



## **STAFF REPORT** **INFORMATION/DISCUSSION ITEM**

**SUBJECT:** General Obligation Line of Credit

**DATE OF MEETING:** September 8, 2020

**STAFF CONTACT(S):** David A. Mekarski, AICP, Town Manager  
Liz Krens, Director of Finance

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### **SUMMARY and RECOMMENDATIONS:**

Davenport presented the results of the 2020 Line of Credit RFP process during the August 25, 2020 Council meeting to include 3 bids. If Council would like to move forward with this short term financing option to support capital projects, the bid from Bank of Charles Town (BCT) is recommended as it provides a high level of flexibility and a competitive interest rate. A public hearing is scheduled for September 8, 2020. It is recommended that Council set aside business rules to take action on this item following the public hearing due to time constraints on some bids.

### **BACKGROUND:**

During the FY21 Budget process and onset of the COVID crisis in spring of 2020, Council directed staff and the Town's financial advisor, Davenport, to research short term financing options that would provide maximum liquidity and flexibility given the economic and fiscal uncertainty associated with the health emergency. After consulting with the Town's financial advisor and bond counsel, it was agreed a Line of Credit was preferable to a Tax Anticipation Note (TAN) as it provides a high level of flexibility regarding draw down of proceeds, maturity dates and payment terms. Davenport issued an RFP on July 31, 2020 and presented the "Summary of Bids" to Council on August 25, 2020 (Attachment 1).

Of the 3 bids, the BCT bid best fits the Town's needs as the proposed Line of Credit offers competitive interest rates and very flexible terms. Furthermore, it provides the Town with (1) enhanced liquidity given the uncertainty of the COVID crisis, (2) not liable for interest payments unless Town chooses to draw down proceeds, (3) three maturity options, (4) and provides future capital planning funding vehicle, if needed.

### **ISSUES:**

To date the COVID emergency has had limited impacts on the Town's budget and revenue streams largely due to various federal stimulus programs and local government support via the CARES Act. The Town's reserve levels remain strong and well in excess of fiscal policy guidelines. The following is a summary of the Town's reserve levels as of June 30, 2019 Comprehensive Annual Financial Report:

- General Fund Unassigned Balance- \$6.2M (\$2.9M over policy)
- Water Fund Cash & Equivalents- \$6.1M (\$2.9M over policy)
- Wastewater Fund Cash & Equivalents - \$6.3M (\$2.6M over policy)

In order to preserve reserves or need to issue permanent debt during the COVID emergency, capital projects were deferred during the FY21 budget process. Also, a fair amount of economic and fiscal uncertainty remains especially as health experts warn COVID spread may increase as we enter the fall and winter seasons and Congress has not been forthcoming with additional federal stimulus to support the economy. The Line of Credit was initially proposed during the budget process as a low cost liquidity tool if a worst case economic scenario unfolds. However, it can also be leveraged as a capital planning tool if Council takes action to move forward with deferred capital projects or an unanticipated asset failure occurs. The Town has strategically utilized short term financing in the past for capital project construction to include the \$2.7M 2011 Interim GO bond with RBC (Town Hall Renovation and Fireman's Field Upgrades; converted to permanent bond via 2012 Cardinal GO) and the \$1.4M 2012 Line of Credit with Cardinal (SCR; no proceeds were drawn).

The Hirst Reservoir Improvements capital project (Attachment 5) was deferred during the FY21 budget process and presents a somewhat high level of risk to the Town's water supply. Currently, the 5-year Capital Improvement Plan (Attachment 5 & 6) proposes cash funding (reserves) totaling \$1,430,000 with project execution across 4 fiscal years: \$80k appropriated in FY20, \$100k in FY21, \$400k in FY22 and \$850k in FY23. Per Council request, the Engineering Department is working with consultants to review the project schedule in order to limit risks to the Town's water supply. If approved, the Line of Credit could be leveraged to support the project in order to preserve cash reserves during this period of uncertainty. If credit proceeds are drawn to support this project, interest costs will accrue and, upon maturity, the Town can assess whether to pay off the principle balance with reserves or take action to secure permanent financing.

The proposal from Key Government Finance expires after September 9, 2020 if not accepted. The rates proposed by BCT are valid through November 17, 2020 (90 days from the date of the proposal). Due to the bid's time constraints, it is recommended that Council set aside rules to take action on this item following the public hearing.

If Council is interested in pursuing the Line of Credit to support capital projects, staff recommends consideration of the BCT Option B with a maturity date of June 30, 2023 and 1.81% interest rate. Relevant legal documents are attached: Note Resolution (Attachment 2), Note Ordinance (Attachment 3) and Note Purchase and Loan Agreement (Attachment 4).

#### **BUDGET IMPACT:**

Our financial advisor estimates the cost of issuance to be approximately \$50,000 to include BCT's counsel's fee of \$3,500 to \$7,500 as well as the Town's bond counsel and financial advisory fees associated with preparation of the RFP, analysis of bids, preparation of legal documents and loan closing. This is consistent with the long held estimate that cost of issuance will total between 1-2% of the amount financed. Other than the cost of issuance, the Town will only pay interest upon draw down of loan proceeds.

#### **MOTION(S):**

***Suspend the Rules (if desired)***

"I move that the Council suspend the rules to allow action on the general obligation Line of Credit the same night as the public hearing." (approval requires two-thirds affirmative vote)

***AND THEN (if motion to suspend the rules is adopted)***

“I move that the Town Council approve the attached Ordinance #20-09-02 and Resolution #20-09-01 to authorize the issuance of a general obligation Line of Credit with Bank of Charles Town (BCT) in the aggregate amount not to exceed \$3,000,000 with a final maturity date of June 30, 2023 and an interest rate of 1.81% in order to finance general and utility capital projects. I further authorize the Town Manager, Director of Finance, Town Attorney, Town Clerk and Mayor to sign all needed financial forms related to this transaction.”

**ATTACHMENTS:**

**Summary of Bids (Att 1)**

**Line of Credit Resolution (Att 2)**

**Line of Credit Ordinance (Att 3)**

**Note Purchase and Loan Agreement (Att 4)**

**Hirst Reservoir Project (Att 5)**

**Summary of 5-Yr CIP Plan (Att 6)**

# 2020 Line of Credit Results of the RFP Process

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Town of Purcellville, Virginia



DRAFT – August 20, 2020

**Draft Working Papers – For Discussion Purposes Only**

# Bid Summary



	 <b>BCT</b> THE COMMUNITY'S BANK	<b>Key Government Finance</b> 
<b>Maximum Par Amount</b>	\$3,000,000	\$3,000,000
<b>Tax Status</b>	Taxable	Taxable
<b>Security</b>	General Obligation	General Obligation
<b>Drawdown Type</b>	Line of Credit	Fully Drawn at Closing
<b>Principal Maturity Date</b>	Option A June 30, 2022	Option C June 30, 2024
<b>Interest Rate</b>	Option A 1.61%	Option C 2.01%
<b>Interest Mode</b>	Fixed through maturity.	Fixed through maturity.
<b>Interest Payments</b>	July 15 and January 15, commencing on July 15, 2021.	July 15 and January 15, commencing on July 15, 2021.
<b>Prepayment</b>	No prepayment penalty, timing not specified.	In whole, but not in part, any time, with no penalty.
<b>Bank / Legal Fees</b>	Bank Counsel fee estimated at \$3,500 - \$7,500.	Bank Counsel fee estimated at \$4,000.
<b>Proposal to be Accepted by</b>	Not specified.	September 9, 2020
<b>Rates held through</b>	November 17, 2020 (90 days from the date of the proposal).	September 25, 2020
<b>Credit Approval Status</b>	Subject to final credit approval.	Subject to final credit approval.
<b>Notes / Other Terms &amp; Conditions</b>	<i>Select terms and conditions shown below. See complete proposal for full terms and conditions.</i>	<i>Select terms and conditions shown below. See complete proposal for full terms and conditions.</i>  The estimated amount of time required to obtain final credit approval is 2-5 business days after receipt of formal award assuming timely receipt of additional information, if any.

# Bid Summary (cont.)



Maximum Par Amount	\$3,000,000		
Tax Status	Taxable		
Security	General Obligation		
Drawdown Type	Option A1 - Line of Credit Option A2 - Fully Drawn at Closing Option A3 - Line of Credit	Option B1 - Line of Credit Option B2 - Fully Drawn at Closing	Option C1 - Line of Credit Option C2 - Fully Drawn at Closing
Principal Maturity Date	Option A June 30, 2022	Option B June 30, 2023	Option C June 30, 2024
Interest Rate	Option A1 - 1 Mo. LIBOR + 1.08% Option A2 - 1.75% Option A3 - 2.15%	Option B1 - 1 Mo. LIBOR + 1.12% Option B2 - 1.82%	Option C1 - 1 Mo. LIBOR + 1.16% Option C2 - 1.93%
Interest Mode	Option A1 - Variable Option A2 - Fixed Option A3 - Fixed	Option B1 - Variable Option B2 - Fixed	Option C1 - Variable Option C2 - Fixed
Interest Payments	July 15 and January 15, commencing on July 15, 2021.		
Prepayment	In whole, but not in part, any time, with no penalty.		
Bank / Legal Fees	Bond Counsel fee not to exceed \$6,000.		
Proposal to be Accepted by	Not specified.		
Rates held through	September 4, 2020		
Credit Approval Status	Subject to final credit approval.		
Notes / Other Terms & Conditions	<p><i>Select terms and conditions shown below. See complete proposal for full terms and conditions.</i></p> <p>Fully funded options allow for a maximum of 4 disbursements at closing. For Options A1, B1, and C1, the LIBOR rate has a "floor" of 1.00%.</p>		

# Municipal Advisor Disclaimer



The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

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The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

01.13.14 JU / GM / KL

## **COVERING CERTIFICATE FOR RESOLUTION**

The undersigned Town Clerk of the Town of Purcellville, Virginia (the “Town”), certifies as follows:

1. Attached hereto is a true, correct and complete copy of a resolution entitled “RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD BY THE TOWN OF PURCELLVILLE, VIRGINIA, OF A GENERAL OBLIGATION NOTE, HERETOFORE AUTHORIZED, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,000,000, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF” (the “Resolution”), as adopted at a regular meeting of the Town Council of the Town (the “Council”) held on September 8, 2020, by the affirmative roll-call vote of a majority of all members elected to the Council.

2. Such meeting of the Council was held at the time and place established by the Council for its regular meetings.

3. The minutes of such meeting reflect the attendance of the members and their votes on the Resolution as follows:

<b>Member</b>	<b>Attendance (Present/Absent)</b>	<b>Vote (Aye/Nay/Abstain)</b>
Mayor Kwasi A. Fraser		
Vice Mayor Mary Jane Williams		
Tip Stinnette		
Theodore Greenly		
Joel D. Grewe		
Stanley J. Milan, Sr.		
Christopher Bertaut		

4. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the Town of Purcellville, Virginia, this \_\_\_\_ day of September, 2020.

(SEAL)

\_\_\_\_\_  
Diana Hays, Town Clerk, Town of  
Purcellville, Virginia



*Mayor*  
Kwasi A. Fraser



*Town Manager*  
David A. Mekarski

*Council*  
Christopher Bertaut  
Theodore Greenly  
Joel D. Grewe  
Stanley J. Milan, Sr.  
Tip Stinnette  
Mary Jane Williams

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**TOWN OF PURCELLVILLE**  
**IN**  
**LOUDOUN COUNTY, VIRGINIA**

**RESOLUTION NO. 20-09-01**

**PRESENTED: SEPTEMBER 8, 2020**  
**ADOPTED:**

**A RESOLUTION:**

**PROVIDING FOR THE ISSUANCE, SALE AND  
AWARD BY THE TOWN OF PURCELLVILLE,  
VIRGINIA, OF A GENERAL OBLIGATION NOTE,  
HERETOFORE AUTHORIZED, IN A PRINCIPAL  
AMOUNT NOT TO EXCEED \$3,000,000, AND  
PROVIDING FOR THE FORM, DETAILS AND  
PAYMENT THEREOF**

**WHEREAS**, on September 8, 2020, the Town Council (the “Council”) of the Town of Purcellville, Virginia (the “Town”), adopted an ordinance (the “Ordinance”) authorizing the issuance by the Town of general obligation notes in an aggregate principal amount not to exceed \$3,000,000 (a) to finance various capital improvements and equipment for general government projects and water and wastewater system projects (collectively, the “Project”), and (b) to pay related costs of issuance;

**WHEREAS**, the Town’s administration, in collaboration with Davenport & Company LLC, in its capacity as the Town’s financial advisor (the “Financial Advisor”), has recommended to the Council that the Town issue and sell a federally taxable general obligation note (the “Note”) through a direct bank loan with a commercial banking or other financial institution;

**WHEREAS**, on behalf of the Town, the Financial Advisor has solicited and received bids from various commercial banking and other financial institutions to make a loan to the Town to be evidenced by the purchase of the Note;

**WHEREAS**, the Council has determined to approve the issuance of the Note and the award thereof to the commercial banking or financial institution named in Section 1 below (the “Bank”) on the terms set forth in the Bank’s bid and in this Resolution; and

**WHEREAS**, there has been circulated in advance of this meeting a draft of the Note Purchase and Loan Agreement between the Town and the Bank (the “Loan Agreement”), including the form of the Note, pursuant to which the Bank will make the loan to the Town and the Town will deliver the Note as evidence thereof;

**BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PURCELLVILLE, VIRGINIA:**

**1. Issuance and Award of Note.**

(a) Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 and the Town Charter, the Council hereby provides for the issuance and sale of the Note to provide funds, together with other available monies of the Town, to pay (i) the costs of the Project and (ii) the costs of issuing the Note.

(b) The Note is hereby awarded, and shall be sold, to Bank of Charles Town in accordance with the terms of its bid attached hereto as Exhibit A (the “Bid”), this Resolution and the Loan Agreement; provided that the (i) interest rate of the Note shall not exceed 1.81% per year (subject to adjustment upon terms set forth in the Bid) and (ii) the final maturity of the Note shall not extend beyond December 31, 2023.

**2. Approval of Loan Agreement.** The form of the Loan Agreement circulated prior to this meeting is hereby approved. The Mayor, the Vice Mayor and the Town Manager, any of whom may act, are hereby authorized to execute the Loan Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer executing such instrument, whose approval shall be evidenced conclusively by the execution and delivery thereof.

**3. Note Details.**

(a) The Note shall be in the form of a single, typewritten note, designated “General Obligation Note, Series 2020C (Federally Taxable),” shall be in registered form, shall be dated the date of its delivery and shall be numbered RC-1. The Note shall contain such final terms as the Town Manager, in collaboration with the Financial Advisor, shall determine to be in the best interests of the Town; provided, however, that the Note shall (i) provide for the Bank to make principal advances from time to time in an aggregate amount not to exceed \$3,000,000, (ii) bear interest at an annual rate not exceeding the parameter set forth in Section 1(b) above, (iii) be sold to the Bank at a price of 100% of the aggregate principal amount thereof and (iv) mature no later than the date set forth in Section 1(b) above. The principal of and interest due on the Note shall be payable on dates and in amounts as determined by the Town Manager to be in the best interests of the Town. The actions of the Town Manager in selling the Note shall be conclusive, as evidenced by delivery of the final Note, and no further action with respect to the issuance and sale of the Note shall be necessary on the part of the Council.

(b) If the date on which any payment is due with respect to the Note is not a Business Day (as defined in the Loan Agreement), the payment shall be made on the next succeeding Business Day.

(c) Principal of and premium, if any, interest on the Note shall be payable by the Registrar (as defined in the Loan Agreement) by check or draft mailed to the registered owner at the address as it appears on the registration books kept by the Registrar on the dates selected by the Town Manager as the record dates for the Note; provided, however, that, at the request of the registered owner of the Note, payment will be made by wire transfer pursuant to the most recent wire instructions received by the Registrar from such registered owner. Principal, premium, if any, and interest shall be payable in lawful money of the United States of America.

**4. Prepayment Provisions.** The Note may be prepaid prior to maturity, at the option of the Town, in accordance with the terms of the Bid.

**5. Execution and Authentication.** The Note shall be signed by the manual signature of the Mayor or Vice Mayor, and the Town's seal shall be affixed thereto and attested by the manual signature of the Town Clerk (such term as used in this Resolution to include any Deputy or Assistant Clerk). The Note shall be issued as a typewritten note in substantially the form of Exhibit A attached to the Loan Agreement, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or Vice Mayor, whose approval shall be evidenced conclusively by the execution of the Note and the delivery thereof to the Bank.

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

**7. Preparation and Delivery of Note.** Subject to the provisions of Sections 1 and 3, the officers of the Town are hereby authorized and directed to take all proper steps to have the Note prepared and executed in accordance with its terms and to deliver the Note to the Bank upon receipt of the first principal advance thereunder.

**8. SNAP Investment Authorization.** The Council has previously received and reviewed the Information Statement, describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool (the "Contract"), and the Council hereby authorizes the Town Treasurer in her discretion to utilize SNAP in connection with the investment of the proceeds of the Note. The Council acknowledges that the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the Town in connection with SNAP, except as otherwise provided in the Contract.

**9. Provision of Financial Information.** The Town Manager or his designee is hereby authorized and directed to provide, for each fiscal year in which the Note remains outstanding, a

copy of the Town's comprehensive annual financial report and annual budget to the registered owner of the Note.

**10. Other Actions.** All other actions of officers of the Town and the Council in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Note are hereby ratified, approved and confirmed. The officers of the Town are hereby authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Note pursuant to this Resolution and the Loan Agreement.

**11. Repeal of Conflicting Resolutions.** All resolutions or parts of resolutions in conflict herewith are repealed.

**12. Effective Date.** This Resolution shall take effect immediately.

**PASSED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2020.**

\_\_\_\_\_  
Kwasi Fraser, Mayor  
Town of Purcellville

ATTEST:

\_\_\_\_\_  
Diana Hays, Town Clerk

## **COVERING CERTIFICATE FOR ORDINANCE**

The undersigned Town Clerk of the Town of Purcellville, Virginia (the “Town”), certifies as follows:

1. At its regular meeting on September 8, 2020, the Town Council of the Town (the “Council”) held a public hearing, duly noticed, in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, on the proposed issuance of general obligation bonds authorized by the ordinance referenced below.

2. Attached hereto is a true, correct and complete copy of an ordinance entitled “ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION NOTES OF THE TOWN OF PURCELLVILLE, VIRGINIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$3,000,000 TO FINANCE VARIOUS CAPITAL IMPROVEMENTS AND EQUIPMENT FOR GENERAL GOVERNMENT PROJECTS AND WATER AND WASTEWATER SYSTEM PROJECTS” (the “Ordinance”), as adopted at such regular meeting of the Town Council on September 8, 2020, by the affirmative roll-call vote of a majority of all members elected to the Council.

3. Such meeting of the Council was held at the time and place established by the Council for its regular meetings.

4. The minutes of such meeting reflect the attendance of the members and their votes on the Ordinance as follows:

<b>Member</b>	<b>Attendance</b> (Present/Absent)	<b>Vote</b> (Aye/Nay/Abstain)
Mayor Kwasi A. Fraser		
Vice Mayor Mary Jane Williams		
Tip Stinnette		
Theodore Greenly		
Joel D. Grewe		
Stanley J. Milan, Sr.		
Christopher Bertaut		

5. The Ordinance has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the Town of Purcellville, Virginia, this \_\_\_\_ day of September, 2020.

(SEAL)

\_\_\_\_\_  
Diana Hays, Town Clerk, Town of  
Purcellville, Virginia

*Mayor*  
Kwasi A. Fraser



*Town Manager*  
David A. Mekarski

*Council*  
Christopher Bertaut  
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**TOWN OF PURCELLVILLE**  
**IN**  
**LOUDOUN COUNTY, VIRGINIA**

**ORDINANCE NO. 20-09-02**

**PRESENTED: SEPTEMBER 8, 2020**

**ADOPTED: \_\_\_\_\_**

**AN ORDINANCE:**

**AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION NOTES OF THE TOWN OF PURCELLVILLE, VIRGINIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$3,000,000 TO FINANCE VARIOUS CAPITAL IMPROVEMENTS AND EQUIPMENT FOR GENERAL GOVERNMENT PROJECTS AND WATER AND WASTEWATER SYSTEM PROJECTS**

**WHEREAS**, the Town of Purcellville, Virginia (the “Town”), desires to issue general obligation notes (a) to finance various capital improvements and equipment for general government projects and water and wastewater system projects (collectively, the “Projects”), and (b) to pay related costs of issuance;

**BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF PURCELLVILLE, VIRGINIA:**

1. Pursuant to the Public Finance Act of 1991 and the Town Charter, there are hereby authorized to be issued and sold general obligation notes (the “Notes”) of the Town in an aggregate principal amount not to exceed \$3,000,000 to provide funds, together with other funds as may be available, to finance costs of the Projects and to pay related costs of issuance.

2. The Notes shall bear such date or dates, mature at such time or times not exceeding 40 years from their dates, bear interest at such rate or rates, be in such denominations and form, be

executed in such manner and be sold in one or more series at such time or times and in such manner as the Council may hereafter provide by appropriate resolution or resolutions.

3. The Notes shall be general obligations of the Town, and the full faith and credit of the Town shall be irrevocably pledged to the payment of the principal of and premium, if any, and interest on the Notes.

4. The Town intends that the adoption of this Ordinance be considered as “official intent” within the meaning of Treasury Regulations, Section 1.150-2, promulgated under the Internal Revenue Code of 1986, as amended.

5. The Town Clerk, in collaboration with the Town Attorney, is authorized and directed to see to the immediate filing of a certified copy of this Ordinance in the Circuit Court of Loudoun County, Virginia.

6. This Ordinance shall take effect immediately.

**PASSED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2020.**

\_\_\_\_\_  
Kwasi Fraser, Mayor  
Town of Purcellville

ATTEST:

\_\_\_\_\_  
Diana Hays, Town Clerk

**NOTE PURCHASE AND LOAN AGREEMENT**

**between**

**TOWN OF PURCELLVILLE, VIRGINIA**

**and**

**[\_\_\_\_\_]**

**Dated as of [\_\_\_\_\_, 2020]**

**Relating to**

**Town of Purcellville, Virginia  
General Obligation Note, Series 2020C (Federally Taxable)**



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Exhibit A – Form of Note

Exhibit B – Form of Disbursement Request

**THIS NOTE PURCHASE AND LOAN AGREEMENT** dated as of [\_\_\_\_\_, 2020] (the “Agreement”), between the **TOWN OF PURCELLVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “Town”), as borrower, and [\_\_\_\_\_, a [\_\_\_\_\_] as lender (together with its successors and permitted assigns, the “Lender”);

**W I T N E S S E T H:**

**WHEREAS**, the Town has determined to establish a source of liquidity (such sources of liquidity to be referred to herein as the “Line of Credit”) to finance various capital improvements and equipment for general government projects and water and wastewater system projects (as herein defined, the “Project”);

**WHEREAS**, the Town has agreed to establish the Line of Credit through the issuance and sale of its General Obligation Note, Series 2020C (Federally Taxable) (the “Note”);

**WHEREAS**, the Town and the Lender desire to set forth the terms and conditions with respect to the issuance and sale of the Note and use of the proceeds thereof; and

**WHEREAS**, all acts, conditions and things required by law to happen, exist and be performed precedent to and in connection with the execution and entering into of this Agreement have happened, exist and have been performed in regular and due time and in form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Agreement;

**NOW, THEREFORE**, the parties hereto agree as follows:

**1. Definitions.**

In addition to other capitalized terms defined elsewhere in this Agreement, the following capitalized terms shall have the following meanings unless the context otherwise requires:

“Advances” shall have the meaning set forth in Section 10(b).

“Authorizing Resolution” shall mean, collectively, the ordinance and resolution authorizing and providing for the issuance of the Note, each adopted by the Council on September [8], 2020.

“Authorized Town Representative” shall mean the Mayor, the Vice Mayor, the Town Manager and any other officer of the Town identified as such in a certificate executed by an existing Authorized Town Representative and delivered to the Lender.

“Bond Counsel” shall mean Hunton Andrews Kurth LLP, or another firm of attorneys nationally recognized on the subject of municipal bonds, which may be counsel to the Town or the Lender, and reasonably acceptable to the Lender.

“Business Day” means a day on which banking business is transacted, but not including a Saturday, Sunday, legal holiday or any other day on which banking institutions are authorized or required by law to close in the Commonwealth of Virginia.

“Closing Date” shall mean the date of delivery of the Note.

“Council” shall mean the Town Council of the Town.

“Event of Default” or “Default” shall mean any of the events set forth in Section [12].

“Financing Instruments” shall mean, collectively, this Agreement and the Note.

“Line of Credit” shall have the meaning set forth in the Recitals hereto.

“Lender” shall mean [\_\_\_\_], a [\_\_\_\_], and its successors and permitted assigns.

“Note” shall mean the Town’s General Obligation Note, Series 2020C (Federally Taxable), in the form of Exhibit A attached hereto and dated the date of its issuance.

“Project” shall mean various capital improvements and equipment for general government projects and water and wastewater system projects.

“Record Date” shall mean each [\_\_\_\_] and [\_\_\_\_].

“Registrar” shall have the meaning set forth in Section [6].

“Town” shall mean the Town of Purcellville, Virginia.

## **2. Representations and Findings by Town.**

The Town makes the following representations and findings as the basis for its undertakings hereunder:

(a) The Town is a political subdivision of the Commonwealth of Virginia and has the power and authority to execute and deliver the Financing Instruments, to perform its obligations thereunder and to issue the Note. By proper corporate action, the Town has duly authorized the execution and delivery of the Financing Instruments, the performance of its obligations thereunder and the issuance of the Note. Simultaneously with the execution and delivery of this Agreement, the Town has issued and sold the Note to the Lender.

(b) The Town has full power and authority to irrevocably pledge its full faith and credit to the payment of the Note and to execute and perform its obligations under the Financing Instruments. The Council has full power and authority to levy and collect an annual ad valorem tax on all locally taxable property in the Town, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and [premium, if any, and] interest on the Note unless other funds are lawfully available and appropriated for timely payment of the Note.

(c) The Town is not (i) in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under or subject to which any indebtedness for borrowed money has been incurred (and no event has occurred and is continuing under the provisions of any such instrument that with the lapse of

time or the giving of notice, or both, would constitute an event of default thereunder), (ii) in violation of any existing Virginia law, rule or regulation applicable to it or (iii) in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Town is a party or by which it is bound or to which any of its assets is subject.

(d) The execution and delivery of the Financing Instruments and the performance by the Town of its obligations thereunder do not and will not conflict with, constitute a breach of or result in a violation of any agreement or other instrument to which the Town is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Town or any of its property.

(e) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (i) the issuance and delivery of the Note by the Town, (ii) the execution or delivery of or performance by the Town of its obligations under the Financing Instruments or (iii) the pledge by the Town of its full faith and credit to the payment of the Note.

(f) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the Town's knowledge, threatened against the Town with respect to (i) the organization or existence of the Town, (ii) its authority to execute or deliver the Financing Instruments, (iii) the validity or enforceability of any of the Financing Instruments or the performance of its obligations thereunder, (iv) the title of any officer of the Town who executed the Financing Instruments, (v) any authority or proceedings related to the execution and delivery of the Financing Instruments on behalf of the Town (including but not limited to the Authorizing Resolution) or (vi) the power to pledge its full faith and credit to the payment of the Note. No such authority or proceedings have been repealed, revoked, rescinded or amended, and all are in full force and effect.

(g) The Town has executed and delivered the Financing Instruments, and each Financing Instrument constitutes a legal, valid and binding obligation of the Town enforceable against the Town in accordance with its terms.

(h) The financial statements and other information that the Town furnished to the Lender in connection with this Agreement fairly and accurately portray the Town's financial condition, as of their dates, and there has been no material adverse change in the financial condition of the Town since the date of the financial statements provided to the Lender in connection with this Agreement. **[ADD COVID EXCEPTION]**

### **3. Representations of Lender.**

The initial Lender makes the following representations as the basis for its undertakings hereunder:

(a) The Lender is a [\_\_\_\_\_].

(b) The Lender has full power and authority to (i) enter into this Agreement, (ii) make the loan under this Agreement and acquire the Note as evidence of such loan, (iii) perform the transactions contemplated hereby and (iv) carry out its obligations hereunder, and by proper action has duly authorized, executed and delivered this Agreement.

(c) The Lender understands and acknowledges (i) that the scope of engagement of Hunton Andrews Kurth LLP, Richmond, Virginia, as Bond Counsel with respect to this Agreement and the Note, will be limited to matters set forth in their opinion based on their review of such proceedings and documents as they deem necessary to approve the validity of the Note and this Agreement and (ii) that Bond Counsel has not been engaged and will not undertake to prepare or express an opinion as to the accuracy or completeness of any information that may have been furnished to the Lender or relied upon by it in making the decision to enter into this Agreement and acquire the Note.

(d) The Lender acknowledges that (i) the Note (A) has not been registered under the Securities Act of 1933, as amended, (B) has not been registered or otherwise qualified for sale under the securities laws of any state or (C) will not be listed on any securities exchange and (ii) there is no established market for the Note and none is likely to develop. The Lender understands and acknowledges that (x) its acquisition of the Note is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and (y) in connection with its acquisition of the Note, the Town has not prepared or caused to be prepared any official statement, private placement memorandum or other offering document.

The representations and certifications of the Lender contained in the Certificate of Lender dated [\_\_\_\_\_, 2020], and delivered in connection with this Agreement are hereby incorporated by reference and supplement the representations set forth above.

#### **4. Loan; Issuance and Sale of Note.**

(a) Commitment to Make Loan. The Lender agrees, based on the terms and conditions set forth in this Agreement, to make a loan to the Town in a principal amount equal to the sum of the principal advances made pursuant to Section 10(b), provided that such advances shall not to exceed \$[3,000,000] in aggregate.

(b) Note. The Town agrees to borrow from the Lender a principal amount equal to the sum of the principal advances made pursuant to Section 10(b), provided that such advances shall not exceed \$[3,000,000] in aggregate, and to issue and sell the Note to the Lender as evidence of such loan from the Lender to the Town. The terms of the Note, including payment and prepayment provisions, shall be as set forth herein and in the form of the Note attached hereto as Exhibit A.

#### **5. Pledge and Assignment.**

Pursuant to the Authorizing Resolution, the Town has pledged its full faith and credit to the repayment of the Note. Unless other funds are lawfully available and appropriated for timely payment of the Note, the Council shall levy and collect an annual ad valorem tax on all locally taxable property in the Town, over and above all other taxes authorized or limited by law and

without limitation as to rate or amount, sufficient to pay when due the principal of and [premium, if any, and] interest on the Note. Notwithstanding anything herein to the contrary, all of the Town's payment obligations set forth in this Agreement other than payment of principal of and [premium, if any, and] interest on the Note shall be payable only from legally available funds.

## **6. Registration and Transfer of Note.**

(a) The Note shall be issued in registered form without coupons, payable to the registered holder or its registered assigns. The Town Treasurer is hereby appointed paying agent and registrar for the Note (together with its successors, the "Registrar"). The Town Manager may, in his sole discretion, at any time appoint a qualified bank or trust company as successor Registrar. The Registrar shall maintain registration books for the registration and registration of transfers of the Note. Upon presentation and surrender of the Note to the Registrar, or its corporate trust office if the Registrar is a bank or trust company, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the Town shall execute, and the Registrar shall authenticate, if required by the Authorizing Resolution, and deliver in exchange, a new Note or Notes having an equal aggregate principal amount, in authorized denominations, of the same form and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Town, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

(b) The Registrar shall treat the registered owner of the Note 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 of the Note, except that interest payments shall be made to the person shown as the owner of the Note on the registration books on the Record Date.

## **7. Mutilated, Lost or Destroyed Note.**

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

## **8. Conditions Precedent to Making of Loan and Acquisition of Note.**

The Lender shall make the loan and acquire the Note only upon delivery to it in form and substance satisfactory to it of the following:

- (a) Executed copies of the Financing Instruments;
- (b) (i) Evidence of the due authorization, execution and delivery of the Financing Instruments by the parties thereto and (ii) certificates or opinions covering litigation and

compliance with all applicable federal, state and local laws, restrictions and requirements, and prior agreements;

(c) An opinion of Bond Counsel satisfactory to the Lender that (i) the Note has been duly authorized, executed and delivered and is a binding obligation of the Town enforceable in accordance with its terms, (ii) the Council is authorized and required by law, unless other funds are lawfully available and appropriated for timely payment of the Note, to levy and collect an annual ad valorem tax on all locally taxable property in the Town, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and [premium, if any, and] interest on the Note and (iii) the interest on the Note is exempt from income taxation by the Commonwealth of Virginia;

(d) An opinion of the Town Attorney as to (i) the due authorization, execution and delivery of the Financing Instruments by the Town and (ii) pending or threatened litigation as well as compliance with all applicable federal, state and local laws, restrictions and requirements, and prior agreements; and

(e) Such other documentation, certificates and opinions as may be reasonably required by the Lender or Bond Counsel.

## **9. Application of Note Proceeds.**

(a) [On the Closing Date, \$[\_\_\_\_\_] of the proceeds of the Note shall be advanced to the Town for the payment of costs of issuance of the Note and reimbursement of the Town for payment of the costs of the Project.]

(b) [All other proceeds of the Note shall be advanced to the Town, at the request of the Town, from time to time pursuant to and subject to the terms and conditions of Section 10(b) below. Such proceeds shall be applied solely and exclusively to payment or to reimbursement of the Town for payment of the costs of the Project.]

## **10. Amounts Payable; Prepayment; Term.**

(a) The Town shall make all payments required under the Note as and when the same become due. All payments shall be made in lawful money of the United States by wire transfer in immediately available funds to an account within the United States designated by the Lender or any other place that the Lender may designate in writing to the Town.

(b) [Advances of principal under the Note (each, an “Advance” and collectively, the “Advances”) shall be made by the Lender directly to or for the account of the Town to pay or reimburse the Town for the costs of the Project and the costs of issuing the Note. Before any Advance shall be made under the Note, the Town shall file with the Lender at least two (2) Business Days before the requested date of such Advance a disbursement request, completed and signed by either the Town Manager or the chief financial officer of the Town, substantially in the form attached as Exhibit B. The amount and date of each Advance shall be noted on a ledger maintained by the Lender for such purpose. In the absence of manifest error, all entries made in such ledger shall be prima facie evidence of the existence and amounts of the Advances therein recorded; provided that the failure or delay of the Lender in maintaining or making entries into



such ledger or any error therein shall not in any manner affect the obligation of the Town to repay any portion of the loan in accordance with the terms of this Agreement and the Note. The outstanding principal amount of the Note shall be the sum of all Advances under the Note, less the aggregate amount of all principal payments that have been made thereon (whether by prepayment or otherwise).]]

(c) The outstanding Advances made under the Note shall bear interest at the rate of [\_\_\_\_\_] % per annum, calculated on the basis of a 360-day year of twelve 30-day months. Interest shall be payable semi-annually on each [\_\_\_\_\_] and [\_\_\_\_\_] , commencing [\_\_\_\_\_] , 2021], and principal shall be payable in full at final maturity on [\_\_\_\_\_] , 20\_\_].

(d) The Note may be prepaid at the option of the Town [\_\_\_\_\_].

(e) This Agreement shall terminate upon the prepayment or payment in full of the Note.

## **11. Covenants.**

(a) Performance of Obligations under this Agreement. During the term of this Agreement, the Town will faithfully observe and perform, or cause to be performed, all of its covenants, conditions and agreements contained in this Agreement and promptly pay the principal of and [premium, if any, and] interest on the Note at the place, on the date and in the manner specified in this Agreement and the Note.

(b) Provision of Financial Information. Within 270 days after the applicable fiscal year end, the Town will provide to the Lender or otherwise make available on the Town's website a copy of its comprehensive annual financial report for each fiscal year so long as the Note is outstanding. In no event shall a failure of the Town to provide the financial information described above constitute an event of default under the Note or the Authorizing Resolution, and specific performance of the Town's reporting obligation shall be the only remedy available to the Lender in the event of such a failure by the Town.]

## **12. Events of Default.**

(a) The following shall be "Events of Default" under this Agreement, and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(i) Failure of the Town to pay when due the principal of or interest on this Note, and the continuation thereof for ten (10) days;

(ii) Failure of the Town (A) to pay when due any payment due under this Agreement, other than principal or interest payments due under the Note, or (B) to observe and perform any covenant, condition or agreement on its part to be observed or performed, which failure shall continue for a period of 45 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 45-day period but can be cured within the succeeding 60 days, failure of the Town to proceed



promptly to cure the same and thereafter prosecute the curing of such default with due diligence;

(iii) Bankruptcy or insolvency of the Town; or

(iv) Any representation or warranty of the Town contained in any Financing Instrument or in any other document, instrument or certificate delivered pursuant hereto or in connection with the issuance and sale of the Note shall have been incorrect, false, misleading or incomplete in any material respect on the date as of which it was made.

(b) The provisions of the foregoing subparagraph (a)(ii)(B) are subject to the limitation that if by reason of “force majeure” the Town is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder, the Town shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall include without limitation: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics or pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Town. The Town shall remedy with all reasonable dispatch the cause or causes preventing the Town from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Town, and the Town shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is in the judgment of the Town not in its best interests.

### **13. Remedies.**

Whenever any Event of Default shall have happened and is continuing, the Lender may, without further demand or notice, take whatever action at law or in equity may appear necessary or desirable (a) to collect the principal of and interest on the Note then due or (b) to enforce performance and observance of any obligation, agreement or covenant of the Town under this Agreement or the Note, including pursuing any other remedy permitted to the Lender under the Financing Instruments or applicable law.

### **14. Reinstatement after Event of Default.**

Notwithstanding the exercise by the Lender of any remedy granted by Section 13, if all overdue principal, together with any accrued interest thereon and other amounts due and owing under this Agreement, shall have been paid, then the Town’s default under this Agreement shall be waived without further action by the Lender. Upon such payment and waiver, this Agreement shall be fully reinstated and all payments due under the Note will be due and payable in accordance with the terms of the Note.

**15. No Remedy Exclusive.**

No remedy conferred by this Agreement upon or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

**16. Delay or Omission Not Waiver.**

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof or acquiescence therein, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

**17. Limitation of Town's Liability.**

No covenant, agreement or obligation contained in any Financing Instrument shall be deemed to be a covenant, agreement or obligation of any present or future officer, employee or agent of the Town in his or her individual capacity, and no officer, employee or agent thereof executing any Financing Instrument shall be liable personally on such Financing Instrument 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 the Financing Instruments or any of the transactions contemplated thereby provided he or she acts in good faith.

**18. Notices.**

All demands, notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by registered or certified mail, postage prepaid and return receipt requested, addressed:

(a) if to the Town, at 221 South Nursery Avenue, Purcellville, Virginia 20132 (Attention: Town Manager); and

(b) if to the Lender, at [ ] (Attention: [ ]).

The Town and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

Any notice of the Lender demanding any payment hereunder or under the Note shall include a calculation, in reasonable detail, evidencing the basis of the amount so demanded.

**19. Counterparts.**

This Agreement may be executed in any number of counterparts; each of which shall be an original, and all of which together shall constitute but one and the same instrument.

**20. Miscellaneous.**

(a) Not more frequently than once per month, the Lender shall furnish to the Town upon request (i) a statement of the amount of principal of the Note outstanding and unpaid as of the date of such request and (ii) such information as may be necessary to complete the annual audit of the Town.

(b) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and the subsequent holders of the Note and their respective successors and assigns. The representations, covenants and agreements contained herein shall continue notwithstanding the delivery of the Note to the Lender. The Town shall not assign any Financing Instrument without the prior written consent of the Lender.

(c) If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(d) This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. The Financing Instruments express the entire understanding among the parties, and none of such instruments may be modified except in writing signed by the parties thereto. No Financing Instrument may be modified without the prior written consent of the Lender.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

**TOWN OF PURCELLVILLE, VIRGINIA**

By \_\_\_\_\_  
David A. Mekarski, Town Manager

[\_\_\_\_\_]

By \_\_\_\_\_  
[\_\_\_\_\_, \_\_\_\_\_]

**FORM OF NOTE**

**REGISTERED**

**REGISTERED**

**No. RC-1**

**[\_\_\_\_\_, 2020]**

**UNITED STATES OF AMERICA**  
**COMMONWEALTH OF VIRGINIA**  
**TOWN OF PURCELLVILLE**  
**General Obligation Note**  
**Series 2020C (Federally Taxable)**

The Town of Purcellville, Virginia (the “Town”), for value received, promises to pay, to [\_\_\_\_\_] (the “Bank”), or its registered assigns or legal representative, the principal amount equal to the aggregate amount of principal advances hereunder up to [\_\_\_\_\_] **DOLLARS (\$[\_\_\_\_\_])**, together with interest on the unpaid principal at the rate of [\_\_\_\_\_] % per annum, calculated on the basis of a 360-day year of twelve 30-day months, subject to prepayment as hereinafter provided. Interest shall be payable semi-annually on each [\_\_\_\_\_] and [\_\_\_\_\_] , commencing [\_\_\_\_\_, 2021], and principal shall be payable in full at maturity on [\_\_\_\_\_, 20\_\_]. Principal of and [premium, if any, and] interest on this note are payable in lawful money of the United States of America. If the date on which any payment is due with respect to this note is not a Business Day, the payment shall be made on the next succeeding Business Day.

All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the hereinafter defined Loan Agreement.

The amount and date of each Advance shall be noted on a ledger maintained by the Bank for such purpose. In the absence of manifest error, all entries made in such ledger shall be prima facie evidence of the existence and amounts of the Advances therein recorded; provided that the failure or delay of the Bank in maintaining or making entries into such ledger or any error therein shall not in any manner affect the obligation of the Town to repay the loan in accordance with the terms of the Loan Agreement and this note. The holder of this note shall not be required to present or surrender this note as a condition of receiving any payment due hereunder.

This note is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Town Charter and the Public Finance Act of 1991, and a Note Purchase and Loan Agreement dated as of [\_\_\_\_\_, 2020] (the “Loan Agreement”), between the Town and the Bank. This note has been authorized and issued pursuant to an ordinance and a resolution, both adopted by the Town Council on September [8], 2020, to provide funds (a) to finance various capital improvements and equipment for general government projects and water

and wastewater system projects (collectively, the “Project”), and (b) to pay related costs of issuance.

[INSERT OPTIONAL REDEMPTION PROVISIONS]

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

The Registrar shall treat the registered owner of this note as the person exclusively entitled to payment of principal of and [premium, if any, and] interest on this note and the exercise of all rights and powers of the owner, except that interest payments shall be made to the person shown as the registered owner on the registration books on the [fifteenth day of the month preceding each] interest payment date.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in connection with the issuance of this note have happened, exist and have been performed, and this note, 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.

[Remainder of this page intentionally left blank.]

**IN WITNESS WHEREOF**, the Town of Purcellville, Virginia, has caused this note to be to be signed by its [Mayor or Vice Mayor], its seal to be affixed hereto and attested by the [Deputy] Town Clerk, and this note to be dated the date first written above.

(SEAL)

Virginia

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[Mayor or Vice Mayor], Town of Purcellville,

(ATTEST)

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[Deputy] Town Clerk, Town of Purcellville,  
Virginia

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

---

(Please print or type name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFeree:

\_\_\_\_\_  
: :  
: :  
: :  
\_\_\_\_\_

the within note and all rights thereunder, hereby irrevocably constituting and appointing

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Attorney, to transfer said note on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

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NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

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(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this note in every particular, without alteration or enlargement or any change whatsoever.



## TRANSFER OF NOTE

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

**Date of Registration**

**Name of Registered Owner**

**Signature of Registrar**

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**FORM OF DISBURSEMENT REQUEST**

Pursuant to Section 10(b) of the Note Purchase and Loan Agreement dated as of [\_\_\_\_\_, 2020] (the "Loan Agreement"), between the Town of Purcellville, Virginia (the "Town"), and [\_\_\_\_], as purchaser of the Town's General Obligation Note, Series 2020C (Federally Taxable) (the "Note"), I hereby request disbursement of \$\_\_\_\_\_ principal amount under the Note to be paid to \_\_\_\_\_ (vendor or Town) on \_\_\_\_\_, 20\_\_\_\_, and certify as follows:

1. The representations and warranties of the Town that are contained in the Financing Instruments or any document furnished at any time under or in connection herewith or therewith, are true and correct in all material respects on and as of the date of such Advance, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date.

2. No event or condition exists that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default under any Financing Instrument.

3. The Town is not default in the payment of any indebtedness of the Town.

4. The undersigned is an Authorized Town Representative and is authorized to sign this disbursement request on behalf of the Town.

All capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement.

**TOWN OF PURCELLVILLE, VIRGINIA**

By \_\_\_\_\_  
[\_\_\_\_\_, \_\_\_\_\_]

**TITLE:** Hirst Reservoir Improvements (31495230)

**STATUS:** Ongoing      **PROJECT RANKING:** High Priority

**PROJECT MANAGER:** Buster Nicholson & Dale Lehnig

**PROGRAM DESCRIPTION:** The Hirst Reservoir was constructed with a multi-level intake structure to allow operators to withdraw water from different levels in the reservoir. This ability gave operators the flexibility to withdraw water with the best quality (least affected by algae or turbidity). Several years ago, the dock leading to the intake structure and the top of the structure became structurally unstable, collapsed and the dock and the top portion of the pipe fell to the bottom of the reservoir. Currently, a simple mesh screen is installed at the top of the intake pipe. Water is always withdrawn from the top portion of the intake; several of the gates and valves in the structure are considered inoperable. Additionally, the sluice gate that would allow operators to remove sediment from the bottom of the reservoir has not been operated for many years and is considered inoperable. This has allowed sediment laden with algae to build up in the reservoir, which further affects the water quality. This project involves the design and installation of a new intake structure and sluice gate to replace the broken and inoperable structures to allow operators to properly manage the reservoir and maximize water quality.



**OPERATING IMPACT:** No increase in operating costs. Would allow operators the flexibility to withdraw water at various levels to maximize water quality, which could decrease costs for chemicals needed to control taste and odor issues.

**GOAL ADDRESSED:** 2025 Comprehensive Plan

- Public Utilities and Transportation - Purcellville will set the regional standard for effective, integrated utility planning and growth management. Water and sewer facilities will be planned and designed to appropriately address desired future land use patterns.
- Public Services - Purcellville will provide its citizens with the highest quality public services and facilities to effectively and equitably meet the public needs.

#### Significant Dates

Engineering/Design Start	Construction Start	Estimated Completion
2019	2022	2023

**Capital Improvement Program****Water Fund****TITLE:** Hirst Reservoir Improvements (31495230)**Funding Sources**

Sources	Total Required Project Funding	Funded through 6/30/19	Adopted FY20	Proposed					Total for 5-Yr CIP
				FY21	FY22	FY23	FY24	FY25	
Cash	1,430,000	-	80,000	100,000	400,000	850,000	-	-	1,350,000
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	1,430,000	-	80,000	100,000	400,000	850,000	-	-	1,350,000

**Planned Uses**

Uses	Total Project Cost	Expended through 6/30/19	Adopted FY20	Proposed					Total for 5-Yr CIP
				FY21	FY22	FY23	FY24	FY25	
Land/ROW/Legal	-	-	-	-	-	-	-	-	-
Engineering/Design	80,000	-	80,000	-	-	-	-	-	-
Construction	1,350,000	-	-	100,000	400,000	850,000	-	-	1,350,000
Professional Services	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
	1,430,000	-	80,000	100,000	400,000	850,000	-	-	1,350,000

**Operating Impact**

Operating/Maintenance	Adopted FY20	Proposed					Total for 5-Yr CIP
		FY21	FY22	FY23	FY24	FY25	
Maintenance	-	-	-	-	500	500	1,000



# 5-Year CIP (All funds)

## Funding Sources

Sources	Total Required Project Funding	Funded through 6/30/19	Adopted  FY20	Proposed					Total for 5-Yr CIP
				FY21	FY22	FY23	FY24	FY25	
VDOT	6,330,293	925,182	4,160,464	349,150	457,433	438,064	-	-	1,244,647
NVTA	4,159,918	486,426	2,483,489	334,150	417,790	438,063	-	-	1,190,003
Cash	8,313,635	612,968	3,618,169	530,560	1,061,500	1,741,000	411,439	338,000	4,082,499
County Settlement	250,629	71,875	178,754	-	-	-	-	-	-
SLAF Grant	300,000	-	300,000	-	-	-	-	-	-
Proffers	550,674	-	535,674	15,000	-	-	-	-	15,000
County Funding	3,391,080	221,729	1,228,251	391,100	200,000	-	-	1,350,000	1,941,100
Bonds-SunTrust (08)	54,168	54,168	-	-	-	-	-	-	-
Future Loan	14,477,075	-	-	-	8,240,000	1,507,538	2,447,537	2,282,000	14,477,075
Other	175,170	175,170	-	-	-	-	-	-	-
Grant	400,000	-	-	-	100,000	300,000	-	-	400,000
	38,402,642	2,547,518	12,504,801	1,619,960	10,476,723	4,424,665	2,858,976	3,970,000	23,350,324

## CIP Uses by Fund

Uses	Total Project Cost	Expended through 6/30/19	Adopted FY20	Proposed					Total for 5-Yr CIP
			FY20	FY21	FY22	FY23	FY24	FY25	
General Fund	23,561,872	2,220,225	9,404,797	789,400	9,121,323	1,326,127	-	700,000	11,936,850
Parks & Rec Fund	2,315,439	5,875	44,125	300,000	125,000	441,000	411,439	988,000	2,265,439
Water Fund	9,913,391	101,538	1,890,379	100,000	1,080,400	2,657,538	2,447,537	1,636,000	7,921,475
Wastewater Fund	2,611,940	219,880	1,165,500	430,560	150,000	-	-	646,000	1,226,560
	38,402,642	2,547,518	12,504,801	1,619,960	10,476,723	4,424,665	2,858,976	3,970,000	23,350,324

Note:

Wastewater capital projects summary has been revised to show the timing acceleration of the Membrane and LEAP projects as proposed in the FY21 2Q-4Q budget amendment.



# General Fund CIP

## Funding Sources

Sources	Total Required Project Funding	Funded through 6/30/19	Adopted FY20	FY21	FY22	Proposed FY23	FY24	FY25	Total for 5-Yr CIP
VDOT	6,330,293	925,182	4,160,464	349,150	457,433	438,064	-	-	1,244,647
NVTA	4,159,918	486,426	2,483,489	334,150	417,790	438,063	-	-	1,190,003
Cash	1,299,940	285,675	518,165	-	46,100	450,000	-	-	496,100
County Settlement	250,629	71,875	178,754	-	-	-	-	-	-
SLAF Grant	300,000	-	300,000	-	-	-	-	-	-
Proffers	550,674	-	535,674	15,000	-	-	-	-	15,000
County Funding	2,441,080	221,729	1,228,251	91,100	200,000	-	-	700,000	991,100
Bonds-SunTrust (08)	54,168	54,168	-	-	-	-	-	-	-
Other	175,170	175,170	-	-	-	-	-	-	-
New Bond	8,000,000	-	-	-	8,000,000	-	-	-	8,000,000
	23,561,872	2,220,225	9,404,797	789,400	9,121,323	1,326,127	-	700,000	11,936,850

## Planned Uses

Uses	Total Project Cost	Expended through 6/30/19	Adopted FY20	FY21	FY22	Proposed FY23	FY24	FY25	Total for 5-Yr CIP
Main & Maple Intersection Imp Phase 1 (30492010)	699,915	550,508	149,407	-	-	-	-	-	-
Main & Maple Intersection Imp Phase 2 (30492030)	1,210,372	57,566	1,086,736	-	66,070	-	-	-	66,070
Hirst Road Improvements (30492760)	1,090,446	132,363	958,083	-	-	-	-	-	-
Hirst Farm Pond Conversion (30492790)	1,096,100	59,724	540,276	-	46,100	450,000	-	-	496,100
Nursery Avenue Improvements (30492830)	2,471,143	516,390	1,529,753	425,000	-	-	-	-	425,000
Upgrade Financial Software (30492840)	422,500	285,675	136,825	-	-	-	-	-	-
32nd & A Street Intersection Imp (30492850)	1,039,560	389,237	650,323	-	-	-	-	-	-
12th Street Improvements (30492860)	2,448,694	4,858	1,995,142	-	-	448,694	-	-	448,694
32nd & Main Intersection Improvements (30492870)	1,631,580	23,562	876,438	243,300	420,000	68,280	-	-	731,580
A Street Trail from BRMS to Maple (30492880)	652,007	139,172	512,835	-	-	-	-	-	-
Hatcher Avenue Sidewalk Improvements (30492890)	1,398,306	39,331	580,669	30,000	389,153	359,153	-	-	778,306
Path from LVHS to Sutton Drive (30492910)	301,249	21,839	188,310	91,100	-	-	-	-	91,100
Police Facility (30492940)	8,200,000	-	200,000	-	8,000,000	-	-	-	8,000,000
Street Lighting - N Maple Ave/Loudoun Valley High Sc	200,000	-	-	-	200,000	-	-	-	200,000
BerlinTurnpike, Eastgate Dr. PHC circle Intersection	700,000	-	-	-	-	-	-	700,000	700,000
	23,561,872	2,220,225	9,404,797	789,400	9,121,323	1,326,127	-	700,000	11,936,850

Denotes Cash Funded Projects

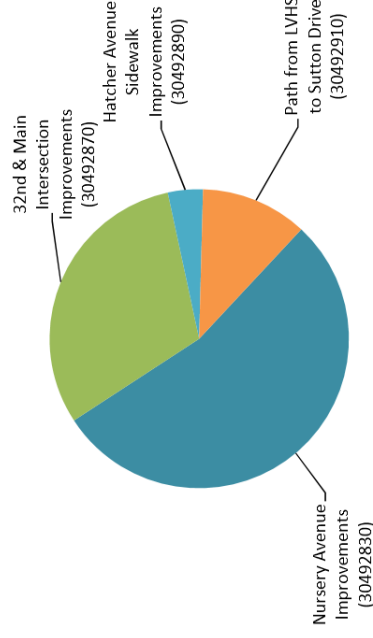
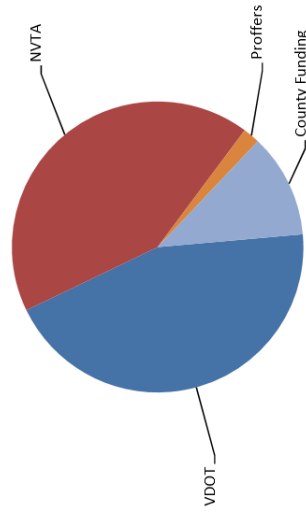
July 28, 2020



# General Fund Long-Term CIP

Planned Uses	
Uses	FY26 and Beyond
<b>Long-Term Future Projects</b>	
Villages of Purcellville Drainage	307,000
E Street Sidewalk-Drainage	772,000
G Street Sidewalk Improvements	2,460,363
	<b>3,539,363</b>

Sources by Type (2021)	Uses by Project (2021)
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# Parks & Rec Fund CIP

## Funding Sources

Sources	Total Required Project Funding	Funded through 6/30/19	Adopted FY20	Proposed			Total for 5-Yr CIP
Cash	965,439	5,875	44,125	FY21	FY22	FY23	915,439
County Funding	950,000	-	-	300,000	25,000	141,000	950,000
Grant	400,000	-	-	-	100,000	300,000	400,000
	2,315,439	5,875	44,125	300,000	125,000	441,000	2,265,439

## Planned Uses

Uses	Total Project Cost	Expended through 6/30/19	Adopted FY20	Proposed			Total for 5-Yr CIP
Outdoor Stage-Dillon's Woods (30492920)	220,000	5,875	44,125	FY21	FY22	FY23	170,000
Bush Tabernacle Floor & Bathrooms (30492930)	300,000	-	-	300,000	-	-	300,000
Sue Kane Nature Park Multi-use Trail	500,000	-	-	-	125,000	375,000	500,000
Purcellville Bike Park	645,439	-	-	-	-	46,000	645,439
SR690 N 21st Street Multiuse Trail Phase 1	650,000	-	-	-	-	-	650,000
	2,315,439	5,875	44,125	300,000	125,000	441,000	2,265,439

Denotes Cash Funded Projects





# Parks & Rec Fund Long-Term CIP

Planned Uses	
Uses	FY26 and Beyond
Long-Term Future Projects	
House Demolition-301 S Twentieth St.	60,000
SR690 N 21st Street Multiuse Trail Phase 1	1,009,072
	1,069,072

Sources by Type (2021)	Uses by Project (2021)
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# Water Fund CIP

## Funding Sources

Sources	Total Required Project Funding	Funded through 6/30/19	Adopted FY20	FY21	FY22	Proposed FY23	FY24	FY25	Total for 5-Yr CIP
Cash	4,082,316	101,538	1,890,379	100,000	840,400	1,150,000	-	-	2,090,400
Future Loan	5,831,075	-	-	-	240,000	1,507,538	2,447,537	1,636,000	5,831,075
	9,913,391	101,538	1,890,379	100,000	1,080,400	2,657,538	2,447,537	1,636,000	7,921,475

## Planned Uses

Uses	Total Project Cost	Expended through 6/30/19	Adopted FY20	FY21	FY22	Proposed FY23	FY24	FY25	Total for 5-Yr CIP
Hirst Reservoir Improvements (31495230)	1,430,000	-	80,000	100,000	400,000	850,000	-	-	1,350,000
Tank Painting (31495240)	519,257	35,828	483,430	-	-	-	-	-	-
Jeffries Well Treatment Facility (31495290)	650,000	-	50,000	-	300,000	300,000	-	-	600,000
Nature Park Wells & PLC Upgrades (31495310)	621,397	54,690	566,707	-	-	-	-	-	-
Holly Lane Water Main Replacement (31495320)	300,000	-	-	-	-	-	150,000	150,000	300,000
12th Street Water Main Replacement (31495400)	519,137	-	64,062	-	-	227,538	227,537	-	455,075
Hall Ave/O St Water Main Replacement (31495380)	294,400	-	294,400	-	-	-	-	-	-
S Nursery Ave Water Main Replacement (31495360)	128,800	-	128,800	-	-	-	-	-	-
F Street Water Main Replacement (31495370)	374,400	11,020	222,980	-	140,400	-	-	-	140,400
Cooper Springs Raw Water Main Reservoir to WTP Raw Water Main	1,120,000	-	-	-	240,000	880,000	-	-	1,120,000
WTP to Town Water Main Replacement Ph 1	480,000	-	-	-	-	-	320,000	160,000	480,000
G Street Water Main Replacement	2,000,000	-	-	-	-	400,000	1,600,000	-	2,000,000
Additional Water Supply	700,000	-	-	-	-	-	150,000	550,000	700,000
"A" Street Water Line Loop	650,000	-	-	-	-	-	-	650,000	650,000
	126,000	-	-	-	-	-	-	126,000	126,000
	9,913,391	101,538	1,890,379	100,000	1,080,400	2,657,538	2,447,537	1,636,000	7,921,475

Denotes Cash Funded Projects



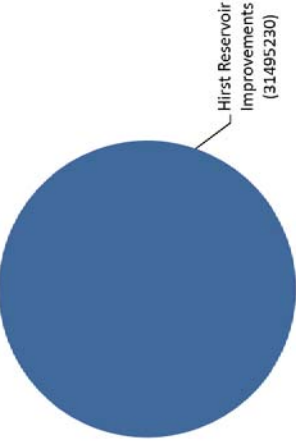
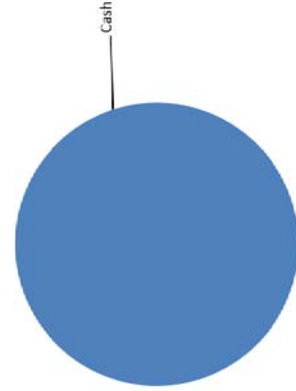
# Water Fund Long-Term CIP

## Planned Uses

Uses	FY26 and Beyond
<b>Long-Term Future Projects</b>	
Reservoir to WTP Raw Water Main	1,760,000
Additional Water Supply	1,300,000
Water Treatment Plant Improvements (31495210)	4,600,000
WTP to Town Water Main Replacement Ph 2	2,300,000
New Elevated Water Tank	3,421,500
E Street Water Main Replacement	337,000
LVSC Water Main Replacement	232,100
Springsbury Drive Water Main Extension	162,600
Rugby Court Water Main Extension	111,900
	14,225,100

## Sources by Type (2021)

## Uses by Project (2021)





Funding Sources		Total Required Project Funding	Funded through 6/30/19	Adopted FY20	Proposed				Total for 5-Yr CIP
					FY21	FY22	FY23	FY24	
Sources									
Cash		1,965,940	219,880	1,165,500	430,560	150,000	-	-	580,560
Future Loan		646,000	-	-	-	-	-	-	646,000
		2,611,940	219,880	1,165,500	430,560	150,000	-	-	1,226,560

Wastewater capital projects summary has been revised to show the timing acceleration of the Membrane and LEAP projects as proposed in the FY21 2Q-4Q budget amendment.

Uses	Total Project Cost	Expended through 6/30/19	Adopted FY20	Proposed					Total for 5-Yr CIP
			FY20	FY21	FY22	FY23	FY24	FY25	
West End Pump Station Improvements (32496150)	561,300	21,000	540,300	-	-	-	-	-	-
East End Pump Station (32496140)	277,640	-	277,640	-	-	-	-	-	-
Membrane Replacement (32496130)	817,000	198,880	347,560	270,560	-	-	-	-	270,560
LEAP Aeration Upgrade (32496120)	160,000	-	-	160,000	-	-	-	-	160,000
12th Street Sewer Rehabilitation	150,000	-	-	-	150,000	-	-	-	150,000
Valley Industrial Park Pump Station Upgrades	275,000	-	-	-	-	-	-	275,000	275,000
Sludge Storage Facility	371,000	-	-	-	-	-	-	371,000	371,000
	2,611,940	219,880	1,165,500	430,560	150,000	-	-	646,000	1,226,560

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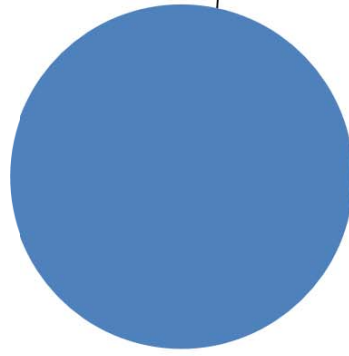


# Wastewater Fund Long-Term CIP

## Planned Uses

Uses	FY26 and Beyond
<b>Long-Term Future Projects</b>	
East End Pump Station (32496140)	1,288,360
	1,288,360

## Sources by Type (2021)



## Uses by Project (2021)

