

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND AWARD OF A TAXABLE GENERAL OBLIGATION WATER REFUNDING BOND, SERIES 2010, OF THE TOWN OF HAMILTON, VIRGINIA, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,300,000, HERETOFORE AUTHORIZED, PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF AND PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING BONDS

WHEREAS, on June 6, 2002, the Town of Hamilton, Virginia (the "Town"), issued its \$1,800,000 General Obligation Water Bond, Series of 2002A (the "2002 Bond");

WHEREAS, Virginia Resources Authority ("VRA") has advised the Town that it may achieve debt service savings by refunding all or a portion of the outstanding principal amount of the 2002 Bond;

WHEREAS, the Town desires to issue a refunding bond (the "Bond" as further described in Section 3 herein) to refund all or a portion of the 2002 Bond, subject to the terms and conditions herein, including a condition that the refunding achieve an aggregate net present value debt service savings of not less than 3% (the "Targeted Savings");

WHEREAS, VRA has indicated its willingness to purchase the Bond from a portion of the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2010A (as more particularly defined in the below-defined Financing Agreement, the "VRA Bonds"), in accordance with the terms of a Financing Agreement to be dated as of a date specified by VRA, between VRA and the Town (the "Financing Agreement"), and a Local Bond Sale Agreement to be dated as of a date specified by VRA, between VRA and the Town (the "Local Bond Sale Agreement"), the forms of which have been presented to this meeting;

WHEREAS, VRA has advised the Town that the sale date of the VRA Bonds is tentatively scheduled for May 25, 2010, but may occur, subject to market conditions, at any time between May 1, 2010, and June 1, 2010 (the "VRA Sale Date"), and that VRA's objective is to pay the Town a purchase price for the Bond (the "Purchase Price Objective"), which in VRA's judgment, reflects its market value taking into consideration such factors as the Targeted Savings, the purchase price received by VRA for the VRA Bonds, the issuance costs of the VRA Bonds (consisting of the underwriters' discount and other costs incurred by VRA), and other market conditions relating to the sale of the VRA Bonds; and

WHEREAS, the Local Bond Sale Agreement will provide that the terms of the Bond may not exceed the parameters set forth below in Section 3;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF HAMILTON, VIRGINIA:

1. Issuance of Bond. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, the Council hereby

provides for the issuance and sale of the Bond as a general obligation water refunding bond of the Town to provide funds to refund all or a portion of the 2002 Bond and to pay related issuance and financing costs incurred in connection with issuing such Bond and refunding the 2002 Bond.

2. Authorization of Financing Agreement. The form of the Financing Agreement submitted to this meeting is hereby approved. The Mayor and the Vice-Mayor, either of whom may act, are authorized to execute and deliver the Financing Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer executing the Financing Agreement, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Bond to VRA shall be upon the terms and conditions of the Financing Agreement and the Local Bond Sale Agreement. The proceeds of the Bond shall be applied in the manner set forth in the Financing Agreement. All capitalized terms used but not defined herein shall have the same meaning as set forth in the Financing Agreement.

3. Bond Details. The Bond shall be issued as a single, registered bond, shall be designated "Taxable General Obligation Water Refunding Bond, Series 2010," shall be numbered R-1, shall be dated the date that is 30 days prior to the closing date of the VRA Bonds, shall be in a principal amount not to exceed \$1,300,000 and shall mature no later than December 31, 2021. The Council authorizes the issuance and sale of the Bond on terms as shall be determined by VRA subject to VRA's Purchase Price Objective and the conditions described in the Recitals hereof; provided, however, that the Bond shall have a "true" interest cost not to exceed 5.5% (exclusive of "supplemental interest" as provided in the Financing Agreement) and the refunding shall achieve at least the Targeted Savings. Subject to the preceding terms, the Council further authorizes the Mayor and the Vice-Mayor, either of whom may act, to accept the final terms presented by VRA, including (a) the final principal amount of the Bond, (b) the amortization schedule (including the principal installment dates and amounts) for the Bond, (c) the optional and extraordinary redemption provisions, if any, of the Bond and (d) the portions of the 2002 Bond to be refunded, all in such manner as the Mayor or Vice-Mayor shall determine to be in the best interests of the Town.

The Local Bond Sale Agreement, in substantially the form presented to this meeting, is hereby approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or Vice-Mayor. The Mayor and Vice-Mayor, either of whom may act, are authorized and directed to execute and deliver, on behalf of the Town, the Local Bond Sale Agreement.

The actions of the Mayor or Vice-Mayor in accepting the final terms of the Bond shall be conclusive, and no further action shall be necessary on the part of the Town Council.

As set forth in the Financing Agreement, the Town agrees to pay such "supplemental interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the Capital Reserve Fund. The principal of and premium, if any, and interest on the Bond shall be payable in lawful money of the United States of America.

4. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Bond shall be payable as set forth in the Bond and the Financing Agreement.

The Town may, at its option, redeem, prepay or refund the Bond upon the terms determined by the Mayor or Vice-Mayor in Section 3 above and set forth in the Financing Agreement.

5. Execution and Form of Bond. The Bond shall be signed by the Mayor or the Vice-Mayor and the Town's seal shall be affixed thereon and attested by the Town Recorder. The Bond shall be issued initially as a typewritten bond in substantially the form of Exhibit A attached hereto, 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 Bond.

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

In addition, subject to the right of the Town to apply Revenues to the payment of Operation and Maintenance Expense, the Town irrevocably pledges the Revenues to the payment of principal of and premium, if any, and interest on the Bond.

7. Preparation of Printed Bond. Upon request of the registered owner and upon presentation of the Bond at the office of the Registrar (as hereinafter defined), the Town shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Bond in printed form in an aggregate principal amount equal to the unpaid principal of the Bond in typewritten form, in denominations of \$5,000 and multiples thereof (except that one Bond 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 Bond may be executed by manual or facsimile signature of the Mayor or Vice-Mayor, and the Town's seal affixed thereto and attested by the Town Recorder; provided, however, that if both such signatures are facsimiles, no Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Bond surrendered in any such exchange shall be canceled.

8. Registration and Transfer of the Bond. The Town appoints the Town Treasurer as paying agent and registrar (the "Registrar") for the Bond. If deemed to be in its best interest, the Town may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the Bond 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 Town shall execute, and the Registrar shall authenticate and deliver in exchange, a new Bond or Bonds 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 Town, except that the Registrar

may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

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 regular installment payments of principal and interest shall be paid to the person or entity shown as owner on the registration books on the 15th day of the month preceding each payment date.

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

10. Arbitrage Covenants. The Town covenants that it shall not take or omit to take any action the taking or omission of which will cause the VRA Bonds 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 VRA Bonds to be includable in the gross income of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the Town shall comply with any provision of the Tax Compliance Agreement (as hereinafter defined) that may require the Town at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bond, unless the Town receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the VRA Bonds from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Town shall pay any such required rebate from legally available funds.

11. Tax Compliance Agreement. Such officers of the Town as may be requested are authorized and directed to execute and deliver a nonarbitrage certificate and tax compliance agreement (the "Tax Compliance Agreement") in a form not inconsistent with this Resolution as may be approved by the officers of the Town executing such document, whose approval shall be evidenced conclusively by the execution and delivery thereof.

12. Limitation on Private Use. The Town covenants that it shall not permit the proceeds of the Bond or the facilities financed with the proceeds of the Bond 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 Town receives an opinion of nationally recognized bond counsel that any such

covenants need not be complied with to prevent the interest on the VRA Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the Town need not comply with such covenants to the extent provided in such opinion.

13. Official Statement. The Town authorizes and consents to the inclusion of information with respect to the Town contained in VRA's Preliminary Official Statement and VRA's Official Statement in final form, both prepared in connection with the sale of the VRA Bonds.

14. Redemption of 2002 Bond. The Mayor and Vice-Mayor, either of whom may act, are authorized and directed to take all proper steps to call for redemption such portion(s) of the 2002 Bond as shall be refunded and to prepare and deliver any such notices and correspondence necessary therefor. The Mayor and Vice-Mayor, either of whom may act, are authorized to approve changes to the 2002 Bond and related financing documents, including the execution and delivery of an allonge to the 2002 Bond, as may be necessary to provide for the unrefunded portion, if any, of the 2002 Bond. The Town Recorder is authorized to affix the Town's seal on any such documents and attest the same.

15. Qualified Tax-Exempt Obligation. To the extent the Town intends to satisfy the requirements set forth in Section 265(b)(3) of the Code, and if requested by VRA, the Mayor and Vice-Mayor, either of whom may act, are hereby authorized to designate the Bond for purposes of such Section.

16. Other Actions. All other actions of Town officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bond are ratified, approved and confirmed. The Town officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Bond pursuant to this Resolution, the Financing Agreement and the Local Bond Sale Agreement.

17. Effective Date. This Resolution shall take effect immediately.

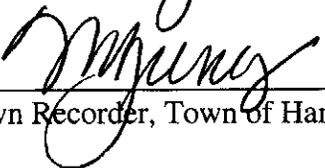
All capitalized terms used but not defined in this certificate shall have the same meaning as set forth in the Financing Agreement.

Dated June 16, 2010.





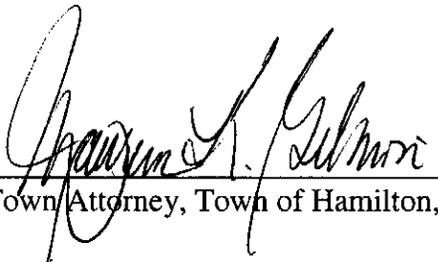
Mayor, Town of Hamilton, Virginia



Town Recorder, Town of Hamilton, Virginia

The undersigned Town Attorney of the Town of Hamilton, Virginia, hereby certifies that the officials of the Town named above are the duly elected or appointed and qualified incumbents of the offices indicated and their signatures as appearing above are true and genuine.

Dated June 16, 2010.



Town Attorney, Town of Hamilton, Virginia