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

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

Council Member, R. Richards exited the meeting at 7:58 p.m.

- Decision regarding Proposed Issuance of Bonds

Motion made to proceed with the issuance of bonds.

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

VOTE:  Yeas,  4
Nays,  0
Absent,  1-R. Richards
Abstain,  0

- Decision to Adopt Resolution for Rural Development Grants for Vehicles – Town Manager, G. Jones explained the application of a grant that was made last year and recently awarded for $25,000 to purchase new police vehicles. The town had already procured two police vehicles, along with a trash truck and his request with Rural Development is to use the grant money and apply it back to our debt retirement to pay off some of these bonds. He asked Council to accept the grant, only if we can accept it if it is okay with Rural Development to pay off the debt on vehicles we already procured. Vice Mayor, A. Cotton stated it is a great idea and appreciated the Town Manager’s help for the town on a big savings.

Motion made to adopt the resolution as Greg stated if it is going to help us reduce that debt to use if for the vehicles already procured.

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

VOTE:  Yeas,  4
Nays,  0
Absent,  1-R. Richards
Abstain,  0

- Approval to have a Public Hearing to amend Ordinance, Chapter 15, Section 15.27 - Weapons – Discharging Firearms – Town Manager, G. Jones explained the request from Scott County Golf Course on discharge of firearms. They have a permit from Department of Fish and Game to take care of wildlife that keeps coming on their property and destroying their grounds. The current codes, as written, are they cannot carry through their activities. So, I redrafted the ordinance with extra language for Council to review and asked for a Public Hearing for the next meeting. Vice Mayor, A. Roberts stated he had reviewed the ordinance and feels it has gone too
far. He stated you don’t want to make it too complicated, but to do everything to make it safe for anyone up there. Council Member, R. Cassell asked if this should not have gone through the Codification Committee. That is how it has been done in the past. Greg needed to go to them and let them bring a proposal back. Vice Mayor, A. Roberts stated if it goes to Codification, it may not need any changes and if no changes are made suggested it be tabled to next month.

Motion made to table it to next meeting till the Codification Committee has had an opportunity to look at it to see if they want to recommend changes.

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

Town Attorney, M. Brooks informed Council that you can always not have it (Public Hearing) if you don’t need it, but if the past issues are pressing you may want to have that in place to allow them to do it. You can always cancel a Public Hearing. You don’t have to have it. Vice Mayor, A. Roberts stated you would have to have the advertising and everything else, which is a cost to the town.

VOTE:  Yeas, 4  
Nays, 0  
Absent, 1-R. Richards  
Abstain, 0

XIV. PUBLIC COMMENT – NEW BUSINESS

**Terry Frazier** – Stated he understands what the town is going through. He mentioned his Dad sitting in their seat saying Gate City was broke, ran for office and he got the town back into good shape. He refers to Mr. Addington’s 80+ years of experience and stated it sounds like the town needs their help. Vice Mayor, A. Roberts responded that he hit the nail on the head. He informed Mr. Frazier they need him on the Economical Development Committee. Mr. Frazier responded that all that was needed to be done was to ask us. Vice Mayor, A. Roberts, responded the Committee needs everyone who owns a business on the Economical Development Committee. Mr. Frazier stated if the town was in that kind of shape, he wished they would have come to them sooner. He stated we didn’t know and he would be glad to help with better ideas other than a cigarette tax.

**Jim Addington** - Directed his statement to Vice Mayor, A. Roberts, asking what ideas he had for Economic Development. Vice Mayor, A. Roberts, responded with getting signage on highway to get people to come into town off of US 23, social media through a website to advertise what is in Gate City, and get brochures to take to rest stops for further advertising of all the businesses in town. Council Member, R. Cassell, informed Mr. Addington of Council’s attempt to get the King Ford property to be develop to include a gazebo, brochures, picnic tables, off street parking that will require money. Mr. Addington stated seven merchants will not generate enough tax money for all the projects. Suggested Council stroll down Jackson Street to see how many buildings are empty, expressed his desire to redevelop the area and the need to get businesses to relocate into Gate City. Stated the need to work with the county and go to conferences to see what is being done in other areas. Town Manager, G. Jones, informed Mr. Addington of his attendance at the conference in Abington and explained the need to understand the economic cycle of where and how we got here. He stated current economy is not the same as it was 10-20 years ago with former businesses moving to the mall or car dealerships grouping together. He stated the importance of events, using Kingsport as an example who has an event every week, which results in bringing people out and getting them into the shops. He stated we are at the front end and need
to start somewhere to develop ideas and get together as a community with meetings being held twice a month. Mr. Addington urged Council to broaden the tax base if the town is going to get serious and spending money. Mayor Perry commented of the encouragement for her and Council on the number of people attending and that it is a shame that it takes a controversial subject to get people to come out. Council welcomes those who attend, who has an interest on what is going on and encourages them to come back.

Claude Williams – Stated with the gasoline business generates a good tax for the town every year, reiterated where he is located at and receives no benefit for his money from the town, his none receipt of a street light and questioned why he would want to give money to the town to use for the main street of Gate City. He asked Council to keep in mind all that has been said tonight.

Mayor Perry closed the public comment session for new business at 8:18 P.M. and opened the consent agenda session.

XV. CLOSED SESSION

Motion made for Council to enter into closed session to discuss personnel and legal business.
Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W.W. Ross, Jr.

VOTE:     Yeas,  4
          Nays,  0
          Absent,  1-R. Richards
          Abstain,  0

Mayor Perry opened the closed session at 8:19 P.M.

XVI. RETURN FROM CLOSED SESSION

Council returned from closed session at 8:36 P.M.

Motion made for Council to return from closed session.
Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W.W. Ross, Jr.

VOTE:     Yeas,  4
          Nays,  0
          Absent,  1-R. Richards
          Abstain,  0

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

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

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

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

VOTE:   Yeas, 5  
         Nays, 0  
         Absent, 1-R. Richards  
         Abstain, 0  

XVII. MOTIONS FROM CLOSED SESSION:

Motion made to amend the agenda to add item of new business from High School Baseball Team Coach
   Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, R. Cassell
   VOTE:   Yeas, 4  
           Nays, 0  
           Absent, 1-R. Richards  
           Abstain, 0  

Mayor Perry provided Council with a letter from Coach Robbie Perry regarding the field at the Little League Park. She stated the agreement with the Little League Park was any improvement at the Park had to be presented to Council before they were done and of Mr. Perry’s discussion with Joey Rusek, President of the Little League. They are making a request to receive permission from Council to make improvements with no request for money from the town. Vice Mayor, A. Roberts stated he did not feel they would do anything that Council would disapprove of, because they will be the ones using the field. He is in total agreement to let them do the improvements if they are willing to bear the expense at no cost to the town. Town Attorney, M. Brooks stated, regarding the retaining wall, the caveat would be engineers to be involved with any building.

Motion made to grant the Little League and the High School to make improvements to the Little League Field at Grogan Park.
   Motion by: Vice Mayor, A. Roberts 2nd by: Council Member, W. Salyers
   VOTE:   Yeas, 4  
           Nays, 0  
           Absent, 1-R. Richards  
           Abstain, 0  

XVIII. ADJOURN
   Motion made to adjourn.
   Motion by:  Council Member, W. Salyers 2nd by:  Vice Mayor, A. Roberts
   VOTE:   Yeas, 4  
           Nays, 0  
           Absent, 1-R. Richards  
           Abstain, 0  

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*Mayor Perry adjourned the meeting at 8:43 P.M., until the next regularly scheduled Council Meeting on November 12, 2013, at 6:30 P.M.

_____________________________
Frances Perry – Mayor

_____________________________
Kathy Riley – Town Clerk
RESOLUTION OF GOVERNING BODY OF
TOWN OF GATE CITY, VIRGINIA

The governing body of the Town of Gate City consisting of 4 members, in a
duly called meeting held on the 6TH day of OCTOBER, 2013, at which a quorum was
present RESOLVED as follows:

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

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

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

Attest:

By

CERTIFICATION

I hereby certify that the above resolution was duly adopted by the Gate City
Town Council at a duly assembled meeting on the 6TH day of OCTOBER,
2013.

Kathy Riley - Town Clerk
CERTIFICATE OF THE CLERK OF THE CIRCUIT COURT
OF SCOTT COUNTY, VIRGINIA

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

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

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

[Signature]
Clerk, Circuit Court Scott County, Virginia

[Stamp]
CIRCUIT COURT OF SCOTT COUNTY, VIRGINIA

FILED 10/10/13 TIME 2:40 PM
CIRCUIT COURT CLERK'S OFFICE
SCOTT COUNTY, VIRGINIA
MARK T. TAYLOR, CLERK
DEPUTY CLERK
RESOLUTION OF THE COUNCIL OF THE TOWN OF GATE CITY
AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS IN
AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $150,000, AND
PROVIDING FOR THE FORM, DETAILS AND PAYMENT OF THE BONDS
AND THE REFUNDING OF A CERTAIN PRIOR NOTE AND
AUTHORIZING CERTAIN RELATED ACTIONS

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

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

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

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

The Bonds shall be general obligations of the Town, the principal of, premium, if any, and interest on which are payable from ad valorem taxes to be levied without limitation as to rate or amount on all property in the Town subject to taxation, to the extent other funds of the Town are not available and appropriated for such purpose, and a pledge of the full faith and credit of the Town.

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

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

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

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

a. the final maturity of each Bond shall not exceed ten (10) years from the date of the Bond;

b. the aggregate principal amount of all the Bonds shall not exceed $150,000;

c. the interest rate on each Bond shall not exceed 2.59% per annum; and

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

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

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

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

No. R-____  $_______

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
TOWN OF GATE CITY

General Obligation Bond
Series _________

Dated Date

Registered Owner:

Principal Amount: _______________________________ DOLLARS

2
The Town of Gate City, a political subdivision of the Commonwealth of Virginia (the "Town"), for value received, acknowledges itself indebted and promises to pay to the registered owner named above or registered assigns, the principal sum shown above and to pay to the registered owner hereof interest on the outstanding principal of this bond until payment in full at the rate of 2.59% per annum.

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

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

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

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

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

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

This bond and the premium, if any, and interest thereon are payable from ad valorem taxes to be levied without limitation as to rate or amount on all property in the Town subject to taxation to
the extent other funds of the Town are not available and appropriated for such purpose, and a pledge of the full faith and credit of the Town. This bond and the premium, if any, and interest hereon shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, except the Town. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, except the Town, is pledged to the payment of the principal of, or premium, if any, and interest on, this bond.

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

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed, and this bond, together with all other indebtedness of the Town, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

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

SEAL

Attest:

[SPECIMEN - DO NOT SIGN]  [SPECIMEN - DO NOT SIGN]

______________________________  ______________________________
Clerk, Town of Gate City        Mayor, Town of Gate City
Section 1.8. **Registrar.** The Treasurer of the Town is hereby appointed Registrar for the Bonds.

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

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

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

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

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

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

(a) a portion of the proceeds of the Bonds issued to refund the Prior Note shall be paid to the holder of the Prior Note to refund the Prior Note in full and the balance of such proceeds shall be applied to the
payment of the expenses reasonably incurred in issuing such Bonds; and

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

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

ARTICLE II

PARTICULAR COVENANTS

Section 2.1. Payment of Bond. The Town shall pay promptly, as provided herein, the principal of, premium, if any, and interest on the Bonds. Nothing in the Bonds or in this Resolution shall be deemed to create or constitute an indebtedness of the Commonwealth of Virginia or any political subdivision thereof other than the Town, or a pledge of the full faith and credit of the Commonwealth of Virginia or of any political subdivision thereof other than the Town.

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

ARTICLE III

TAX-EXEMPT OBLIGATIONS

Section 3.1. Bonds. The interest on the Bonds is intended to be exempt from federal income tax.
Section 3.2 Maintenance of Tax-Exempt Status.

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

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

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

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

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

(ii) The Town, all its "subordinate entities," within the meaning of Section 265(b)(3) of the Code, and all entities which issue Bonds on behalf of the Town and such subordinate entities have together not authorized to be issued more than $10,000,000 of tax-exempt obligations in the current calendar year (not including "private activity bonds," as defined in Section 141 of the Code), including the Bonds;
(iii) Barring circumstances unforeseen as of the date of delivery of the Bonds, the Town will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the Town and such other entities in the current calendar year, result in the Town and such other entities having issued a total of more than $10,000,000 of tax-exempt obligations in such year (not including private activity bonds), including the Bonds; and

(iv) The Council has no reason to believe that the Town and such other entities will issue in the current calendar year tax-exempt obligations in an aggregate amount that will exceed such $10,000,000 limit;

provided however, that if the Town receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (i) or (iii) above is not required for the Bonds to be a qualified tax-exempt obligation, the Town need not comply with such restriction.

ARTICLE IV

MISCELLANEOUS

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

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

Section 4.3. Limitation of Liability of Officials of Town. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of an officer, employee or agent of the Town in his or her individual capacity, and no officer of the Town executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No officer, employee or agent of the Town shall incur any personal liability with respect to any other action taken by him or her pursuant to this resolution, provided he or she acts in good faith.

Section 4.4. Conditions Precedent. Upon the issuance of the Bonds all acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia or this resolution to have happened, exist and to have been performed precedent to or in the issuance of the Bonds shall have happened, exist and have been performed.
Section 4.5. **Non-Arbitrage and Other Certificates.** The Mayor and Vice Mayor and such other officers as may be requested are hereby authorized to sign appropriate certificates setting forth, among other things, the expected use and investment of the proceeds of the Bonds in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code and regulations issued pursuant thereto, applicable to “arbitrage bonds.” Such certificates may also contain certain elections with regard to Section 148 of the Code and such officers are hereby authorized to make such elections on behalf of the Town and the Council.

Section 4.6. **Headings.** Any headings in this resolution are solely for convenience of reference and shall not constitute a part of the resolution nor shall they affect its meaning, construction or effect.

Section 4.7. **Severability.** If any court of competent jurisdiction shall hold any provision of this resolution to be invalid and unenforceable, such holding shall not invalidate any other provision hereof.

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

Section 4.9. **Filing of Resolution.** The Clerk of the Council is hereby authorized and directed to see to the immediate filing of a certified copy of this resolution with the Circuit Court of Scott County, Virginia, pursuant to Section 15.2-2607 of the Public Finance Act of 1991.
The undersigned Clerk of the Council of the Town of Gate City, Virginia, certifies that the foregoing constitutes a true and correct copy of a resolution adopted at a meeting of the Council of the Town of Gate City, held on October 8, 2013. I further certify that such a meeting was a regular meeting, duly called and held, and that during the consideration of the foregoing resolution, a quorum was present. I further certify that the minutes of such meeting reflect how each member of Council voted with respect to the adoption of the foregoing resolution as follows:

<table>
<thead>
<tr>
<th>Member</th>
<th>Attendance</th>
<th>Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allan Roberts</td>
<td>Present</td>
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</tr>
<tr>
<td>Roger C. Cassell</td>
<td>Present</td>
<td>Yes</td>
</tr>
<tr>
<td>Robin A. Richards</td>
<td>Absent</td>
<td>Absent</td>
</tr>
<tr>
<td>Walter B. Salyers</td>
<td>Present</td>
<td>Yes</td>
</tr>
<tr>
<td>Frances S. Perry</td>
<td>Present</td>
<td>Non-Voter</td>
</tr>
<tr>
<td>Wallace W. Ross, Jr.</td>
<td>Present</td>
<td>Yes</td>
</tr>
</tbody>
</table>

SEAL

Kathy Riley

Clerk, Town of Gate City
VIRGINIA: IN THE CIRCUIT COURT OF SCOTT COUNTY

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

FILING OF RESOLUTION

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

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

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

Town of Gate City

By: Kathy Riley
Name: Kathy Riley
Title: Town Clerk
RESOLUTION

IRREVOCABLE ELECTION NOT TO PARTICIPATE IN VIRGINIA LOCAL DISABILITY PROGRAM

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

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

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

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

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

Adopted in Gate City, Virginia this 8th day of October, 2013.

Kathy Riley
Frances Perry
Mayor

ATTEST: Kathy Riley – Town Clerk