

AGENDA

FRANKLIN CITY COUNCIL

MONDAY, September 28, 2015 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.

7:00 P.M.**Regular Meeting**

CALL TO ORDER MAYOR RAYSTINE D. JOHNSON-ASHBURN

PLEASE TURN OFF CELL PHONES MAYOR RAYSTINE D. JOHNSON-ASHBURN

PLEDGE OF ALLEGIANCE

CITIZENS' TIME

AMENDMENTS TO AGENDA

1. CONSENT AGENDA

- A. Minutes: September 14, 2015 Regular Meeting
- B. Departmental Reports: July, 2015 (Separate File)

2. FINANCE

- A. City General Fund Debt Refunding/Restructuring Resolution # 2015 – 04 – Davenport & Company
- B. Financial Report: July, 2015 (Separate File)
- C. FY 2014 – 2015 Budget Adjustments Budget Ordinance #2016 – 06 and # 2016 – 04 (Amended)

3. OLD/NEW BUSINESS

- A. City Manager's Report

4. COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS5. CLOSED SESSION

Closed Session - I move that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions and consult with the City Attorney regarding specific legal matters requiring the provision of legal advice by counsel pursuant to Virginia Code Section 2.2 – 3711 (A)(1) and (7).

Motion Upon Returning to Open Session- I move that the only matters discussed during the session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened.

6. ADJOURNMENT

UPCOMING ITEMS TO BE SCHEDULED

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

SUBJECT**TENTATIVE TIME LINE****City Council Priorities Work Session****October 5, 2015 @ 6:00 p.m.****City Council/School Board Joint Meeting****TBA****Personnel Policy Work Session****TBA**

CONSENT AGENDA

- A. Minutes: September 14, 2015 Regular Meeting**
- B. Departmental Reports: August, 2015 (Separate File)**

The Franklin City Council held its regular meeting on Monday, September 14, 2015 at 7:00 p.m. in the Council Chambers at City Hall.

Council Members in Attendance: Raystine D. Johnson-Ashburn, Mayor; Barry Cheatham, Vice-Mayor; Benny Burgess, Mona Murphy, Mary Hilliard, Greg McLemore and Frank Rabil.

Staff in Attendance: Randy Martin, City Manager; Taylor Williams, City Attorney; Melissa Rollins, Director of Finance; Mark Bly, Director of Power and Light; Chief Vince Holt, Director of Emergency Services; Russ Pace, Director of Public Works; Brenda Rickman, Commissioner of the Revenue; Alan Hogge, Director of Social Services; Jennifer Maynard, Voter Registrar; and Chief Phil Hardison, Police Department.

Others in Attendance: Officer Brian Snow, Franklin Police Department and Teresa Rose-McQuay; Administrative Assistant and Acting Secretary, Recording Minutes.

CALL TO ORDER

Mayor Johnson-Ashburn called the regular City Council Meeting to order at 7:00 p.m. Mayor Johnson-Ashburn took the opportunity to thank staff for being diligent and coming to the Council meetings. She recognized Mr. Curtis Byrd, the assistant to Congressman Randy Forbes, for his attendance.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by everyone in attendance.

CITIZENS' TIME

Business owner, Paul Heeren of Heeren's Automotive, 139 Sachs Avenue addressed Council concerning trash and debris coming from Butler Paper Recycling, Inc. at 137 Sachs Avenue. He also addressed parking issues. He asked that Council take a drive to the end of Sachs Avenue and see what is going on.

Mayor Johnson-Ashburn asked Mr. Heeren what he would like to see done about this problem. Mr. Heeren said he would like to see a committee formed to deal with these types of problems.

AMENDMENTS TO AGENDA

There were no amendments to the agenda.

Consent Agenda

Minutes: August 24, 2015 Regular Meeting

Mayor Johnson-Ashburn asked if there were any corrections or changes to the minutes. Hearing none she asked for a motion. Vice-Mayor Cheatham made the motion to adopt the minutes of the August 24, 2015 Regular meeting as presented and Councilman Rabil seconded the motion. Mayor Johnson-Ashburn asked if there were any questions or discussion on the motion: hearing none she called for a vote.

The motion was approved with the vote as follows:

Mayor Johnson-Ashburn, AYE; Vice-Mayor Cheatham, AYE; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Councilman Rabil, AYE; Councilwoman Murphy, AYE and Councilman McLemore, ABSTAIN.

Finance

City General Fund Debt Refunding/Restructuring – Davenport & Company

Mayor Johnson-Ashburn recognized Finance Director Rollins who introduced Mr. Jesse Bausch, Bond Counsel with Sands Anderson P.C. and Mr. Kyle Laux, Vice President with Davenport & Company; Financial Advisor for the city. The City's financial advisor Davenport & Company as agreed at the August 24, 2015 Council meeting has continued with next steps for refunding/restructuring of portions of the City's general fund debt.

Mr. Laux greeted Council and presented the Refunding/Restructuring Update with the results of the Bank Financing Competitive Bidding process.

The existing tax-supported debt profile is broken down between General Fund debt and Schools debt. The City's annual payments from FY 2017 through FY 2025 are currently scheduled to be greater than the City's FY 2016 debt service budget of \$1,134,542 and the City's payout ratio is 71.4%.

Projected Real Estate Tax Impact

- Given the City's existing increasing debt service structure, the City may potentially need to increase its Real Estate Tax Rate in order to generate enough revenue to meet its debt service requirements.
- The Debt Affordability Analysis estimates the potential Equivalent Tax Rate Impact of the City's increasing annual Debt Service.
- The projected Equivalent Tax Rate Impact of existing future debt service is 4.4¢ in total, of which 3.0¢ is required by FY 2018.

Interest rates climbed during 2013 before falling to historical lows during late 2014 and early 2015. Despite trending upward during the first half of 2015, interest rates for tax-exempt and taxable borrowing remain at historically favorable levels, presenting a potentially favorable environment to refund/restructure existing debt. It is impossible to predict how long rates will remain this favorable. Interest rates are capable of rising quickly, as evidenced by the roughly 100-basis-point jump that occurred in 20-year tax-exempt rates during May/June of 2013.

Davenport has identified the City's General Obligation Refunding Bonds, Series 2010 (the "2010 Bonds"), the taxable C. O. Refunding Bond, Series 2012A (the "2012A Bond"), and the G. O. and Refunding Bond, Series 2012B (the "2012B Bond") as candidates for the potential Refunding/Restructuring (the "Refunding Candidates"). By refinancing the Refunding Candidates and strategically "layering" the refunding debt into future years of the City's existing debt profile, the City could potentially create a debt structure with equal annual payments in each of the next ten years (FY

2016 – 2025). The Refunding/Restructuring can be achieved without extending any obligation’s final maturity by more than 4 years and without extending any obligation’s repayment beyond 30 years after its original issuance. The City’s Bond Counsel, Sands Anderson, has determined that the City will be able to refund \$2,612,000 of the Refunding Candidates on a tax-exempt basis. The remaining \$3,338,000 Refunding Candidates must be refunded on a taxable basis.

The Dual Track Approach

- Davenport and City staff pursued the Refunding/Restructuring Opportunity through a “Dual Track Approach” whereby a Direct Bank Loan or the Fall 2015 Virginia Resources Authority Pooled Financing Program (the “VRA Approach”) are considered as potential sources of funding.
- During the month of August, Davenport assisted City staff in submitting an application to participate in the Fall 2015 VRA Pool. VRA is currently conducting credit analysis and will reach a final credit approval decision by September 18. If approved, the City would be eligible to participate with other local governmental borrowers in the Commonwealth (i.e. counties, cities, towns, etc.) in a pooled public markets transaction.
- Concurrently with the VRA application process, Davenport solicited financing proposals from local, regional, and national lenders via a competitive Request for Proposals (“RFP”) process.
- On Wednesday, August 26th, Davenport distributed an RFP to banking institutions on behalf of the City.
- Davenport received bank proposals on Wednesday, September 9th.

The results of the RFP process

- The RFP solicited proposals for a 16-year tax exempt, bank qualified loan of up to \$2,955,000 (the “2015A Bond”) and a 15-year taxable loan of up to \$3,670,000 (the “2015B Bond”) which would make up the Refunding/Restructuring.
- The City received proposals for the Tax Exempt 2015A Bond from the five banking institutions listed below. With the exception of PNC, each bank also provided a proposal for the Taxable 2015B Bond.
 - Branch Banking & Trust (“BB&T”)
 - Carter Bank & Trust (“Carter Bank”)
 - PNC Bank, National Association (“PNC”)
 - SunTrust Bank (“SunTrust”)
 - Union Bank & Trust (“Union”)
- With respect to both the 2015A and 2015B Bonds, Carter Bank’s proposal provided:
 - The lowest interest rate fixed for the entirety of the term; and
 - The ability to prepay the loan at any time without penalty.

Carter Bank Proposal – Estimated Refunding/Restructuring Results

The Carter Bank proposal could allow the City to achieve the following objectives of the Refunding/Restructuring:

- Free approximately \$2.15 million in cash flow from FY 2016 – FY 2027, including approximately \$150,000 of savings in FY 2016. As a result, the City can minimize potential

- future Real Estate Tax Rate increases of up to 4.4 pennies related to paying debt service obligations;
- Maintain a 10-year Payout Ratio above 50% after the Refunding/Restructuring transaction is completed; and
 - Avoid extending any obligation's final maturity by more than 4 years from its original issuance.

Recommendation

- Davenport recommends the City pursue the Refunding/Restructuring via a Direct Bank Loan with Carter Bank & Trust. The benefits of a potential transaction under Carter Bank's proposal are as follows:
 - Interest rates are fixed through final maturity of the loans;
 - Interest rates for the 2015A and 2015B Bond are the lowest of the fully-fixed interest rates proposed by banks for each respective loan; and
 - The loans may be prepaid at any time without penalty.
- Davenport has also performed an analysis that estimates the results of a Refunding/Restructuring via the Fall 2015 VRA Pool. At estimated current market interest rates, the results of a VRA transaction would not be as favorable as a transaction with Carter Bank and Trust.
- It is important to note that interest rates under a VRA transaction would not be locked in until VRA's bonds are sold/priced in early- to mid- November. It is impossible to predict where interest rates will be in two months. The City can lock in the favorable results noted above and on the previous pages upon acceptance of the Carter Bank & Trust proposal.

Next Steps

Friday, September 25th – VRA's deadline for approval of local authorizing documents.

Monday, September 28th – Regularly Scheduled Meeting of City Council. City Council considers formal approval of Authorizing Resolution for a Direct Bank Loan with Carter Bank (if necessary).

Week of September 28th – Lock-in refunding escrow (if Direct Bank Loan selected).

On/Before October 16th – Close on Direct Bank Loan(s) (if necessary).

Early November – VRA sells its bonds in the public markets (if necessary).

Mid/Late November – VRA closing (if necessary).

Mayor Johnson-Ashburn asked if there were any questions. Hearing none, Mr. Laux recognized Mr. Jesse Bausch with the law firm of Sands and Anderson to advise Council on the resolution process. The resolution proposed for Council action at this meeting is just an outline of the parameters of the loan. The resolution is primarily to let the bank know that the City is interested in going forward with the loan.

Mayor Johnson-Ashburn asked if there were any questions for Mr. Bausch.

Mayor Johnson-Ashburn asked Mr. Bausch to explain the Snap Program referenced in the resolution.

Mr. Bausch explained that SNAP is a State Non-Arbitrage Program. This is only used when it involves new money and since the proposed financing does not include any new money, it would not be necessary for this loan transaction.

Mayor Johnson-Ashburn asked if there was a desired action from Council.

Vice-Mayor Cheatham moved to approve Resolution #2015 – 03 as recommended and Councilwoman Murphy seconded the motion.

The motion was approved as follows:

Mayor Johnson-Ashburn, AYE; Councilman McLemore, NAY; Councilman Burgess, AYE; Councilwoman Hilliard, AYE; Vice-Mayor Cheatham, AYE; Councilman Rabil, AYE; and Councilwoman Murphy, AYE.

OLD/NEW BUSINESS

City Manager's Report

Manager Martin thanked Mr. Laux and Mr. Bausch for coming and presenting to the Council this evening. Manager Martin then recognized Fire & EMS Chief Holt; the chair of the city staff's Safety, Health and Wellness committee to present the VML Vehicle Insurance Premium Discount Program.

Since the city is now covered through VML for automobile liability insurance we can take advantage of a defensive driving program that is offered by VML. The program is called "Where the Rubber Meets the Road Campaign: and is designed to establish a defensive driving train-the-trainer program utilizing nationally recognized training methods and products.

There is no cost to the City of Franklin for the training unless we fail to meet the required training goals established within the program. Successful completion of the program would entitle the City to a 5% credit on our auto liability coverage premium.

The VML Risk Management Guidelines that are used annually to evaluate our risks as a locality include defensive driving and this program is a tool which helps the locality meet that critical benchmark since VML statistics show that nearly 51% of all liability claims and 41% of the cost of all liability claims for VMLIP members relate to automobile liability and physical damage coverage.

On behalf of the city staff Safety, Health and Wellness committee, Chief Holt recommended that we pursue this initiative to assist us with the standardization of our defensive driver's training that our employees receive in an effort to reduce the city's liability potential along with receiving a reduction in the cost of auto liability insurance.

Mayor Johnson-Ashburn asked if there were any questions.

Councilman Burgess asked for further details about the training requirements.

Chief Holt stated that VML will provide funding for instructor course materials to enable us to train 90% of drivers the first year and 50% the second year of participation and then optionally continuously thereafter to meet the training goal requirements of the campaign.

Mayor Johnson-Ashburn asked if we would receive the 5% discount after the first year.

Chief Holt stated yes after the evaluation period.

Councilman Burgess asked how long the training is for a driver and would the schools also be eligible for this program.

Chief Holt said it is like an expanded safety meeting. Most workshops are designed to last one to two hours. He is not sure if the schools are under the VML insurance. Manager Martin said we would check into whether the schools are eligible.

Councilwoman Murphy asked if the documentation just listed the schools in the materials.

Chief Holt stated yes.

Councilman Rabil asked how long was the train-the-trainer training?

Chief Holt stated that the training is for one day.

Mayor Johnson-Ashburn asked if the program is for all city employees.

Chief Holt replied that it is for all employees that drive City vehicles. All the safety topics that we have we try to make sure that they are recognized as beneficial not only to our jobs but at home as well. He stated we likely could offer it to other city employees if time permits and if it is deemed desirable.

Mayor Johnson-Ashburn asked for a motion on the VML Defensive Driving Program.

Councilman Burgess made the motion to authorize the Mayor and the City Manager to sign the agreement for the City to participate in the VML Defensive Driving Program and Vice-Mayor Cheatham seconded the motion.

Mayor Johnson-Ashburn asked if there were any further discussion or comments and hearing none Council voted.

The motion was approved by a 7 – 0 vote.

Chief Holt thanked the Council for their support.

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS

Vice-Mayor Cheatham reported on the meeting of the Western Tidewater Regional Jail on Wednesday, September 9, 2015. He reported that the meeting was good and that the number of Federal Inmates are slightly higher than what was budgeted. He stated that the utility work has begun with the boilers being changed out. Superintendent was given a raise because of his hard work and diligence.

Councilman Rabil reported on the season finale of the Cruise-In and the success of the event. He also reported on the Business Friendly Committee saying they are working on a business rehabilitation funding program. Councilman Rabil thanked Donald Goodwin and his staff for their help with Don Panchos Restaurant.

Councilman Burgess thanked Scott Seddon and Ray Smith for their work on the Cruise-In. It was a successful program and very well organized.

Mayor Johnson-Ashburn stated that after the Council's Closed Session there is a Work Session scheduled to be held on City Council Priorities.

Closed Session

Councilwoman Hilliard made the motion that the Franklin City Council meet in Closed Session to discuss and consider appointments to boards and commissions and to consult with the City Attorney regarding legal matters requiring the provision of legal advice by counsel pursuant to Virginia Code Section 2.2 – 3711 (A) (1) & (7) and Vice-Mayor Cheatham seconded the motion.

The motion was approved by a vote of 7 – 0.

The Council entered into closed session at 7:56 p.m.

Mayor Johnson-Ashburn reconvened the open session at 9:04 p.m. and asked for a motion certifying the closed session.

Councilman Rabil made a motion certifying that the only matters discussed during the closed session were those lawfully exempted from open meeting requirements and identified in the motion by which the closed session was convened. The motion was seconded by Councilman McLemore.

The motion was approved by a 7 – 0 vote.

Work Session: Council Priorities

After some discussion, Council agreed to delay the planned work session until a Called meeting on October 5, 2015 at 6:00 p.m. in the Council Chambers. Council did agree also to participate in a retreat with the School Board on a date to be determined, preferably on a Saturday.

Adjournment

Vice-Mayor Cheatham made the motion to adjourn the meeting and Councilman McLemore seconded it.

The motion was approved by a 7 – 0 vote.

Mayor Johnson-Ashburn declared the meeting adjourned at 9:16 p.m.

These Minutes for the September 14, 2015 City Council Meeting were adopted on the 28th day of September, 2015.

Mayor

Clerk to City Council

FINANCE

- A. City General Fund Debt Refunding/Restructuring Resolution # 2015 – 04 – Davenport & Company**
- B. Financial Report: July, 2015 (Separate File)**
- C. FY 2014 – 2015 Budget Adjustments Budget Ordinance #2016 – 06 and # 2016 – 04 (Amended)**

**RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015, 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”**) has previously issued its \$8,670,000 General Obligation Public Improvement Refunding Bonds, Series 2010 (the **“2010 Bonds”**), its \$4,051,000 Taxable General Obligation Refunding Bond, Series 2012A (the **“Taxable 2012A Bond”**) and its \$2,958,000 Tax-Exempt General Obligation Public Improvement and Refunding Bond, Series 2012B (the **“Tax-Exempt 2012B Bond,”** together with the Taxable 2012A Bond, the **“2012 Bonds,”** and, together with the 2010 Bonds, the **“Outstanding Bonds”**), each of which were issued to finance and refinance various capital improvements in the City (together, the **“Project”**);

WHEREAS, the City desires to refinance and restructure all or a portion of the Outstanding Bonds at favorable rates resulting in cash flow relief to the City and issue its general obligation refunding bonds to achieve this purpose, subject to the terms and conditions herein; 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, prepared a Request for Proposals (the **“RFP”**) to obtain financing proposals for the refinancing and restructuring of all or a portion of the Outstanding Bonds to provide cash flow relief to the City;

WHEREAS, the Financial Advisor received responses to the RFP that reflect attractive terms for the restructuring of the Outstanding Bonds and after reviewing the responses, the City Council by its resolution adopted September 14, 2015 (the **“Original Resolution”**) selected the proposal (the **“Proposal”**) from Carter Bank & Trust (the **“Lender”**) to purchase the City's maximum aggregate principal amount not to exceed \$6,900,000 General Obligation Refunding Bonds, consisting of a tax-exempt series and a taxable series (together, the **“Bonds”**) to refinance a portion of the Outstanding Bonds; and

WHEREAS, there have been presented to this meeting drafts of the following documents (collectively, the **“Documents”**) in connection with the transactions described above, copies of which shall be filed with the records of City Council:

- (a) Bond Purchase Agreement to be dated as of the sale date of the Bonds (the **“Bond Purchase Agreement”**) between the City and the Lender;
- (b) Escrow Agreement to be dated as of the sale date of the Bonds (the **“Escrow Agreement”**) between the City and the U.S. Bank National Association, as escrow agent, providing for the redemption and defeasance of a portion of the Outstanding Bonds; and
- (c) Forms of the Bonds.

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

1. Issuance of Bonds. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 (**the “Act”**), the City Council hereby authorizes the issuance and sale of general obligation refunding bonds of the City to provide funds to refund all or a portion of the Outstanding Bonds and to pay related issuance and financing costs incurred in connection with issuing such Bonds (as defined below). The City elects to issue the Bonds pursuant to the Act.

2. Bond Details. The Bonds shall be issued pursuant to the parameters set forth in the Original Resolution and in the forms presented to this meeting. Subject to the preceding terms, the City Council further authorizes the Financial Advisor to determine the aggregate total of principal and interest payments on each series of the Bonds, establish an amortization schedule for the Bonds, all in accordance with the provisions of the Original Resolution.

3. 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 Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the City agrees to levy 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 Bonds.

4. Documents. The Mayor, Vice Mayor and the City Manager, any of whom may act, are authorized and directed to execute or approve the Documents, which shall be in substantially the forms submitted to this meeting, which are approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor, Vice Mayor and the City Manager, whose execution will constitute conclusive evidence of his or her approval of any such completions, omissions, insertions and changes.

5. 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 Bonds and the prepayment, redemption and refunding of the portion of the Outstanding Bonds to be refunded 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 Bonds and the Documents pursuant to this Resolution and the refunding of the portion of the Outstanding Bonds to be refunded including any other certificates or agreements.

6. 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, including, but not limited to, the Original Resolution, are amended to be consistent with this Resolution. Except to the extent it is inconsistent herewith, the Original Resolution is hereby ratified and affirmed.

On motion of _____, seconded by _____, the foregoing Resolution was adopted at a regular meeting of City Council on September 28, 2015. Members of the Council voted as follows:

YES

NO

ABSTAINED

ABSENT

Adopted this 28th day of September, 2015.

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 September 28, 2015. 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.

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

CITY OF FRANKLIN, VIRGINIA
\$_____ GENERAL OBLIGATION REFUNDING BOND,
SERIES 2015A (TAX-EXEMPT)
\$_____ GENERAL OBLIGATION REFUNDING BOND,
SERIES 2015B (TAXABLE)

BOND PURCHASE AGREEMENT

Dated as of October 1, 2015

City Council of the City of Franklin
Franklin, Virginia

Ladies and Gentlemen:

Carter Bank & Trust (**the “Bank”**), hereby offers to enter into this Bond Purchase Agreement with the City of Franklin, Virginia (**the “City”**) for the purchase by the Bank and sale by the City of its (a) \$_____ General Obligation Refunding Bond, Series 2015A (Tax-Exempt) (**the “2015A Bond”**), dated October __, 2015 or such other date as the Closing may occur, and bearing interest at the rate of 2.60% per annum as set forth in the Resolution (defined below), with semiannual payments of interest on each January 15 and July 15 beginning January 15, 2016 (each a **“Payment Date”**) and thereafter with the principal payable annually beginning January 15, 2017 to and including January 15, 2032 (**the “2015A Maturity Date”**) as set forth in the Schedule attached to the form of 2015A Bond, and (c) \$_____ General Obligation Refunding Bond, Series 2015B (Taxable) (**the “Taxable 2015B Bond,” and, together with the 2015A Bond, the “Bonds”**), dated October __, 2015 or such other date as the Closing may occur, and bearing interest at the rate of 3.90% per annum as set forth in the Resolution, with semiannual payments of interest on each Payment Date beginning January 15, 2016 and thereafter with the principal payable annually beginning January 15, 2017 to and including January 15, 2031 (**the “2015B Maturity Date”**) as set forth in the Schedule attached to the form of Taxable 2015B Bond.

Section 1. TERMS AND CONDITIONS

Upon the terms and conditions and upon the basis of the representations set forth herein, on the date of Closing referred to in Section 3 hereof, the Bank hereby agrees to purchase from the City, and the City hereby agrees to sell to the Bank, the Bonds at the purchase price of 100% of the aggregate principal amount of the each of the Bonds (**the “Purchase Price”**). The Bonds shall be as described in, and shall have the terms and conditions, including but not limited to, the Payment Date for principal and interest and redemption or prepayment provisions, set forth in the forms of Bonds attached as **Exhibits A-1 and A-2** hereto and incorporated by this reference, except as may be modified by this Bond Purchase Agreement. The Bonds shall be issued under and pursuant to Resolution of the City adopted by the City Council on September 14, 2015, as

supplemented by a resolution adopted September 28, 2015 approving the form hereof (**together, the “Resolution”**) and shall be general obligations of the City. The Bonds and the Resolution and all other documents providing for the issuance of and security for the Bonds shall be in the forms heretofore delivered to us, with only such changes as shall be mutually agreeable to the Bank and the City.

Section 2. REPRESENTATIONS AND WARRANTIES OF THE CITY.

The City represents, warrants and agrees with the Bank 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 of the Commonwealth of Virginia, and has the power and authority (1) to issue, sell and deliver the Bonds to the Bank as provided herein and (2) to consummate all transactions contemplated by, and perform its obligations under, this Bond Purchase Agreement, the Escrow Agreement dated as of October 1, 2015 (**the “Escrow Agreement”**) between the City and U.S. Bank National Association, as Escrow Agent, the Bonds, the Resolution and the City’s Non-Arbitrage and Tax Certificate and Compliance Certificate, dated as of October 1, 2015 (**the “Compliance Certificate”**) or such other date as the Closing may occur,
- (b) when delivered to, and paid for by, the Bank at the Closing in accordance with the provisions of this Bond Purchase Agreement and the Resolution, the Bonds will have been duly authorized, executed, issued and delivered and will constitute legal, valid and binding general obligations 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 Bond Purchase Agreement, the Escrow Agreement, the Bonds 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 of the City 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 Bonds 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 Bank;
- (i) the representations and agreements of the City herein will be true and correct in all material respects as of the Closing.

Section 3. CLOSING

At 1:00 p.m., Franklin, Virginia time, on October __, 2015, or at such other time or date as the City and the Bank shall mutually agree upon, the City will deliver or cause to be delivered to the Bank or such other place as the City and the Bank may mutually agree upon, (i) the Bonds in registered form, duly executed by the City, and (ii) the other Documents. Concurrently with the notification to the Bank that delivery of the Bonds has been made (**the "Closing"**), the Bank will accept such delivery and will apply a portion of the net proceeds received from the proceeds of the sale of the Bonds, less costs of issuance of the Bonds, to be deposited into the escrow funds held under the Escrow Agreement, or as otherwise described in said Closing Memorandum to be prepared by the City's Financial Advisor, Davenport & Company LLC ("**Davenport**") as approved by the City Manager, to be held or invested to and applied toward the defeasance and

prepayment of the Refunded Bonds and the redemption thereof as described in the Escrow Agreement.

Section 4. CONDITIONS PRECEDENT TO CLOSING

The Bank has entered into this Bond Purchase Agreement in reliance upon 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 Bank's obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

- (a) at the time of Closing, the Documents, including the Bonds, 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 Bank, 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) at the Closing, the Bank shall receive the following documents:
 - (1) the Bonds, duly executed by the City, and
 - (2) (A) the approving opinion, dated the date of Closing, of Bond Counsel (including an opinion that the 2015A Bond is "bank qualified") and (B) the opinion of the 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 Bank shall approve;
 - (3) such additional legal opinions, certificates, proceedings, instruments, and other documents, as the Bank or Bond Counsel may reasonably request to evidence (A) compliance by the City with legal requirements relating to the issuance of the Bonds, 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 Bond Purchase Agreement.

If the City shall be unable to satisfy the conditions to the Bank's obligations contained in this Bond Purchase Agreement or if the City or the Bank's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, or if for any reason the Closing does not occur by October __, 2015, this Bond Purchase Agreement shall terminate, and neither the City nor the Bank 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 5 shall continue.

Section 5. EXPENSES AND COSTS

The expenses and costs of the City incident to the issuance of the Bonds, including the fees and expenses of Bond Counsel and Davenport and the fees and expenses of the City Attorney and the Bank's counsel, shall be paid by the City.

Section 6. PREPAYMENT OF BOND

The Bonds are subject to optional prepayment in whole or in part at any time, in the principal amount to be redeemed, plus interest accrued thereon to the date of prepayment. The City shall give the Bank at least 15 days notice of any such prepayment.

Section 7. REPRESENTATION OF BANK

The Bank represents and warrants to the City that the purchase of the Bonds is for its individual account and for the accounts of the Bank's corporate affiliates and related banking entities only and not for distribution to other purchasers thereof. The Bank and the Bank's corporate affiliates and related banking entities are either state or Federally chartered banking corporations authorized to do business in the Commonwealth of Virginia.

Section 8. NOTICES

Any notice or other communication to be given to the parties under this Bond Purchase Agreement shall be in writing and shall be deemed delivered if delivered in person or 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 Bank, to Carter Bank & Trust, Post Office Box 1776, 1300 Kings Mountain Road, Martinsville, Virginia 24115-1776 (Attn: John J. Engel, III, Vice President).

Section 9. LIMITED BENEFIT; SURVIVABILITY

This Bond Purchase Agreement is made solely for the benefit of the City and the Bank, 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 Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Bank and shall survive the delivery of and payment for the Bonds.

Section 10. APPLICABLE LAW

The rights and obligations of the parties to this Bond 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 11. APPROVAL

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

Section 12. CITY FINANCIAL REPORTS

The City agrees to provide the Bank annually until payment in full of the Bonds, its annual audited financial statements within 210 days of fiscal year end.

Section 13. ENTIRE UNDERSTANDING AND AMENDMENTS

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

Section 14. COUNTERPARTS

This Bond 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.

[Signature Pages to Follow]

Very truly yours,

CARTER BANK & TRUST

By: _____

Its: _____

ACCEPTED BY:

CITY OF FRANKLIN, VIRGINIA

By: _____
Mayor

Attest:

By: _____
City Clerk

EXHIBIT A-1

Form of 2015A Bond

EXHIBIT A-2

Form of Taxable 2015B Bond

EXHIBIT B

Form of Bond Counsel Opinion

EXHIBIT C

Form of City Attorney Opinion

SERIES 2015B BOND

No. RB-1

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA, CITY OF FRANKLIN
GENERAL OBLIGATION REFUNDING BOND,
SERIES 2015B (TAXABLE)**

Registered Holder: Carter Bank & Trust

**Dated: October __, 2015
Maturity Date: January 15, 2031**

**Principal Sum: _____ AND 00/100
DOLLARS (\$_____)**

Interest Rate: 3.90%

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 hereby promises to pay to the registered holder (named above), or assigns, on the Maturity Date (specified above), subject to prepayment or prior redemption as hereinafter provided, the Principal Sum (specified above) by wire transfer to the registered holder on the payment dates set forth below by the City Manager, Franklin, Virginia, (**the “Paying Agent”**), and to pay interest on said Principal Sum semi-annually on each January 15 and July 15, commencing January 15, 2016 (**each an “Interest Payment Date”**), from the date of authentication hereof, at the rate per annum (specified above). Principal shall be paid annually on each January 15, commencing January 15, 2017, and on the Maturity Date. Principal and interest shall be paid in accordance with the attached Schedule I.

The Bond 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 Bond to be redeemed, plus interest accrued to the redemption date. The records of the Holder hereof shall be prima facie evidence of the amount of principal and interest owed hereunder.

Both principal of and interest on this Bond 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 Bond do exist, have happened and have been performed in regular and due time, form and manner as required by law; that this Bond 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 Bond as provided in the Resolution.

No registration, transfer or exchange of this Bond shall be permitted within fifteen (15) days of a payment date, the Maturity Date or the date of prepayment or redemption of this Bond.

This Bond is an authorized series in the aggregate principal amount of \$6,900,000 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 September 14, 2015, as supplemented by a resolution adopted September 28, 2015 approving the form hereof (**together, the “Resolution”**).

This Bond shall bear interest from the date on which this Bond is authenticated. Interest on this Bond shall be computed on the basis of 30-day months and 360-day year.

This Bond is transferable only upon the registration books kept at the office of the Registrar by the registered holder hereof, or by his duly authorized attorney, upon surrender of this Bond (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 Bond, in the aggregate principal amount and of the same series, interest rate and maturity as the Bond surrendered, shall be issued in exchange therefor. The City and the Registrar shall deem and treat the person in whose name this Bond 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 BOND IS A TAXABLE 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 BOND, 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 Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and nature and extent of the security for the Bond; the conditions upon which the Resolution may be amended or supplemented without the consent of the holder of this Bond and upon which it may be amended only with the consent of the holder of the Bond 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 Bond and for the other terms and provisions of the Resolution.

This Bond 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.

IN WITNESS WHEREOF, the City of Franklin, Virginia, by its City Council has caused this Bond 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 Bond 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 Bond is the Series 2015B Bond described in the within-mentioned Resolution.

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

By: _____
City Manager, City of Franklin, Virginia

DATE OF AUTHENTICATION:
October __, 2015

[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 Bond 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: _____

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

Signature Guaranteed

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

SCHEDULE I

SERIES 2015A BOND

No. RB-1

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA, CITY OF FRANKLIN
GENERAL OBLIGATION REFUNDING BOND,
SERIES 2015A (TAX-EXEMPT)**

Registered Holder: Carter Bank & Trust

**Dated: October __, 2015
Maturity Date: January 15, 2032**

**Principal Sum: _____ AND 00/100
DOLLARS (\$_____)**

Interest Rate: 2.60%

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 hereby promises to pay to the registered holder (named above), or assigns, on the Maturity Date (specified above), subject to prepayment or prior redemption as hereinafter provided, the Principal Sum (specified above) by wire transfer to the registered holder on the payment dates set forth below by the City Manager, Franklin, Virginia, (**the “Paying Agent”**), and to pay interest on said Principal Sum semi-annually on each January 15 and July 15, commencing January 15, 2016 (**each an “Interest Payment Date”**), from the date of authentication hereof, at the rate per annum (specified above). Principal shall be paid annually on each January 15, commencing January 15, 2017, and on the Maturity Date. Principal and interest shall be paid in accordance with the attached Schedule I.

The Bond 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 Bond to be redeemed, plus interest accrued to the redemption date. The records of the Holder hereof shall be prima facie evidence of the amount of principal and interest owed hereunder.

Both principal of and interest on this Bond 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 Bond do exist, have happened and have been performed in regular and due time, form and manner as required by law; that this Bond 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 Bond as provided in the Resolution.

No registration, transfer or exchange of this Bond shall be permitted within fifteen (15) days of a payment date, the Maturity Date or the date of prepayment or redemption of this Bond.

This Bond is an authorized series in the aggregate principal amount of \$6,900,000 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 September 14, 2015, as supplemented by a resolution adopted September 28, 2015 approving the form hereof (**together, the “Resolution”**).

This Bond shall bear interest from the date on which this Bond is authenticated. Interest on this Bond shall be computed on the basis of 30-day months and 360-day year.

This Bond is transferable only upon the registration books kept at the office of the Registrar by the registered holder hereof, or by his duly authorized attorney, upon surrender of this Bond (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 Bond, in the aggregate principal amount and of the same series, interest rate and maturity as the Bond surrendered, shall be issued in exchange therefor. The City and the Registrar shall deem and treat the person in whose name this Bond 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 BOND 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 BOND, 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 Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and nature and extent of the security for the Bond; the conditions upon which the Resolution may be amended or supplemented without the consent of the holder of this Bond and upon which it may be amended only with the consent of the holder of the Bond 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 Bond and for the other terms and provisions of the Resolution.

This Bond 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.

IN WITNESS WHEREOF, the City of Franklin, Virginia, by its City Council has caused this Bond 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 Bond 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 Bond is the Series 2015A Bond described in the within-mentioned Resolution.

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

By: _____
City Manager, City of Franklin, Virginia

DATE OF AUTHENTICATION:
October __, 2015

[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 Bond 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: _____

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

Signature Guaranteed

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

SCHEDULE I



September 23, 2015

TO: Randy Martin, City Manager

FROM: Melissa D. Rollins, Director of Finance *Melissa D. Rollins*

RE: **Year End Budget Amendments & Transfers for FY 2014-2015**
Budget Amendment #2016-06

Final reconciliation (pre-audit) of FYE 6-30-15 financial reports revealed additional adjustments that require action by Council to provide supplemental appropriations to the following budgets:

Commissioner of the Revenue – Additional appropriation is required to cover the health insurance line item in FY 14-15. One employee was added to the plan after preparation of the budget. As a result, the line item was overspent by \$6,192. A previous appropriation was done for \$1,800; however, additional expenditures posted to the prior year have resulted in a need for a supplemental appropriation.

The request is to transfer \$1,000 from the Real Estate Assessor Budget to cover the required appropriation.

Human Resources – Additional appropriation is required to cover costs incurred in FY 14-15 that were not covered in the initial budget (i.e. part time to full time earlier than anticipated and employee training). Unspent appropriations in various line items has significantly helped to cover the cost of these expenditures, however, the total budget was overspent by nearly \$1,000.

The request is to transfer funds from the City Manager’s Budget in the amount of \$1,000 to cover the required appropriation.

Information Technology – Additional appropriation is required to cover costs incurred in FY 14-15 that were not covered in the initial budget (i.e. mid-year salary adjustment, overtime and other costs associated with technology improvements). An additional \$10,000 is needed to cover costs associated with these expenditures.

The request is to transfer unspent appropriations in the Juvenile and Detention budget.

Building Maintenance – Additional appropriation in the amount of \$6,500 is required to cover the costs of utilities that exceeded the available appropriations. Expenditures exceeded the budget by \$8,838.

The request is to transfer unspent appropriations in the Juvenile and Detention budget.

Non Departmental – Additional appropriation is needed in the amount of \$350 to cover the cost of merchant card fees.

The request is to transfer unspent appropriations in the Juvenile and Detention budget.

Required Action by Council: Approved Budget Amendment #2016-06 to reflect supplemental appropriations needed in the various budgets. (Note: This is accomplished by line item transfers within the City's General Fund).

BUDGET AMENDMENT 2016-06

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2014-2015 City Budget is hereby amended as follows:

Fund 100 - General Fund					-
21910	3163	Juvenile Detention	110,000	93,150	(16,850)
12320	5540	RE Assessor -Travel	500	-	(500)
12320	3132	RE Assessor - Professional Services	1,500	1,000	(500)
12110	2300	City Manager - BCBS	10,584	9,584	(1,000)
		Total			\$ (18,850)
12220	3170	HR Professional Services-Training	2,500	3,500	1,000
12310	2300	Comm. Of Revenue - BCBS	23,244	24,244	1,000
12560	3133	Info Tech - Prof Services	32,000	33,100	1,100
12560	8200	Info Tech - Peg Channel Equipment	30,000	34,100	4,100
12560	1101	Info Tech -Regular Salaries	41,957	45,057	3,100
12560	1200	Info Tech - Overtime	5,000	6,700	1,700
43600	5110	Build Maint - Utilities	107,000	113,500	6,500
91500	5855	Merchant Card Fees	46,000	46,350	350
		Total			\$ 18,850

To authorize supplemental appropriations for expenditures in FY 14-15

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

Clerk to the City

Agenda
Franklin City Council
September 28, 2015



September 23, 2015

To: Randy Martin
City Manager

From: Melissa D. Rollins *Melissa D. Rollins*
Director of Finance

Re: **FY 2014-15 Budget Carryover to FY2015-2016 - #2016-04 (REVISED)**

Budget Amendment #2016-04 was approved by City Council on August 10, 2015. Since then, additional year-end review and reconciliation has resulted in an adjustment to the actual carryover balances at June 30, 2015. Attached please find a correction to this amendment. The items affected have been highlighted.

REQUIRED ACTION FROM CITY COUNCIL

Adopt the revision to Budget Amendment 2016-04 to reflect actual carryover balances at June 30, 2015.

BUDGET AMENDMENT 2016-04 – Amended (Sept 28)

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2015-2016 City Budget is hereby amended as follows:

		2015-2016	AMENDED	INCREASE
		BUDGET	BUDGET	(DECREASE)
100	<u>GENERAL FUND</u>			
	REVENUE			
41050-0004	Prior Year Budget Carryover	\$0	\$330,866	330,886
41050-0100	Use of restricted fund balance	\$0	169,930	169,930
				500,816
	EXPENDITURES			
41200-8211	PW Streets- Drainage- CIP	120,000	200,558	80,558
41200-8333	PW Streets – Street Paving	400,000	644,292	244,292
81300-3330	Contract Maintenance-Adopt a Spot	0	1,300	1,300
81300-5856	Gateway Enhancement Plan	3,500	9,536	6,036
12560-8117	Software Upgrade Project	0	156,673	156,673
81100-8010	Generator Hookup Grant	0	11,957	11,957
	TOTAL			500,816
501	<u>WATER/SEWER</u>			
	REVENUE			
41050-0200	Prior Year Budget Carryover	\$0	\$631,662	\$631,662
	EXPENDITURES			
44112-8205	Water Line Rehab	\$243,194	672,297	\$429,103
44113-8246	Sewer System Improvements	\$243,194	445,753	\$202,559
	TOTAL			\$631,662
220	<u>FOUNDATION GRANTS</u>			
	REVENUE			
41050-0100	Prior Year Budget Carryover	\$0	\$90,922	\$90,922
	EXPENDITURES			
31100-5848	Camp Grant-police	\$0	29,152	\$29,152
32100-5604	Volunteer Incentive Program	0	652	652
32100-5848	Camp Foundation Grant-fire & rescue	0	33,592	33,592
32100-9004	IT Upgrade – E911	0	12,444	12,444
32100-8101	Thermal Imaging Cameras	0	36	36
32100-8117	Fire Prevention	0	10,225	10,225
32100-8600	Child Safety Seat	0	564	564
43200-8300	Hayden Study	0	3,199	3,199
71300-5848	Summer Youth Day Scholarships	0	1,058	1,058
	TOTAL		90,922	90,922

504	<u>AIRPORT FUND</u>			
	REVENUE			
41050-0200	Prior Year local match	\$0	9,442	9,442
24040-0421	Airport Improvements – State	\$0	14,164	14,164
33010+0420	Airport Improvements – Federal	\$0	448,513	448,513
				472,119
	EXPENDITURES			
20020-8431	Runway Lighting Construction	0	472,119	472,119
	TOTAL			472,119

510	<u>ECONOMIC DEVELOPMENT</u>			
	REVENUE			
3-510-041050-0502	Transfer from Solid Waste Fund	\$0	30,000	30,000
0-510-000300-0340	Use of Fund Balance	\$0	180,000	180,000
				210,000
4-502-93100-0510	Transfer to Economic Dev. Fund	\$0	30,000	\$30,000
4-502-042300-8222	Landfill Closure	\$70,000	40,000	(\$30,000)
	EXPENDITURES			
20020-8409	Business Drive Road Project	0	210,000	210,000
	TOTAL			210,000

220	<u>FOUNDATION GRANT FUND</u>			
	REVENUE			
3-220-18990-3001	Donation-Franklin Southampton Charities	\$0	32,190	32,190
				\$32,190
	EXPENDITURES			
4-220-31100-9004	IT upgrades	0	32,190	32,190
	TOTAL			\$32,190

**To carry forward unspent appropriations for specific grants, the completion of ongoing projects, to supplement additional expenditures anticipated in the FY15-16 budget and to recognize grant funds received.*

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

Clerk to the City Council

OLD/NEW BUSINESS

A. City Manager's Report

COUNCIL/STAFF REPORTS ON BOARDS & COMMISSION