



**Franklin City Council Agenda**  
**August 22, 2022**  
**Council Chambers**  
**207 West Second Avenue**  
**Franklin, Virginia 23851**

**6:00 P.M.**

Work session City of Franklin Courthouse RFP Responses

**7:00 P.M.**

**Regular Meeting**

**CALL TO ORDER. . . . . MAYOR FRANK M. RABIL**  
**PLEASE TURN OFF CELL PHONES. . . . . MAYOR FRANK M. RABIL**  
**PLEDGE OF ALLEGIANCE**  
**CITIZEN'S TIME**  
**AMENDMENTS TO AGENDA**

**1. CONSENT AGENDA:**

- A. Approval of August 8, 2022 meeting minutes
- B. Introduction of New Employees
- C. Constitution Week Resolution 2022-21

**2. FINANCIAL MATTERS**

- A. Budget Amendment 2022-24 and 2023-3
- B. Public Hearing Regarding Interim Financing
- C. Adoption of Resolution 2022-22

**3. OLD/ NEW BUSINESS:**

- A. City Manager's Report

**4. COUNCIL/STAFF REPORTS ON BOARDS/COMMISSIONS**

**5. CLOSED SESSION**

I move that the City of Franklin, Virginia City Council adjourn into a closed meeting pursuant to Virginia Code Section 2.2-3711-A-1, 1. discussion of appointments to boards and commissions, and discussion of performance of employees of the public body to discuss the following subject or subjects: Industrial Development Authority, HRPDC Community Advisory Committee, Beautification Commission, FAPT, and

2.2-3711-A-5, Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest

in locating or expanding its facilities in the community specifically along Pretlow Industrial Park, Armory Drive, Downtown Franklin, and Franklin Regional Airport.

2.2-3711-A-7, Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body specifically regarding Sanford vs. City of Franklin, and Porter vs. Vargo, Council vs. City of Franklin, Ferguson vs. City of Franklin.

**Motion Upon Returning to Open Session-** I move that the City of Franklin, Virginia City Council certify that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting held on August 22, 2022; (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the City of Franklin, Virginia City Council; and (iii) no action was taken in closed meeting regarding the items discussed.

## **6. ADJOURNMENT**

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## Regular City Council Meeting Minutes August 8, 2022

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### Call to order

The Franklin City Council held a regular City Council meeting on August 8, 2022 at 7:00 P.M. in the City Council Chambers located at 207 West Second Avenue, Franklin, Virginia 23851.

Council Members in Attendance: Frank Rabil, Mayor; Robert “Bobby” Cutchins, Vice-Mayor; Councilman Linwood Johnson; Councilwoman Wynndolyn Copeland; Councilman Mark Kitchen.

Council Members not in Attendance: Councilman Ray Smith; Councilman Gregory McLemore

Staff in Attendance: Amanda Jarratt, City Manager; A’Risha Jones, Executive Assistant and Haleigh Pinto, Administrative Assistant, recording minutes.

Other Staff in Attendance: Steve Patterson, Chief of Police; Gerry Griffith, Deputy Director of EMS; Sarah Rexrode, Director of Social Services; Selenia Boone, Commissioner of the Revenue; Jennifer Maynard, Registrar; Carlee Gurskiy, Environmental Specialist; Camara Jacobs, Director of Human Resources; Stephanie Blacknall, Deputy Commissioner of the Revenue.

### Citizen’s Time

No citizens signed up at this time.

### Amendments to Agenda

Mayor Frank Rabil asked if there were any amendments to the agenda. There are no amendments at this time.

### Consent Agenda:

- A. Approval of July 25, 2022 Meeting Minutes

Mayor Frank Rabil asked if there were any corrections or additions to be added to the July 25, 2022 meeting minutes.

**Mayor Frank Rabil entertained a motion to approve the July 25, 2022 meeting minutes as presented. Councilman Linwood Johnson made a motion to approve the July 25, 2022 meeting minutes with a second from Councilman Mark Kitchen.**

**The motion carried the vote 5-0.**

**The vote was as follows:**

<b>Councilman Linwood Johnson</b>	<b>Aye</b>
<b>Councilwoman Wynndolyn Copeland</b>	<b>Aye</b>
<b>Councilman Mark Kitchen</b>	<b>Aye</b>
<b>Vice Mayor Bobby Cutchins</b>	<b>Aye</b>

**Mayor Frank Rabil**

**Aye**

**Councilman Ray Smith**

**Absent**

**Councilman Gregory McLemore**

**Absent**

**Mayor Frank Rabil affirmed the motion carried unanimously.**

**B. STAR Performer Recognition**

City Manager Amanda Jarratt asked for Ms. Selenia Boone, Commissioner of the Revenue to come forward to present her STAR performer award for Ms. Stephanie Blacknall, Deputy Commissioner of the Revenue.

Ms. Selenia Boone, Commissioner of the Revenue stated that she is here to honor Ms. Stephanie Blacknall, Deputy Commissioner of the Revenue as a STAR performer. Ms. Stephanie handles the tax relief for the elderly and the veterans. Ms. Blacknall demonstrates much care and concern for the citizens of Franklin and understands the importance the tax relief program is to those it serves. Ms. Blacknall takes extra steps and asks those questions to see if there are ways the office can further assist and help the citizens of Franklin.

Mayor Frank Rabil thanked Ms. Blacknall for all her hard work and efforts and showing others to be active listeners and take the time to assist those that need it. Mayor Frank Rabil also reminded that STAR performers recipients are eligible to be selected for Employee of the Year.

City Manager Amanda Jarratt congratulated Ms. Blacknall for her efforts, most times employees are accused of being dismissive or quick to rush off the phone, with Ms. Blacknall's attention to detail, and giving that citizen the time and going the extra mile, the outcome was able to truly change someone's life.

**Old/New Business:**

**A. Gold Star Veteran Tax Relief Discussion**

Mayor Frank Rabil reminded Council that this is just a discussion.

City Manager Amanda Jarratt stated this item is being placed on the agenda for discussion for the Council to provide guidance to the Commissioner of the Revenue department. This will be moved forward to an upcoming agenda for a formal action by Council. In April of this year, a bill was passed in the General Assembly that's noted as the Gold Star Spouse bill. This bill provides that beginning with taxable year 2022, any locality may declare real property owned by a surviving spouse of a member of the Armed Forces of the United States who died in the line of duty with a line of duty determination from the U.S. Department of Defense, where the spouse occupies the real property as his principal place of residence and does not remarry. The City of Franklin currently has a resident that is considered a Gold Star Spouse, which means the resident owns real property in the City, whose spouse perished in the line of duty and has the certification from the Department of Defense and has not remarried. The City does provide the same exemptions to veterans that are considered 100% disabled, and staff would like to recommend to Council to adopt an ordinance that would treat Gold Star Spouses the same way the City treats veterans that are determined to be 100% disabled. This could provide consistency in how the City manages the programs.

Mayor Frank Rabil asked Council if there were any questions.

Council agreed to move forward with an ordinance for the Gold Star Spouse for adoption.

**B. Polling Place Ordinance #2022-02**

City Manager Amanda Jarratt stated that Ms. Jennifer Maynard, Registrar, has received notification from the Office of the Attorney General the redistricting has been approved. There is a Certificate of No Objection (CNO), which the City must wait to receive to move from the pending category to the final. The final piece being the adoption of the polling place change. This places Precinct 4 at the Franklin Business Center from the Franklin Sportsman Association. The Franklin Business Center meets the requirements for the ADA compliance, which we must have and as a City owned building. Everything else will remain the same. The ordinance will be effective upon receipt of the Certificate of No Objection for the Attorney General’s office.

Mayor Frank Rabil entertained a motion to adopt Ordinance 2022-02 Changing the Polling Place of Precinct 4.

**Councilman Linwood Johnson made a motion to adopt Ordinance 2022-02 Changing the Polling Place of Precinct 4 with a second from Councilwoman Wynndolyn Copeland.**

**The motion carried the vote 5-0.**

**The vote was as follows:**

<b>Councilman Linwood Johnson</b>	<b>Aye</b>
<b>Councilwoman Wynndolyn Copeland</b>	<b>Aye</b>
<b>Councilman Mark Kitchen</b>	<b>Aye</b>
<b>Vice Mayor Bobby Cutchins</b>	<b>Aye</b>
<b>Mayor Frank Rabil</b>	<b>Aye</b>
<b>Councilman Ray Smith</b>	<b>Absent</b>
<b>Councilman Gregory McLemore</b>	<b>Absent</b>

**Mayor Frank Rabil affirmed the motion carried unanimously.**



An Ordinance Changing the Polling Place of Precinct 4

Ordinance #2022-02

THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA DOES ORDAIN AS FOLLOWS:

That Section 7.5-18, Polling places, of Division 1, Generally, of Article II, Election Districts and Polling Places, of Chapter 7.5, Elections, is hereby amended to read as follows:

Sec. 7.5-18. Polling places.

(a) In general. There shall be a polling place in the City for each precinct of the City as set forth below in Subsection (b).

(b) Location of polling places. The location of polling places in the seven (7) precincts of the City shall be as follows:

Precinct 1 - The meeting room of the J.L. Camp, Jr. YMCA at 300 Crescent Drive.

Precinct 2 - The conference room at Ruth Camp Campbell Memorial Library at 280 North College Drive.

Precinct 3 - Charles R. Younts American Legion Building at 935 Armory Drive.

Precinct 4 - ~~The Franklin Sportsman Association, Inc. building at 1431 South Street.~~ **The Franklin Business Center at 601 North Mechanic Street.**

Precinct 5 - The Martin Luther King Jr. Community Center at 683 Oak Street.

Precinct 6 - St. Jude's Catholic Church at 1014 Clay Street.

CAP (CENTRAL ABSENTEE PRECINCT)

The Emergency Services Building at 100 S. Main Street.

This ordinance shall be effective upon receipt of Certificate of No Objection from the Attorney General's office.

Certified copy of the ordinance adopted by the Franklin City Council at its regular meeting held on August 8, 2022.

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Clerk to City Council

### C. City Managers Report

City Manager Amanda Jarratt stated there have been a few things to happen since the report was drafted. There was a community intake session held at 5:30 p.m. today regarding the Laurel Street CDBG project, not sure of the attendance. There will be staff on site every Thursday to answer questions about the process. The City of Franklin is currently undergoing a radio system study with Southampton County that kicked off during COVID. This afternoon, a letter was received from the Franklin Health Department regarding the local medication assistance program. This will be able to assist individuals that are not insured or under insured with getting access to their prescription medication. Lastly, would like to remind everyone to stay vigilant about COVID-19, it is spreading and the latest variant is quite contagious.

### General Updates

- Staff continues to meet with the management team for the Laurel Street project. A community intake session will be held on August 8<sup>th</sup> at 5:30 p.m. at the Martin Luther King Center at 608 Oak Street.
- The audit process for Fiscal Year 2022 is underway.
- Thank you to the staff, vendors, business, community organizations, volunteers, and citizens that made National Night Out such a success.
- The CAO committee has been meeting to discuss the future of the regional interoperability radio system ORIAN and the future of the system. A more detailed discussion and possibly a work session will be scheduled at a later day.
- The City received six responses to the RFP for architectural services for the City of Franklin courthouse. Our work session on August 22<sup>nd</sup> will be focused on this.

### Community Events

- Amnesty Week August 15<sup>th</sup> – 19<sup>th</sup>
- Fall Festival September 30<sup>th</sup> and October 1<sup>st</sup>

**Council/Staff Reports on Boards/Commissions:**

No reports at this time.

**Closed Session:**

No Closed Session held.

**Adjournment**

Councilwoman Wynndolyn Copeland made a motion to adjourn and certify the August 8, 2022 City Council meeting with a second from Councilman Linwood Johnson.

**The motion varied the vote 5-0**

**The vote was as follows:**

<b>Councilman Linwood Johnson</b>	<b>Aye</b>
<b>Councilwoman Wynndolyn Copeland</b>	<b>Aye</b>
<b>Councilman Mark Kitchen</b>	<b>Aye</b>
<b>Vice Mayor Bobby Cutchins</b>	<b>Aye</b>
<b>Mayor Frank Rabil</b>	<b>Aye</b>
<b>Councilman Ray Smith</b>	<b>Absent</b>
<b>Councilman Gregory McLemore</b>	<b>Absent</b>

**Mayor Frank Rabil stated the meeting stands adjourn.**

The August 8, 2022 City Council meeting was adjourned at 7:30 P.M.

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Mayor

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Clerk to City Council



**Constitution Week September 17<sup>th</sup> – 23<sup>rd</sup>  
Proclamation #2022-21**

**WHEREAS**, it is the privilege and duty of the American people to commemorate the two hundred and thirty-fifth anniversary of the drafting of the Constitution of the United States of America with appropriate ceremonies and activities; and

**WHEREAS**, Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17th through 23rd as Constitution Week,

**NOW, THEREFORE I**, Frank Rabil by virtue of the authority vested in me as Mayor of the City of Franklin, Virginia, do hereby proclaim the week of September 17th through 23rd as

**CONSTITUTION WEEK**

and urge all citizens to study the Constitution and reflect on the privilege of being an American with all the rights and responsibilities which that privilege involves.

**IN WITNESS WHEREOF**, I have hereunto set my hand and caused the Seal of Franklin, Virginia to be affixed this 22nd day of August of the year of our Lord two thousand 2022.

\_\_\_\_\_  
Frank Rabil, Mayor  
City of Franklin, Virginia

SEAL Attest \_\_\_\_\_



## BUDGET AMENDMENT 2022-24

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2021-2022 City Budget is hereby amended to reallocate American Rescue Plan revenue to the General Fund and adjust transfers to funds.

		2021-2022 BUDGET	AMENDED BUDGET	INCREASE (DECREASE)
<b>230 COVID 19/ARPA FUND</b>				
<b>REVENUE</b>				
230-3-33010-0600	American Rescue Plan	4,823,696	-	(4,823,696)
				<u>(4,823,696)</u>
<b>EXPENDITURES</b>				
230-4-93100-0105	Transfer to General Fund	3,805,352	-	(3,805,352)
230-4-93100-0106	Transfer to DSS Fund	80,213	-	(80,213)
230-4-93100-0107	Transfer to Water & Sewer Fund	876,530	-	(876,530)
230-4-93100-0108	Transfer to Electric Fund	48,000	-	(48,000)
230-4-93100-0109	Transfer to Solid Waste Fund	8,612	-	(8,612)
230-4-93100-0110	Transfer to Airport Fund	2,153	-	(2,153)
230-4-93100-0111	Transfer to Economic Development	2,836	-	(2,836)
				<u>\$ (4,823,696)</u>
<b>100 GENERAL FUND</b>				
<b>REVENUE</b>				
100-3-41050-0014	Transfer from COVID 19 Fund	\$ 3,805,352	\$ -	\$ (3,805,352)
100-3-33010-0600	American Rescue Plan	-	4,823,696	4,823,696
				<u>\$ 1,018,344</u>
<b>EXPENDITURES</b>				
100-4-93100-9253	Transfers to Social Services	\$ -	\$ 80,213	\$ 80,213
100-4-93100-9270	Transfers to Water & Sewer Fund	-	876,530	876,530
100-4-93100-9271	Transfer to Electric Fund	-	48,000	48,000
100-4-93100-9272	Transfer to Solid Waste Fund	-	8,612	8,612
100-4-93100-9273	Transfer to Airport Fund	-	2,153	2,153
100-4-93100-9280	Transfer to Economic Development	-	2,836	2,836
				<u>\$ 1,018,344</u>
<b>201 DSS FUND</b>				
<b>REVENUE</b>				
201-3-41050-0014	Transfer from COVID 19 Fund	\$ 80,213	\$ -	\$ (80,213)
201-3-41050-0100	Transfers From General Fund	-	80,213	80,213
				<u>\$ -</u>

<b>501 WATER &amp; SEWER FUND</b>			
<b>REVENUE</b>			
501-3-41050-0014	Transfer from COVID 19 Fund	\$ 876,530	\$ - \$ (876,530)
501-3-41050-0100	Transfer From General Fund	-	876,530 876,530
			<u>\$ -</u>
<b>502 SOLID WASTE FUND</b>			
<b>REVENUE</b>			
502-3-41050-0014	Transfer from COVID 19 Fund	\$ 8,612	\$ - \$ (8,612)
502-3-41050-0100	Transfer from General Fund	-	8,612 8,612
			<u>\$ -</u>
<b>504 AIRPORT FUND</b>			
<b>REVENUE</b>			
504-3-41050-0014	Transfer from COVID 19 Fund	\$ 2,153	\$ - \$ (2,153)
504-3-41050-0100	Transfer From General Fund	-	2,153 2,153
			<u>\$ -</u>
<b>505 ELECTRIC FUND</b>			
<b>REVENUE</b>			
505-3-41050-0014	Transfer from COVID 19 Fund	\$ 48,000	\$ - \$ (48,000)
505-3-41050-0100	Transfer from General Fund	-	48,000 48,000
			<u>\$ -</u>
<b>510 ECONOMIC DEVELOPMENT FUND</b>			
<b>REVENUE</b>			
510-3-41050-0014	Transfer from COVID 19 Fund	\$ 2,836	\$ - \$ (2,836)
510-3-41050-0101	Transfer from General Fund	-	2,836 2,836
			<u>\$ -</u>

*Certified copy of resolution adopted by Franklin City Council.*

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*Clerk to the City Council*

## BUDGET AMENDMENT 2023-3

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2022-2023 City Budget is hereby amended to:

1. reallocate American Rescue Plan revenue to the General Fund and adjust transfers to funds;
2. recognize grant revenue from Byrne/Justice Assistance Grant Program for the Franklin Police Department and to appropriate such revenue for new use; and
3. recognize revenues from Franklin Southampton Charities and to appropriate such revenue for new uses.

		2022-2023 BUDGET	AMENDED BUDGET	INCREASE (DECREASE)
<b>#1</b>				
<b>100 GENERAL FUND</b>				
<b>REVENUE</b>				
100-3-41050-0100	Use of Restricted Fund Balance	\$ 2,511,137	\$ 2,803,935	\$ 292,798
100-3-33010-0600	American Rescue Plan Act Revenue	-	645,000	645,000
				<u>\$ 937,798</u>
<b>EXPENDITURES</b>				
100-4-93100-9270	Transfers to Water & Sewer Fund	\$ -	\$ 912,798	\$ 912,798
100-4-93100-9271	Transfers to Electric Fund	-	25,000	25,000
				<u>\$ 937,798</u>
<b>501 WATER &amp; SEWER FUND</b>				
<b>REVENUE</b>				
501-3-41050-0300	Use of Unrestricted Net Position	\$ 267,798	\$ -	\$ (267,798)
501-3-33010-0600	American Rescue Plan Act Revenue	645,000	-	(645,000)
501-3-41050-0100	Transfer From General Fund	-	912,798	912,798
				<u>\$ -</u>
<b>505 ELECTRIC FUND</b>				
<b>REVENUE</b>				
505-3-41050-0060	Use of Unrestricted Net Position	\$ -	\$ (25,000)	\$ (25,000)
505-3-41050-0100	Transfer From General Fund	-	25,000	25,000
				<u>\$ -</u>
<b>#2</b>				
<b>100 GENERAL FUND</b>				
<b>REVENUE</b>				
100-3-33010-0012	Justice Asst Grant Police	\$ 5,227	\$ 18,295	\$ 13,068
				<u>\$ 13,068</u>
<b>EXPENDITURES</b>				
100-4-31100-6009	Vehicle Supplies	\$ 15,000	\$ 19,187	\$ 4,187
100-4-31100-6010	Police Supplies	46,000	50,781	4,781
100-4-31100-8102	Office Furniture & Equipment	6,500	10,600	4,100
				<u>\$ 13,068</u>

#3

220 FOUNDATION GRANT FUND

REVENUE

220-3-18990-3001	Franklin/Southampton Charities	\$	-	\$	10,000	\$	10,000
						\$	<u>10,000</u>

EXPENDITURES

220-4-32100-8117	Fire Prevention - Other Grants	\$	36,904	\$	41,904	\$	5,000
220-4-91450-4009	Hunterdale Volunteer Fire Dept	\$	15,000		20,000		<u>5,000</u>
						\$	<u>10,000</u>

*Certified copy of resolution adopted by Franklin City Council.*

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*Clerk to the City Council*

# Franklin Southampton Charities

Post Office Box 276 • 403½ North Main Street • Franklin, Virginia 23851  
Phone: 757/569-1611 • Fax: 757/569-1615 • email: fsc@franklinsouthamptoncharities.com

July 20, 2022

Ms. Amanda C. Jarratt  
City Manager  
City of Franklin  
P. O. Box 179  
Franklin, VA 23851

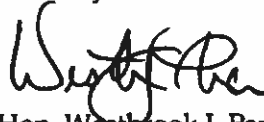
Dear Amanda:

I am pleased to enclose a grant check in the amount of \$10,000, to be distributed to each of the 2 Fire and Rescue Units as follows. The Board of Directors of Franklin Southampton Charities is happy to be able to support this worthy program.

Franklin Fire Department	\$5,000
Hunterdale Fire Department	\$5,000

Please remember that we ask for a report on the usage of these funds prior to April 1 of next year. If you have any questions, please do not hesitate to contact our office.

Sincerely,



Hon. Westbrook J. Parker  
Chair, Grants Committee

Enclosures



*Office of the City Manager  
Amanda C. Jarratt*

August 16, 2022

To: Franklin City Council

From: Amanda C. Jarratt, City Manager

Reference: Public Hearing Interim Financing

**Background Information**

Franklin City Council must conduct a public hearing concerning the intention of the City Council to propose for passage a resolution or ordinance authorizing the issuance of one or more series of new money general obligation bonds or notes of the City in the estimated maximum amount of \$4,000,000. The proposed uses for which more than 10% of the total bonds or note proceeds are expected to be used is for the interim financing of roof renovations to City of Franklin Public Schools buildings and interim financing for costs of other capital needs of the City to include the construction of a recreational facility and renovations to the City of Franklin courthouse.

**Needed Action**

Conduct the public hearing for interim financing and consider adoption of the official resolution allowing staff to work with Davenport to proceed with interim financing.

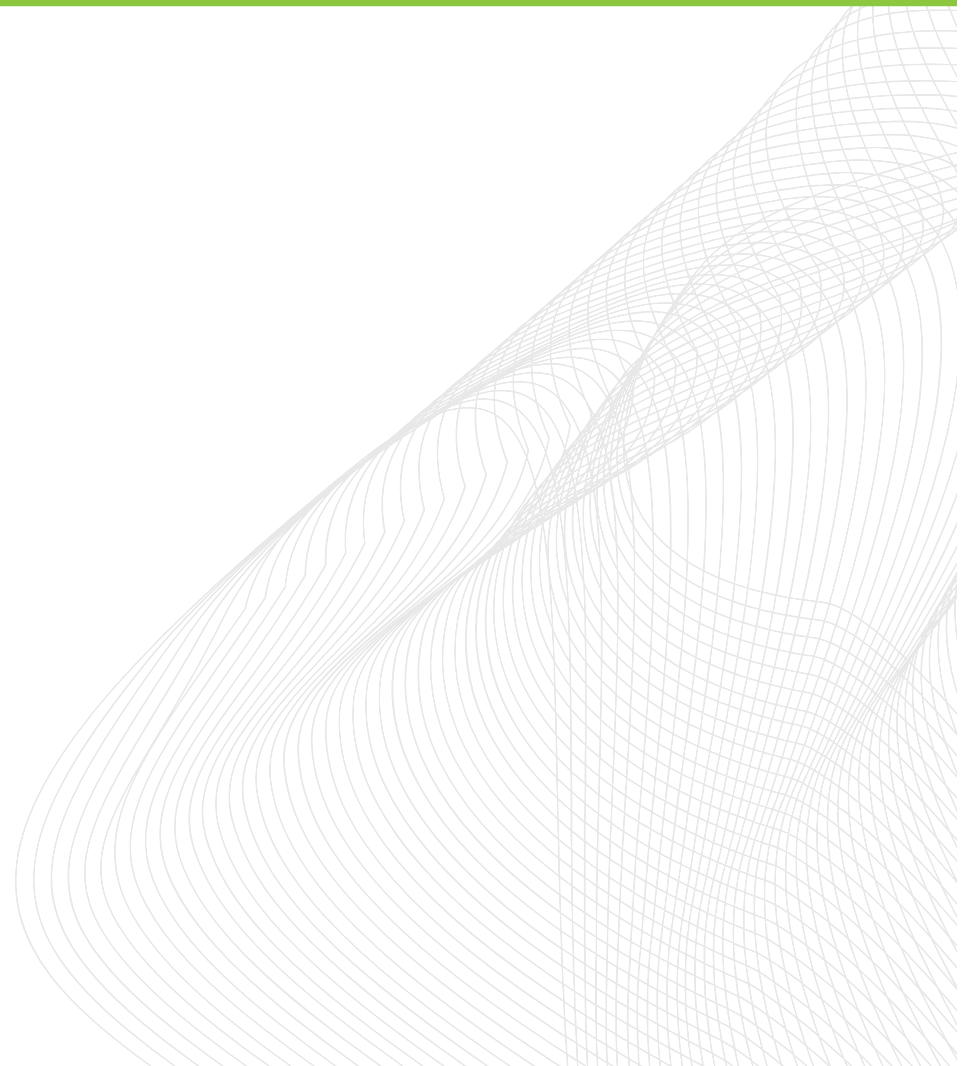


# City of Franklin, Virginia

RFP Results Presentation



August 22, 2022



# Overview



- Davenport & Company LLC (“Davenport”), in our capacity as Financial Advisor to the City of Franklin (the “City”), regularly assists the City with capital planning, financial analysis and borrowings for New Money projects, among other services.
- The City is in the process of funding two School Roof Replacements (the “School Roof Projects”) in the amount of approximately \$1.86 million (Davenport assumed \$2 million for planning purposes) as well as approximately \$2 million for Other Identified Capital Projects that vary in terms of priority.
- In order to secure funding for the project, Davenport distributed a Request for Proposals (“RFP”) to local, regional, and national lending institutions on behalf of the City for purpose of obtaining interim, interest-only, financing as evidenced by the City’s 2022 Bond Anticipation Note (the “2022 Note”).
  - The City intends to permanently finance the 2022 Note with proceeds from a future Literary Loan Program borrowing, and other City issued bond funding.
- In the RFP, Davenport requested that bidders provide proposals for a borrowing structured as either of the options listed below:
  - A Drawdown Line of Credit (Money Borrowed as Needed); and,
  - All Proceeds Drawn at Closing (Money is Borrowed All Up Front).
- On Friday, August 12, 2022 Davenport received 10 proposals for the 2022 Note which have been summarized herein.



# Interest Rate Trends (2 Year & 5 Year)



### 2-Year United States Treasury Rates (Since 1980)



### 5-Year United States Treasury Rates (Since 1980)



# Summary of Bids Received



City of Franklin Series 2022 Bond Anticipation Note Summary of Fixed Rates Received		
Bank	Drawdown Rate	All Proceeds Rate
<b>Powell Valley National Bank</b>	<b>2.880%</b>	<b>2.800%</b>
Webster Bank	N/A	2.960%
Chase Bank <sup>(1)</sup>	N/A	3.010%
Zions Bank	3.11% + 0.40% on Undrawn Funds	3.110%
Truist	3.170-3.370% <sup>(2)</sup>	N/A
M&T Bank	N/A	3.230%
First Internet Bank	N/A	3.290%
Key Bank	N/A	3.306%
Huntington	N/A	3.470%
KS State Bank	3.910%	3.910%

City of Franklin Series 2022 Bond Anticipation Note Summary of Variable Rates Received		
Bank	Drawdown Rate	All Proceeds Rate
<b>Truist</b>	<b>79% of (1 Month Term SOFR + 0.30%) 2.04% as of 8/15/2022</b>	<b>N/A</b>
M&T Bank	78% of (1 Month Term SOFR + 0.69%) 2.23% as of 8/15/2022	N/A
Huntington	79% of (1 Month Term SOFR + 1.65%) 3.10% as of 8/15/2022	N/A

***Powell Valley National Bank and Truist provided the lowest fixed and variable rate respectively.***

1) Proposed an indicative interest rate which is subject to change based on market movement until formal proposal acceptance.  
2) Rate subject to change based on desired prepayment provision.

# Summary of Top Fixed Rate Proposal



Powell Valley National Bank	
Series 2022 Note	
Amount:	Up to \$4,000,000
Fixed Rate:	2.88%
Structure:	Drawdown
Prepayment:	Prepayable in whole at any time with no penalty.
Security Type:	General Obligation
Fully Credit Approved?	Yes
Rate Expiration	September 15, 2022
Additional Costs	\$0

# Summary of Top Variable Rate Proposal



Truist	
Series 2022 Note	
Amount:	Up to \$4,000,000
Variable Rate Formula:	79% of (1 Month Term SOFR + 0.30%) 2.05% as of 8/15/2022
Structure:	Drawdown
Prepayment:	Prepayable in whole at any time with no penalty.
Security Type:	General Obligation
Fully Credit Approved?	Subject to formal approval.
Rate Expiration	August 29, 2022
Additional Costs	\$10,000 for Lender Counsel

# Recommendation & Rationale

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- In the event that the City wishes to move forward with the 2022 Note, Davenport’s recommended proposal is the 2.88% fixed-rate Drawdown Line of Credit option from Powell Valley National Bank. This recommendation is based upon the following.
  - The 2.88% proposal from Powell Valley National Bank was the lowest fixed-rate received for the Drawdown Line of Credit option (Note: The capital planning for the 2022 Note assumed a 3% rate);
  - Funds can be drawn as needed;
  - Allows for prepayment anytime with no penalty prior to final maturity;
  - The interest rate is fixed through final maturity (i.e. no risk associated with future market interest rate increases);
  - The interest rate is fixed between now and closing;
  - The proposal is in-hand and credit is fully approved; and,
  - There are no additional bank costs associated with closing.

# Next Steps



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Date	Task
July 22 <sup>nd</sup>	✓ Davenport distributes Request for Proposals for the Interim Financing to local, regional and national banking institutions.
August 12 <sup>th</sup>	✓ RFP responses due back to Davenport for Interim Financing
August 22 <sup>nd</sup>	<u>City Council Meeting</u> <ul style="list-style-type: none"><li>▪ City holds Public Hearing for Interim Financing.</li><li>▪ Davenport presents Interim Financing RFP results/recommendation to City Council.</li><li>▪ City Council considers approval of the Interim Financing and the winning bidder(s).</li></ul>
September 12 <sup>th</sup>	Close on Interim Financing.

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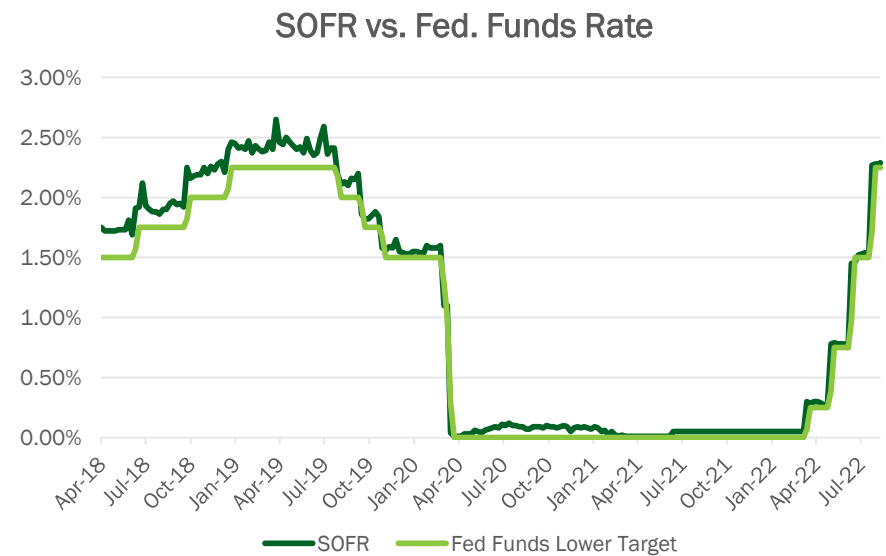
# Appendix

# Variable Rate Mechanics

## Pertains to Truist Bid – Not PVNB



- The interest rate for each of the variable rate proposals is calculated monthly based upon the 1-Month Term Secured Overnight Financing Rate (“SOFR”).
  - As of 8/15 this rate is 2.29%.
- Historically, SOFR tracks very closely with the lower bound of the Federal Funds Target Rate which is determined by the Federal Open Market Committee (the “FOMC”).
  - At each of the last four meetings the FOMC has raised the target Federal Funds Rate; and,
  - The FOMC is projected to continue to raise rates for the next four to five meetings.
- There is no way to know with certainty the future SOFR/Fed Funds Rate. Davenport utilized an estimate of future Fed Funds Rates provided by Bloomberg. However, the actual trend of future rates may vary substantially from these estimates.





# Projected Debt Service Comparison



Projected Draw Schedule		Projected Debt Service Comparison			
Month	Total Funds Drawn	Powell Valley National Bank		Truist	
		Interest Rate	Interest Accrued	Interest Rate <sup>(1)</sup>	Interest Accrued <sup>(2)</sup>
Sep-22	2,100,000	2.88%	\$ -	2.05%	\$ -
Oct-22	2,100,000	2.88%	3,192	2.54%	2,277
Nov-22	2,100,000	2.88%	5,040	2.54%	4,450
Dec-22	2,100,000	2.88%	5,040	2.83%	4,450
Jan-23	2,100,000	2.88%	5,040	2.99%	4,959
Feb-23	2,100,000	2.88%	5,040	3.07%	5,234
Mar-23	2,100,000	2.88%	5,040	3.07%	5,367
Apr-23	2,100,000	2.88%	5,040	3.10%	5,367
May-23	2,100,000	2.88%	5,040	3.10%	5,428
Jun-23	2,100,000	2.88%	5,040	3.10%	5,428
Jul-23	2,246,154	2.88%	5,040	3.10%	5,428
Aug-23	2,392,308	2.88%	5,391	3.10%	5,805
Sep-23	2,538,462	2.88%	5,742	3.10%	6,183
Oct-23	2,684,615	2.88%	6,092	3.10%	6,561
Nov-23	2,830,769	2.88%	6,443	3.10%	6,939
Dec-23	2,976,923	2.88%	6,794	3.10%	7,316
Jan-24	3,123,077	2.88%	7,145	3.10%	7,694
Feb-24	3,269,231	2.88%	7,495	3.10%	8,072
Mar-24	3,415,385	2.88%	7,846	3.10%	8,450
Apr-24	3,561,538	2.88%	8,197	3.10%	8,827
May-24	3,707,692	2.88%	8,548	3.10%	9,205
Jun-24	3,853,846	2.88%	8,898	3.10%	9,583
Jul-24	4,000,000	2.88%	9,249	3.10%	9,961
Aug-24	4,000,000	2.88%	9,600	3.10%	10,338
Sep-24	4,000,000	2.88%	9,600	3.10%	10,338
Oct-24	4,000,000	2.88%	9,600	3.10%	10,338
Nov-24	4,000,000	2.88%	9,600	3.10%	10,338
Dec-24	4,000,000	2.88%	9,600	3.10%	10,338
Jan-25	4,000,000	2.88%	9,600	3.10%	10,338
Jan-25	4,000,000	2.88%	4,480	3.10%	4,825
<b>Total</b>	<b>4,000,000</b>		<b>\$ 198,472</b>		<b>\$ 209,839</b>

1) Based upon Truist proposal and forecast of the Fed Funds Rate through March 2023 from Bloomberg.

2) Cost of Truist bid would also include a \$10,000 bank fee and may include an additional \$30,000 fee for a rate cap at 3.25% if desired by the City.


# Detailed Summary of Proposals – Variable Rate



Variable Rate Proposals - City of Franklin, Virginia G.O. Note, Series 2022			
	Truist	Huntington	M&T Bank
Par Amount	Up to \$4 million	Up to \$4 million	Up to \$4 million
Variable Rate Formula	79% of (1 Month Term SOFR + 0.30%)	79% of (1 Month Term SOFR + 1.65%)	78% of (1 Month Term SOFR + 0.69%)
Variable Rate	2.04% <sup>(1)</sup> (BQ)	3.13% <sup>(1)</sup> (BQ)	2.32% <sup>(1)</sup> (BQ)
Drawdown Structure	Drawdown Line of Credit	Drawdown Line of Credit	Drawdown Line of Credit
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Date	1/15/2025	1/15/2025	1/15/2025
Prepayment Provisions	Prepayable at any time.	Subject to optional redemption on or after 9/12/2023 in whole or in part upon 30 days prior written notice.	Prepayable in whole or in part at any time.
Prepayment Penalty	None	None	None
Lender's Counsel	Williams Mullen	Taft Stettinius & Hollister	Not Specified
Bank Fees	\$10,000	None	\$2,500
Proposal Expiration	8/29/2022	If written acceptance has not been received by Huntington by 8/23/2022 and closing date has not occurred by 9/12/2022.	8/30/2022
Interest Rate Expiration	N/A	9/12/2023	8/30/2022
Credit Approval Status	Subject to formal credit approval.	Subject to formal credit approval.	Subject to formal credit approval.
Other Considerations	<ul style="list-style-type: none"> <li>- The Line may be drawn down as needed, with draws limited to no more than two (2) per month with a minimum draw of \$100,000 after the initial draw.</li> <li>- Accrual basis will be 30 / 360</li> <li>- "SOFR" with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.</li> <li>- Lender is willing to include a provision to allow the Borrower to term out a portion of the funded Series 2022 Bond on any Business Day prior to the Maturity Date at a fixed rate, with term, rate, etc. to be negotiated upon request.</li> </ul>	<ul style="list-style-type: none"> <li>- If (a) Huntington determines that the One Month SOFR cannot be determined pursuant to the definition thereof, (b) such rate is not available at such time for any reason, or (c) the Huntington makes the determination to incorporate or adopt a new interest rate to replace the One Month SOFR in credit agreements, then Huntington may replace the One Month SOFR with an alternate interest rate and adjustment, if applicable, as reasonably selected by Huntington and the Issuer, giving due consideration to any evolving or then existing conventions for such interest rate and adjustment (any such successor interest rate, as adjusted, the "Successor Rate"); provided, that neither party may unreasonably withhold their consent to such Successor Rate.</li> </ul>	<ul style="list-style-type: none"> <li>- The Borrower shall agree to maintain an operating depository account with M&amp;T while the Note is outstanding.</li> </ul>
Notes	1) Reflects variable rate based on a SOFR rate of 2.28%.	1) Reflects variable rate based on SOFR rate (as of 8/11/2022) of 2.31%.	1) Reflects variable rate based on SOFR rate (as of 8/12/2022) of 2.32%.

# Detailed Summary of Proposals – Fixed Rate



Fixed Rate Proposals - City of Franklin, Virginia G.O. Note, Series 2022		
	Powell Valley National Bank - Option 1	Powell Valley National Bank - Option 2
		
Par Amount	Up to \$4 million	
Interest Rate (Fixed)	2.88% (BQ)	2.80% (BQ)
Drawdown Structure	Drawdown Line of Credit	All Proceeds Drawn at Closing
Tax Status	Tax-Exempt	
Maturity Date	1/15/2025	
Prepayment Provisions	Prepayable in whole or in part at any time.	
Prepayment Penalty	None	
Lender's Counsel	None	
Bank Fees	None	
Proposal Expiration	9/15/2022	
Interest Rate Expiration	9/15/2022	
Credit Approval Status	Fully Credit Approved	
Other Considerations	- Annually, or so long as Note is outstanding, the City would be required to provide annual audited financial statements.	
Notes		

# Detailed Summary of Proposals – Fixed Rate (cont.)



Fixed Rate Proposals - City of Franklin, Virginia G.O. Note, Series 2022				
	Truist - Option 2A	Truist - Option 2B	M&T Bank	First Internet Bank
Par Amount	Up to \$4 million		Up to \$4 million	Up to \$4 million
Interest Rate (Fixed)	3.170%	3.370%	3.23% (BQ)	3.290% (BQ)
Drawdown Structure	Drawdown Line of Credit		All Proceeds Drawn at Closing	All Proceeds Drawn at Closing
Tax Status	Tax-Exempt		Tax-Exempt	Tax-Exempt
Maturity Date	1/15/2025		1/15/2025	1/15/2025
Prepayment Provisions	Standard break-funding terms.	Prepayable at any time.	Prepayable at any time.	Prepayable at any time.
Prepayment Penalty	Make Whole Call	None	None	None
Lender's Counsel	Williams Mullen		Not specified.	Bose McKinney & Evans LLP
Bank Fees	\$10,000		Not to Exceed \$2,500	\$3,500
Proposal Expiration	8/29/2022		8/30/2022	9/12/2022
Interest Rate Expiration	9/12/2022		8/30/2022	9/12/2022
Credit Approval Status	Subject to formal credit approval.		Subject to formal credit approval.	Not Specified
Other Considerations	- Minimum initial draw of \$2,000,000 with subsequent minimum draws of \$100,000 as needed by the City (no more than 2 per month).		- The Borrower shall agree to maintain an operating depository account with M&T while the Note is outstanding.  - Must provide Annual Budget within 60 days of adoption and audited annual financial reports within 180 days from the close of the calendar year.	- Agrees to provide audited financial statements annually by December 31st (or within 60 days of receipt of audited financial reports), as well as a schedule of historical assessed valuation of the City and a list of top-ten taxpayers.
Notes				




# Detailed Summary of Proposals – Fixed Rate (cont.)



Fixed Rate Proposals - City of Franklin, Virginia G.O. Note, Series 2022				
	Webster Bank	JPMorgan Chase Bank	Zions Bank - Option 1	Zions Bank - Option 2
Par Amount	Up to \$4 million	Up to \$4 million	Up to \$4 million	
Interest Rate (Fixed)	2.960% (BQ/NBQ)	3.010% <sup>(1)</sup> (BQ)	3.110%	
Drawdown Structure	All proceeds drawn at closing	All Proceeds Drawn at Closing	Drawdown Line of Credit	All Proceeds Drawn at Closing
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt	
Maturity Date	1/15/2025	1/15/2025	1/15/2025	
Prepayment Provisions	Callable after 7/15/2024	Not subject to prepayment.	In whole or part at any time with 30 days' notice.	
Prepayment Penalty	None	N/A	None	
Lender's Counsel	Gilmore & Bell	McGuireWoods LLP	In-house Counsel	
Bank Fees	None	\$5,000	None	
Proposal Expiration	8/23/2022	45 days after receipt of signed term sheet.	9/12/2022	9/12/2022
Interest Rate Expiration	9/23/2022	Interest rate will remain indicative until signed acceptance is received by Lender.	9/12/2022	9/12/2022
Credit Approval Status	Subject to formal credit approval.	Fully Credit Approved.	Subject to formal credit approval.	
Other Considerations	- 30 days' notice must be given before optional prepayment.		- 0.40% charge on undrawn funds billed semi-annually with semi-annual interest payments - Minimum draw of \$200,000. - Maximum draw of one per month. - Draw request to be made by authorized agent of the City. - Audited financials to be provided within 270 days of fiscal year end.	- Audited financials to be provided within 270 days of fiscal year end.
Notes		1) Represents an indicative interest rate. Prior to receipt of signed acceptance the interest rate may increase if the Bank's cost of funds increases.		

# Detailed Summary of Proposals – Fixed Rate (cont.)



Fixed Rate Proposals - City of Franklin, Virginia G.O. Note, Series 2022			
	Key Government Finance	Huntington	KS State Bank
			
Par Amount	Up to \$4 million	Up to \$4 million	Up to \$4 million
Interest Rate (Fixed)	3.306% (BQ/NBQ)	3.470% (BQ)	3.910%
Drawdown Structure	All Proceeds Drawn at Closing	All Proceeds Drawn at Closing	Drawdown Line of Credit
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt
Maturity Date	1/15/2025	1/15/2025	1/15/2025
Prepayment Provisions	Prepayable in whole at any time. Partial prepayment may be available upon request.	Subject to optional redemption on or after 9/12/2023 in whole or in part upon 30 days prior written notice.	Prepayable at any time.
Prepayment Penalty	None	None	None
Lender's Counsel	Kutak Rock LLP	Taft Stettinius & Hollister	None listed
Bank Fees	None	None	\$15,000
Proposal Expiration	9/12/2022	8/23/2022	9/12/2022
Interest Rate Expiration	8/19/2022	9/12/2022	9/12/2022
Credit Approval Status	Subject to formal approval.	Subject to formal credit approval.	Subject to formal credit approval.
Other Considerations	- Audited financials to be provided within 270 days of fiscal year end and any other financial reports as Lender may reasonably request.		
Notes			



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Version 01/13/2014 AA/SG/KL/DR



**CITY OF FRANKLIN, VIRGINIA**  
**\$4,000,000 GENERAL OBLIGATION LINE OF CREDIT NOTE,**  
**SERIES 2022**

**NOTE PURCHASE AGREEMENT**

Dated as of September 1, 2022

City Council of the City of Franklin  
Franklin, Virginia

Ladies and Gentlemen:

Powell Valley National Bank (**the "Lender"**), hereby offers to enter into this Note Purchase Agreement with the City of Franklin, Virginia (**the "City"**) as evidence of the Lender's loan (**the "Loan"**) through the purchase by the Lender and sale by the City of its up to \$4,000,000 General Obligation Line of Credit Note, Series 2022 (**the "Note"**), dated as of the date of its issuance, and bearing interest from its date of issuance at the rate of 2.88% per annum as set forth in the Note, with interest payable semiannually on each January 15 and July 15, beginning January 15, 2023, and principal, plus accrued but unpaid interest and all other fees and charges payable in full on or before January 15, 2025 (**the "Maturity Date"**) unless an Event of Default (defined below) has occurred in which case the Lender will have the rights and remedies set forth below and in the Note, all as further set forth below and in the Note. The proceeds of the Note will be utilized to (a) provide interim financing for roof projects at City Schools (**the "School Roof Projects"**) and other general fund capital projects for the City (**the "City Capital Projects," together with the School Roof Projects, the "Projects"**), as described in an authorizing resolution of the City Council of the City (**the "City Council"**), adopted on August 22, 2022 (**the "Resolution"**) and (b) to pay certain costs and expenses incurred in connection with the issuance of the Note.

**Section 1. TERMS AND CONDITIONS**

On the terms and conditions and on the basis of the representations set forth herein, the Lender hereby agrees to make the Loan to the City as evidenced by its purchase from the City of the Note, and the City hereby agrees to sell to the Lender, the Note at the purchase price of 100% of the aggregate principal amount of such Note (**the "Purchase Price"**) on the date of Closing referred to in Section 3 hereof. The Note shall be as described in, and shall have the terms and conditions, including but not limited to, the payment dates for principal and interest and redemption or prepayment provisions, set forth in the form of Note attached as **Exhibit A** hereto and incorporated by this reference. The Note shall be issued under and pursuant to the Resolution approving the form of Note and shall be a general obligation of the City. The Note and the Resolution and all other documents providing for the issuance of and security for the Note shall be in the form heretofore delivered to us, with only such changes as shall be mutually agreeable to the Lender and the City.

**Section 2. REPRESENTATIONS AND WARRANTIES OF THE CITY.**

The City represents, warrants and agrees with the Lender that, subject to the conditions precedent stated herein:

- (a) the City is, and will be at Closing (as defined below), a municipal corporation and political subdivision duly created and existing under the Commonwealth of Virginia, and has the power and authority (1) to issue, sell and deliver the Note to the Lender as provided herein and (2) to consummate all transactions contemplated by, and perform its obligations under, this Note Purchase Agreement, the Note, the Resolution and the City's Tax and Non-Arbitrage Certificate (2022 Note), dated as of the date of the Closing, and the City's Compliance Certificate, dated as of September 1, 2022 (**together with the Tax and Non-Arbitrage Certificate (2022 Note) hereinafter referred to as the "Compliance Certificate"**) or such other date as the Closing may occur,
- (b) when delivered to, and paid for by, the Lender at the Closing in accordance with the provisions of this Note Purchase Agreement and the Resolution, the Note will have been duly authorized, executed, issued and delivered and will constitute a legal, valid and binding general obligation of the City and entitled to the benefit and security of the terms and conditions set forth in the Resolution;
- (c) the adoption and the execution and delivery of the Resolution, this Note Purchase Agreement, the Note and the Compliance Certificate (**collectively, the "Documents"**) and compliance with the provisions thereof, under the circumstances contemplated hereby and thereby, will not (1) violate the Constitution or laws of the Commonwealth of Virginia, including, without limitation, the charter of the City, Chapter 155 of the 1962 Acts of Assembly, as amended (**the "Charter"**), the Virginia Public Finance Act, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended (**the "Act"**) or any other existing law, rule, regulation, order, writ, judgment, injunction, decree, or determination of any court, regulatory agency or other governmental unit by which the City is bound, or (2) conflict with, result in a breach of, or constitute a default under, any existing resolution, ordinance, indenture of trust or mortgage, loan or credit agreement, or any other existing agreement or instrument to which the City is a party or by which the City may be bound;
- (d) as of the Closing, the City Council will have duly authorized the execution and delivery, and approved the performance by the City, of its obligations contained in the Documents;
- (e) prior to the Closing, all approvals, consents and orders, if any, of any governmental authority, board, agency or commission having jurisdiction over the City which would constitute a condition precedent to the performance by the City of its obligations hereunder and under the Note and the other Documents will have been obtained;

- (f) no suit, action, proceeding or investigation is pending nor, to the knowledge of the City, threatened against or affecting any of the City's properties, or against or affecting the City, before any court or governmental department, commission, board, bureau, agency or instrumentality which involves or would materially affect any of the transactions contemplated hereby or by the other Documents, or which, if determined adversely, could have a material adverse effect on (i) the organization or existence of the City, (ii) the execution and delivery by the City of the Documents, (iii) the performance by the City of its obligations under the Documents, (iv) the validity or enforceability of the Documents or the transactions contemplated thereby, (v) the title or authority of any City officials executing the Documents or other documents relating to the transactions contemplated thereby, (vi) any authority or proceeding relating to the execution and delivery of the Documents on behalf of the City or, (vii) any authority of the City to perform the City's obligations under the Resolution;
- (g) no set of facts exists that, either immediately upon execution and delivery of any of the Documents or with the passage of time or giving of notice, or both, thereafter, would cause or lead to a default or an Event of Default under any of such Documents;
- (h) as of the Closing, the City will have complied with all the agreements and satisfied all the conditions on its part required to be performed or satisfied at or prior to the Closing other than those specified hereunder which have been waived by the Lender;
- (i) the representations and agreements of the City in the Documents will be true and correct in all material respects as of the Closing and as of the date of each Advance (defined below).

### **Section 3. CLOSING**

At 1:00 p.m., Franklin, Virginia time, on September \_\_, 2022, or at such other time or date as the City and the Lender shall mutually agree upon, the City will deliver or cause to be delivered to the Lender or such other place as the City and the Lender may mutually agree upon, (i) the Note in registered form, duly executed by the City, and (ii) the other Documents duly executed by the City and all other necessary parties. Concurrently with the notification to the Lender that delivery of the Note has been made (**the "Closing"**), the Lender will accept such delivery and will apply a portion of the net proceeds received from the proceeds of the sale of the Note, less costs of issuance of the Note, as described in a Closing Memorandum to be prepared by the City's Financial Advisor, Davenport & Company LLC ("**Davenport**") as approved by the City Manager and executed by the City (the "Closing Memo").

### **Section 4. CONDITIONS PRECEDENT TO CLOSING**

The Lender has entered into this Note Purchase Agreement in reliance on the City's representations and agreements herein and the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Lender's obligations

under this Note Purchase Agreement, including without limitation the obligation of the Lender to make the initial or any subsequent Advance, are and shall be subject to the following further conditions:

- (a) at the time of Closing, the Documents, including the Note, shall have been duly adopted or executed and delivered by the parties thereto and shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Lender, and the City shall have duly adopted and there shall be in full force and effect such ordinances or resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and thereby;
- (b) all legal and corporate matters incident to the Advances shall be satisfactory to Lender or counsel for the Lender;
- (c) all representations and warranties contained in the Documents shall be true and correct as of the date of each Advance;
- (d) no change shall have occurred in any law or regulations thereunder or interpretations thereof which in the opinion of counsel for the Lender would make it illegal for the Lender to make any Advance;
- (e) no event shall have occurred and be continuing which constitutes an Event of Default, or which would constitute in Event of Default but for the requirement that notice be given or that a period of time elapse, or both; and
- (f) at the Closing, the Lender shall receive the following documents:
  - (1) the Note, duly executed by the City;
  - (2) (A) the approving opinion, dated the date of Closing, of Bond Counsel and (B) the opinion of Sands Anderson PC, as City Attorney, each in substantially the form attached hereto as **Exhibit B and C** respectively, with such modifications in the opinions as Bond Counsel and the Lender shall approve; and
  - (3) executed counterparts of all Documents and such additional legal opinions, certificates, proceedings, instruments, and other documents, as the Lender or Bond Counsel may reasonably request to evidence (A) compliance by the City with legal requirements relating to the issuance of the Note, or the representations set forth in the Compliance Certificate, (B) the truth and accuracy, as of the date of Closing, of all representations herein contained, and (C) the due performance or satisfaction by the City at or prior to such date of all agreements then to be performed and all conditions then to be satisfied as contemplated under this Note Purchase Agreement.

If the City shall be unable to satisfy the conditions to the Lender's obligations contained in this Note Purchase Agreement or if the City or the Lender's obligations shall be terminated for any reason permitted by this Note Purchase Agreement, or if for any reason the Closing does not

occur by September \_\_, 2022, this Note Purchase Agreement shall terminate, and neither the City nor the Lender shall have any further obligations hereunder, except that (i) the representations and warranties of the City set forth in Section 2 herein (as of the date made) will continue in full force and effect and (ii) the obligations of the City to pay the expenses and costs set forth in Section 6 shall continue.

**Section 5. DISBURSEMENTS OF NOTE PROCEEDS**

The Note evidences a non-revolving draw-down Loan from the Lender to the City, and once an advance of the proceeds of the Note (hereinafter referred to as **an “Advance” or as “Advances”**) has been made it cannot be re-paid and then re-borrowed. An Advance shall be paid at Closing as directed by the City as set forth in the Closing Memo. Advances of proceeds of the Note may be requisitioned by the City, up to the principal amount of the Note of \$4,000,000, no more than [twice] monthly, upon delivery to the Lender of the following:

(a) A requisition, signed by the Mayor or City Manager, or such other representative of the City designated in writing by the Mayor (**the “Authorized City Representative”**), as agent for the City, stating:

(1) the amount to be advanced to the City; and

(2) at the date of such certificate, no Event of Default has occurred which has not been cured or waived, no Event of Default will exist after giving effect to payment of the advance requested in the requisition, and no event exists which, with notice or lapse of time or both regardless of payment of such requisition, would constitute an Event of Default; and

(3) there has been received no written notice of any lien, right to lien or attachment on, or claim affecting the right of the City to receive payment of, any of the moneys payable under such requisition.

Upon receipt of the foregoing, the Lender shall make payment or cause payment to be made from the proceeds of the Note and mark the draw of the principal portion thereunder in accordance with such requisition. The Lender shall be entitled to rely, without inquiry, on the information contained in each such requisition.

**Section 6. EXPENSES AND COSTS**

The expenses and costs of the City incident to the issuance of the Note, including the fees and expenses of Bond Counsel and Davenport and the fees and expenses of the City Attorney, shall be paid by the City.

**Section 7. NOTIFICATION OF INTEREST PAYMENTS; PREPAYMENT OF NOTE**

The Lender agrees to provide the City notice in writing of the interest payment due on each respective interest payment date on the Note not less than ten (10) days before each such respective interest payment is due

The Note is subject to prepayment or redemption prior to maturity at the option of the City at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Note to be redeemed, plus interest accrued to the redemption date upon not less than 15 days' notice thereof to the Lender.

**Section 8. REPRESENTATION OF LENDER**

The Lender represents and warrants to the City that the purchase of the Note is for its individual account and for the accounts of the Lender's corporate affiliates and related banking entities only and not for distribution to other purchasers thereof. The Lender is authorized to do business in the Commonwealth of Virginia.

**Section 9. EVENTS OF DEFAULT**

The occurrence of any one or more of the following events shall constitute an event of default under this Note Purchase Agreement and under the Note (**each an "Event of Default"**) if such Event of Default has not been cured before the expiration of ten (10) days after the Lender has notified the City in writing of the existence of the Event of Default:

- (a) If the City fails to pay when due, whether by acceleration or otherwise, any amount owed under the Note.
- (b) If any one or more of the representations or warranties made by the City in any of the Documents, or hereafter made by the City in any written statement or document furnished to the Lender, is false, incomplete, inaccurate or misleading in any material respect.
- (c) If the City breaches or is in default in the due observance or performance of any covenant, condition or agreement made in in any of the Documents.
- (d) If any report, certificate, financial statement or other instrument furnished to the Lender by or on behalf of the City is false, inaccurate or misleading in any material respect.
- (e) If the City (1) applies for or consents to the appointment of a receiver, trustee or liquidator of the City or any of its properties or assets; (2) admit in writing its inability to pay its debts as they mature; (3) make an assignment for the benefit of creditors; or (4) files or has filed against it a petition in bankruptcy under any federal, state or local insolvency law.

**Section 10. RIGHTS ON EVENT OF DEFAULT**

At any time that an Event of Default continues to exist after the expiration of any applicable cure period, and without further notice, the Lender, at its option, may take any one or more of the following actions, at the same time or at different times:

- (a) accelerate payment of the Note and all other obligations of the City due hereunder;
- (b) terminate the Lender's commitment to make any further Advances;
- (c) file such actions at law or suits in equity against the City as the Lender in its sole discretion deems appropriate;
- (d) exercise any and all rights on default or otherwise given to the Lender under the provisions of this Agreement, the Note, or any other agreement between the City and the Lender; and
- (e) require the interest on the Note to increase to the stated Interest Rate plus 3.00% (the "**Default Rate**"), unless otherwise required by law, until paid in full.

The remedies provided in this Agreement, the Note and any other Documents are cumulative and not exclusive of any other remedies available under applicable law.

**Section 11. NOTICES**

Any notice or other communication to be given to the parties under this Note Purchase Agreement shall be in writing and shall be deemed delivered when delivered in person or three (3) days after being sent by certified mail, return receipt requested, to the parties as follows: if to the City, to City of Franklin, 207 West Second Street, Franklin, VA 23851 (Attn: City Manager); and if to the Lender, to Powell Valley National Bank, 1540 West Main Street, Wise, Virginia 24293 (Attn: Cory Dotson, Senior Vice President); or to such other person or address as either party shall designate to the other from time to time in writing forwarded in like manner.

**Section 12. LIMITED BENEFIT; SURVIVABILITY**

This Note Purchase Agreement is made solely for the benefit of the City and the Lender, and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All representations and agreements by the City in this Note Purchase Agreement and in the other Documents shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Lender and shall survive the delivery of and payment for the Note.

**Section 13. APPLICABLE LAW**

The rights and obligations of the parties to this Note Purchase Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia, exclusive of its conflicts of laws provisions.

**Section 14. APPROVAL**

The approval of the Lender when required hereunder, or the determination of its satisfaction as to any document referred to herein, shall be in writing signed by the Lender and delivered to the City.

**Section 15. CITY FINANCIAL REPORTS**

The City agrees to provide the Lender annually until payment in full of the Note, (a) its annual audited financial statements within 210 days of fiscal year end, (b) its annual budget within 30 days of adoption and (c) such other additional information, reports or schedules (financial or otherwise), in form reasonably satisfactory to the Lender, as the Lender may reasonably request from time to time. All such information and reports shall be true, complete and accurate in all respects.

**Section 16. ENTIRE UNDERSTANDING AND AMENDMENTS**

This Note Purchase Agreement expresses the entire understanding and agreement of the parties with respect to the Note, superseding all prior agreements, whether oral or written, and may not be modified, except in writing, signed by the Lender and the City.

**Section 17. COUNTERPARTS**

This Note Purchase Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. Signatures delivered in .pdf format via email or other electronic transmission will be effective as original signatures.

**Section 18. SUCCESSORS AND ASSIGNS**

This Note Purchase Agreement shall inure to the benefit of and bind the respective parties hereto and their successors and assigns; *provided*, that the City may not assign its rights hereunder without the prior written consent of the Lender.

**Section 19. PAYMENTS DUE ON NON-BUSINESS DAYS**

If the due date for any payment of principal is extended by operation of law, interest shall be payable for such extended time. If any payment becomes due on a day on which banks generally in the City of Franklin, Virginia, are required or permitted by law to remain closed,



such payment may be made on the next succeeding day on which such banks are open, and such extension shall be included in computing interest in connection with payment.

**Section 20. GENERAL OBLIGATION**

**THE NOTE IS A GENERAL OBLIGATION OF THE CITY FOR THE PAYMENT OF WHICH THE CITY'S FULL FAITH AND CREDIT ARE IRREVOCABLY PLEDGED. THE CITY COUNCIL IS AUTHORIZED AND REQUIRED TO LEVY AND COLLECT ANNUALLY AT THE SAME TIME AND IN THE SAME MANNER AS OTHER TAXES OF THE CITY ARE ASSESSED, LEVIED AND COLLECTED, A TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY, 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, TO THE EXTENT OTHER FUNDS OF THE CITY ARE NOT LAWFULLY AVAILABLE AND APPROPRIATED FOR SUCH PURPOSE.**

*[Signature Pages to Follow]*

Very truly yours,

**POWELL VALLEY NATIONAL BANK**

By: \_\_\_\_\_

Its: Senior Vice President

ACCEPTED BY:

**CITY OF FRANKLIN, VIRGINIA**

By: \_\_\_\_\_

Mayor

Attest:

By: \_\_\_\_\_

City Clerk

**EXHIBIT A**

Form of 2022 Note

**EXHIBIT B**

Form of Bond Counsel Opinion

**EXHIBIT C**

Form of City Attorney Opinion

**SERIES 2022 NOTE**

**No. R-1**

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA, CITY OF FRANKLIN  
GENERAL OBLIGATION LINE OF CREDIT NOTE,  
SERIES 2022**

**Dated: September \_\_, 2022**

**Registered Holder: Powell Valley National Bank**

**Maturity Date: January 15, 2025**

**Principal Sum: UP TO FOUR MILLION AND  
00/100 DOLLARS (\$4,000,000/00)**

**Interest Rate: 2.88%**

**KNOW ALL MEN BY THESE PRESENTS**, that the City of Franklin, Virginia (**hereinafter sometimes referred to as the “City”**), a body politic and corporate of the Commonwealth of Virginia, **FOR VALUE RECEIVED**, and in consideration of such loans or advances (**hereinafter referred to as an “Advance” or as “Advances”**) as the Registered Holder (named above) may from time to time make to the City pursuant to the provisions of a Note Purchase Agreement dated the same date as this Note (as in effect from time to time, **“NPA”**), hereby promises to pay to the Registered Holder (named above) or assigns, without offset or deduction, by wire transfer to the Registered Holder via such wiring transfer instructions as the Registered Holder may designate in writing, on the payment dates set forth below, by the Treasurer, City of Franklin, Virginia (**the “Paying Agent”**), (i) on the Maturity Date (specified above), subject to prepayment or prior redemption as hereinafter provided, the Advances made hereunder up to the Principal Sum (specified above), and (ii) interest on the Advances made hereunder at the Interest Rate (specified above and further defined below, **the “Interest Rate”**) semi-annually on each January 15 and July 15, beginning January 15, 2023 (**each an “Interest Payment Date”**), from the date of authentication hereof. Principal, all accrued but unpaid interest and any other unpaid fees and charges shall be paid in full on or before the Maturity Date unless an Event of Default (defined below) has occurred in which case the Registered Holder will have the rights and remedies set forth below and in the NPA. Capitalized terms used but not defined in this Note have the respective meanings assigned to them in the NPA.

This Note is the “Note” referred to in and issued pursuant to the provisions of the NPA. This Note evidences Advances made by the Registered Holder under the NPA. This Note evidences a non-revolving draw down line of credit and once an Advance has been made it cannot be re-paid and then re-borrowed. If any part of this Note cannot be enforced, this fact will not affect the rest of this Note.

The Note is subject to prepayment or redemption prior to maturity at the option of the City at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the

Note to be redeemed, plus interest accrued to the redemption date upon not less than 15 days' notice thereof.

Both principal of and interest on this Note are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in regular and due time, form and manner as required by law; that this Note does not exceed any constitutional, statutory or charter limitation of indebtedness; and that provision has been made for the payment of the principal of, and interest on, this Note as provided in the Resolution.

No registration, transfer or exchange of this Note shall be permitted within fifteen (15) days of an Interest Payment Date, the Maturity Date or the date of prepayment or redemption of this Note.

This Note is an authorized series in the aggregate principal amount of up to \$4,000,000 authorized of like date and tenor, except for number and denomination, and is issued under and pursuant to and in compliance with the Constitution and laws of the Commonwealth of Virginia, including Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended, the same being the Public Finance Act, and the resolution duly adopted under said Chapter by the City Council on August 22, 2022, approving the form hereof (**together, the "Resolution"**).

Interest on the Advances under this Note shall accrue from the date on which this Note is authenticated until paid in full at a fixed rate per annum equal to two and eighty-eight hundredths' percent (2.88%) (**the "Interest Rate"**).

The City will pay to the Registered Holder, on demand, a "late charge" equal to five percent (5%) of any payment of principal or interest which is not paid within ten (10) days after its due date.

Interest on this Note shall be computed on the basis of 30-day months and 360-day year.

To the extent any late charge or rate of interest stated in this Note exceeds the late charge or maximum rate of interest that may be charged on obligations of the type and nature evidenced by this Note, then such late charge or rate of interest shall be abated and reduced to the extent necessary to conform with applicable law.

On a Determination of Taxability (as defined below), the Interest Rate automatically will be adjusted to the Taxable Rate (as defined below) from the Date of Taxability (as defined below). For purposes of this Note, the following terms have the following meanings:

"Date of Taxability" means the earliest date as of which interest on this Note is determined to be includable in the gross income of the Registered Holder pursuant to a Determination of Taxability.

"Determination of Taxability" means and will be deemed to have occurred on the first to occur of the following:

(i) on that date when the City files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability has in fact occurred;

(ii) on the date when the Registered Holder notifies the City that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability (as defined below) has occurred unless, within 180 days after receipt by the City of such notification from such Registered Holder, the City delivers to the Registered Holder (A) a ruling or determination letter issued to or on behalf of the City by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) or (B) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability has not occurred;

(iii) on the date when the City is advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based on filings by the City, or on any review or audit of the City or upon any other ground whatsoever, an Event of Taxability has occurred; or

(iv) on that date when the City receives notice from the Registered Holder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Registered Holder the interest on this Note due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability will occur under subparagraph (iii) or (iv) above unless the City have been afforded the opportunity, at the sole expense of the City, to contest any such assessment, and, further, no Determination of Taxability will occur until such contest, if made, has been finally determined; provided further, however, that on demand from the Registered Holder, the City will immediately reimburse such Registered Holder for any payments such Registered Holder is obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means the taking of any action by the City, or the failure to take any action by the City, or the making by the City of any misrepresentation this Note, in the other Documents or in any certificate required to be given in connection with the issuance, sale or delivery of this Note which has the effect of causing interest paid or payable on this Note to become includable, in whole or in part, in the gross income of the Registered Holder for federal income tax purposes.



"Taxable Rate" means the interest rate per annum that provides the Registered Holder with the same after tax yield on this Note that the Registered Holder would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Holder as a result of such Determination of Taxability. The Registered Holder will provide the City with a written statement explaining the calculation of the Taxable Rate, which statement will, in the absence of manifest error, be conclusive and binding on the City.

The holder of this Note shall not be required to present or surrender this Note as a condition of receiving any payment due hereunder.

The happening of any one of the following events will constitute an Event of Default (**each an "Event of Default"**) under this Note: (1) the City's failure to pay when due, whether by acceleration or otherwise, any amount owed under this Note or the NPA; (2) the City's failure to perform any other covenant, promise or obligation contained in this Note or the NPA; or (3) each event of default specified in the NPA. On the occurrence of an Event of Default and if such Event of Default has not been cured before the expiration of ten (10) days after the Registered Holder has notified the City in writing of the existence of the Event of Default, the entire unpaid principal balance of this Note together with accrued interest thereon and all other sums due the Registered Holder under this Note or the NPA will, at the option of the Registered Holder, at once become due and payable, without presentment, demand, protest, notice of dishonor or further notice of any kind, all of which are hereby waived by the City, and, in addition, the Registered Holder will have all other remedies available under applicable law or as may be set forth in the NPA. The City will pay to the Registered Holder, on demand, all costs of collection that may be incurred by the Registered Holder in the collection or enforcement of this Note, including, without limitation, reasonable attorney's fees and all court costs and other expenses, whether incurred in any mediation, arbitration or judicial proceeding at both the trial and appellate levels.

This Note is transferable only on the registration books kept at the office of the Paying Agent as Registrar by the registered holder hereof, or by his duly authorized attorney, upon surrender of this Note (together with a written instrument of transfer, satisfactory in form to the Registrar, duly executed by the registered holder or his duly authorized attorney, which may be the form endorsed hereon) and subject to the limitations and upon payment of the charges, if any, as provided in the Resolution, and thereupon as provided in the Resolution a new Note, in the aggregate principal amount and of the same series, interest rate and maturity as the Note surrendered, shall be issued in exchange therefor. The City and the Registrar shall deem and treat the person in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes whatsoever.

This Note has been designated by the City as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (**the "Code"**).

**THIS NOTE IS A GENERAL OBLIGATION OF THE CITY FOR THE PAYMENT OF WHICH THE CITY'S FULL FAITH AND CREDIT ARE IRREVOCABLY PLEDGED. THE CITY COUNCIL IS AUTHORIZED AND REQUIRED TO LEVY AND COLLECT ANNUALLY AT THE SAME TIME AND IN THE SAME MANNER AS**

**OTHER TAXES OF THE CITY ARE ASSESSED, LEVIED AND COLLECTED, A TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY, 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, TO THE EXTENT OTHER FUNDS OF THE CITY ARE NOT LAWFULLY AVAILABLE AND APPROPRIATED FOR SUCH PURPOSE.**

Reference is hereby made to the Resolution and to all of the provisions thereof to which any holder of this Note by his acceptance hereof hereby assents, for definitions of terms; the description of and nature and extent of the security for the Note; the conditions upon which the Resolution may be amended or supplemented without the consent of the holder of this Note and upon which it may be amended only with the consent of the holder of the Note affected thereby; the rights and remedies of the holder hereof with respect hereto; the rights, duties and obligations of the City; the provisions discharging the Resolution as to this Note and for the other terms and provisions of the Resolution.

This Note shall not be valid or obligatory for any purpose unless the certificate of authentication hereon has been duly executed by the Registrar and the date of authentication inserted hereon.

This Note shall be governed by, and be construed and enforced in accordance with, the laws of the Commonwealth of Virginia. This Note is executed under seal. Time is of the essence with respect to all obligations under this Note.

The Registered Holder is hereby authorized to maintain records of the date and amount of each Advance, the date and amount of any payment of principal or interest and the principal balance then remaining unpaid under this Note. The City hereby agrees that the amounts so evidenced in such records shall, absent manifest error, for all purposes, constitute *prima facie* evidence thereof and shall be binding on the City; *provided*, that any failure by the Registered Holder to make any such recordation shall not affect the obligations the City or the rights of the Registered Holder under this Note or under the NPA.

**IN WITNESS WHEREOF**, the City of Franklin, Virginia, by its City Council has caused this Note to be signed by the Mayor and attested by the City Clerk, by their manual or facsimile signatures, and its seal to be impressed or imprinted hereon, and this Note to be dated as set forth above.

(SEAL)

\_\_\_\_\_  
Mayor, City of Franklin, Virginia

\_\_\_\_\_  
Clerk, City Council of the City of  
Franklin, Virginia

**CERTIFICATE OF AUTHENTICATION**

This Note is the Note described in the within-mentioned Resolution.

**REGISTRAR – TREASURER, CITY OF  
FRANKLIN, VIRGINIA**

By: \_\_\_\_\_  
Treasurer, City of Franklin, Virginia

**DATE OF AUTHENTICATION:**  
\_\_\_\_\_, 2022

**[FORM OF ASSIGNMENT]**

For value received, the undersigned hereby sells, assigns, and transfers unto

---

Please insert social security number or other tax identification number of assignee:

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

Name and address of assignee, including zip code:  
\_\_\_\_\_ the within-

mentioned Note and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney-in-fact, to transfer the same on the registration books thereof maintained in the office of the within-mentioned Registrar with the full power of substitution in the premises.

**DATED:** \_\_\_\_\_

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**NOTE:** The signature to this assignment must correspond with the name of the registered holder that is written on the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed

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**NOTICE:** Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.



**RESOLUTION 2022-22 PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A  
GENERAL OBLIGATION NOTE, SERIES 2022 OF THE CITY OF FRANKLIN,  
VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT  
THEREOF**

**WHEREAS**, the City Council (**the “City Council”**) of the City of Franklin, Virginia (**the “City”**) wishes to provide interim financing for (i) roof projects at City Schools (**the “School Roof Projects”**) and (ii) other general fund and school capital projects for the City (**the “City Capital Projects,” together with the School Roof Projects, the “Projects”**) and (iii) to pay the costs of issuance therefor; and

**WHEREAS**, Davenport & Company LLC, the City's financial advisor (**the “Financial Advisor”**), as directed by City staff, and its bond counsel, Sands Anderson PC, have prepared a Request for Proposals (**the “RFP”**) to obtain financing proposals for the interim financing of the Projects;

**WHEREAS**, the Financial Advisor has received responses to the RFP that reflect attractive terms for the financing of the Projects and after reviewing the responses has recommended that the City Council select the proposal to purchase the City's maximum aggregate principal amount not to exceed \$4,000,000 General Obligation Line of Credit Note, Series 2022 (**the “Note”**) to finance the Projects in accordance with the proposal dated August 12, 2022 (**the “Proposal”**) from Powell Valley National Bank (**the “Lender”**) whose approval shall be evidenced conclusively by the execution and delivery of such Proposal, and the City Council desires to accept such Proposal and proceed with the financing reflected therein;

**WHEREAS**, the City Council held a public hearing, duly noticed, on August 22, 2022 on the issuance of up to \$4,000,000 general obligation notes or bonds of the City in accordance with Section 15.2-2606 of the Public Finance Act of 1991 (**the “Act”**) of the Code of Virginia of 1950, as amended;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRANKLIN:**

**1. Issuance of Note.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Act, the City Council hereby authorizes the issuance and sale of general obligation notes or bonds of the City to provide funds for interim financing for the Projects, and to pay related issuance and financing costs incurred in connection with issuing such Note. The City elects to issue the Note pursuant to the Act without regard to any separate requirements of the City Charter.

**2. Note Details.** The Note shall be issued in an aggregate principal amount not to exceed \$4,000,000 consisting of a single, registered bond or note designated “General Obligation Line of Credit Note, Series 2022” numbered R-1, bearing an interest rate not to exceed 2.88% per annum, and maturing no later than January 15, 2025. Subject to the preceding terms, the City Council further authorizes the Financial Advisor to determine the aggregate total of principal and interest payments on the Note, establish an amortization schedule for the Note, all in accordance with the provisions hereof.

**3. Payment and Redemption Provisions.** The principal of and premium, if any, and interest on the Note shall be payable as set forth in the Note. The principal of the Note shall be subject to optional prepayment or redemption, in whole or in part, by the City, as set forth in the Proposal, provided, that the Note may be prepaid, in whole or in part, at any time with no prepayment penalty.

**4. Execution and Form of Note.** The Note shall be substantially in the form of Exhibit A attached hereto, shall be signed by the Mayor or Vice Mayor of the City and the City's seal shall be affixed thereon and attested by the City Clerk. The Note shall be issued as a typewritten bond or note with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by such officers, whose approval shall be evidenced conclusively by the execution and delivery of the Note.

**5. Pledge of Full Faith and Credit.** The City's full faith and credit are pledged to secure the payment of the principal of, premium, if any, and interest on the Note. Unless other funds are lawfully available and appropriated for timely payment of the Note, the City agrees to levy and collect an annual tax upon all property subject to local taxation in the City sufficient to pay the principal of and premium, if any, and interest on the Note.

**6. Preparation of Printed Note.** The City shall initially issue the Note in typewritten form. Upon request of the registered owner and upon presentation of the Note at the office of the Registrar (as hereinafter defined), the City shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Note in printed form in an aggregate principal amount equal to the unpaid principal of the Note in typewritten form, in denominations of \$5,000 and multiples thereof (except that one Note may be issued in an odd denomination of not less than \$5,000), of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Note may be executed by manual or facsimile signature of the Mayor or Vice Mayor of the City, the City's seal affixed thereto and attested by the City Clerk; provided, however, that if both such signatures are facsimiles, no Note shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Note surrendered in any such exchange shall be canceled.

**7. Registration and Transfer of the Note.** The City appoints the City Treasurer as paying agent and registrar (**the "Registrar"**) for the Note. Upon surrender of the Note at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate and deliver in exchange, a new Note or Notes having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, 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.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as

owner on the registration books on the 1<sup>st</sup> day of the month on which an interest payment date occurs.

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

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

**10. Tax Compliance Agreement.** Such officers of the City as may be requested by the City's bond counsel are authorized and directed to execute and deliver a nonarbitrage certificate and tax compliance agreement in relation to the Note (**the “Tax Compliance Agreement”**) in the form approved by the Mayor or Vice Mayor of the City or the City Manager, or any of them, in collaboration with the City's bond counsel, with such completions, omissions, insertions and changes as may be approved by the officers of the City executing such Tax Compliance Agreement, whose approval shall be evidenced conclusively by the execution and delivery thereof.

**11. Private Activity Bond Covenant.** The City covenants that it shall not permit the proceeds of the Note or the property financed thereby to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or the facilities financed with such proceeds being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Note from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.



**12. Qualified Tax-Exempt Obligation.** The City Council hereby designates the Note as a “qualified tax-exempt obligation” as defined in Section 265(b)(3)(B) of the Code and certifies by this Resolution that it does not reasonably anticipate the issuance by it or its subordinate entities of more than \$10 million in “qualified tax-exempt obligations” during the calendar year 2022 and will not designate, or permit the designation by any of its subordinate entities of, any of its bonds (or those of its subordinate entities) during the calendar year 2022 which would cause the \$10 million limitation of Section 265(b)(3)(D) of the Code to be violated.

**13. SNAP Investment Authorization.** The City Council has determined to authorize the City Treasurer, if and as necessary, to utilize SNAP in connection with the investment of the proceeds of the Note.

**14. Bond Counsel.** The City Council hereby confirms the appointment of Sands Anderson PC to serve as Bond Counsel to the City in connection with the issuance of the Note.

**15. Other Actions.** All other actions of City officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Note and the interim financing of the Projects are ratified, approved and confirmed. The City officials are authorized and directed to execute and deliver all agreements, certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Note pursuant to this Resolution and the financing of the Projects including, but not limited to a loan agreement, note purchase agreement, escrow agreement and any other agreements.

**16. Effectiveness and Filing of Resolution.** This Resolution shall become effective immediately upon its passage. After such passage, a certified copy of this Resolution shall be filed by the Clerk with the Clerk of the Circuit Court of the County of Southampton, Virginia. The filing of this Resolution with the Clerk of the Circuit Court of the County of Southampton, Virginia shall be deemed to be the filing of an initial resolution or ordinance with such Court for all purposes of the Act. Any ordinances or resolutions inconsistent herewith previously adopted by the City Council are amended to be consistent with this Resolution.

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On motion of \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was adopted at a regular meeting of City Council on August 22, 2022. Members of the City Council voted as follows:

YES

NO

ABSTAINED

ABSENT

Adopted this 22nd day of August, 2022.

The undersigned City Clerk of the City Council of the City of Franklin, Virginia, hereby certifies that the foregoing constitutes a true and correct copy of an Resolution adopted at a meeting of the City Council of the City of Franklin, held on August 22, 2022. I hereby 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.

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City Clerk, City Council of the  
City of Franklin, Virginia



*Office of the City Manager  
Amanda C. Jarratt*

August 16, 2022

To: Franklin City Council

From: Amanda C. Jarratt, City Manager

Reference: City Manager's Report

**General Updates**

- Staff continues to work on the various capital projects approved by City Council.
- Staff continues to work with DHCD and Summit Engineering on the Laurel Street CDBG Grant. Client intake and income verifications have begun.
- Staff is working to draft the ordinance regarding the Gold Star Veterans and have it on the September 12<sup>th</sup> City Council agenda for consideration.

**Community Events**

- Riverfront Soul Fest September 9<sup>th</sup>-11<sup>th</sup>
- Fall Festival September 30<sup>th</sup> and October 1<sup>st</sup>
- Franklin Cruise In Finale October 8<sup>th</sup>
- Holiday Parade December 2<sup>nd</sup>