

November 22, 2011

The regular meeting of the Council of the City of Martinsville, Virginia, was held on November 22, 2011, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Mark Stroud, Sr., Danny Turner, and Gene Teague. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Leon Towarnicki, Bobby Phillips, Dennis Bowles, and Rob Fincher.

Mayor Adkins called the Council meeting to order and Council Member Gene Teague gave the invocation and Pledge of Allegiance to the flag.

On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the amended minutes of the October 11, 2011 meeting with the addition of the words “and the architects” under Council Comments section.

Mayor Adkins read the following list of names of employees eligible for Service Awards from 10/1/11 through 12/31/11 and recognized them for their faithful service to the city.

| EMPLOYEE NAME    | YEARS OF SERVICE | DEPARTMENT                 |
|------------------|------------------|----------------------------|
| Chad Stallard    | 5                | Sheriff's Department       |
| Sandra Tomlinson | 5                | Commissioner of Revenue    |
| James Hopkins    | 10               | Fire Department            |
| Danny Worrell    | 15               | Public Works Department    |
| Mark Gilbert     | 20               | Police Department          |
| Doug Boaz        | 20               | Utility Billing Department |
| William Stultz   | 25               | Utility Billing Department |

Mayor Adkins introduced Mark Gerken of American Municipal Power, Inc. Mr. Marc Gerken, President and CEO of AMP presented updated information on the construction budgets for generation facilities in which Martinsville is one of 79 participants at 4.3 MW or 2.1% of the project. He reviewed construction costs as they have evolved since the projects were subscribed, reductions achieved in budgets and comparisons to costs of power from the market as well as the long term, levelized cost from the project. AMP currently has three separate hydroelectric projects under construction on the Ohio River and in various stages of completion with a total capacity of 208 megawatts (MW): Cannelton, Smithland and Willow Island.

|  <p><i>AMP Hydro Phase I Project Update Presentation to Martinsville City Council</i><br/>November 22, 2011</p> <p><i>Marc S. Gerken, P.E.,<br/>President/CEO</i></p>   | <p align="center"><b>MEETING AGENDA</b></p> <ul style="list-style-type: none"> <li>• 2006–2010 Capital Budget Recap</li> <li>• 2010–2011 Budget Changes</li> <li>• Cannelton, Smithland, Willow Island (AMP Hydro Phase I) Status</li> <li>• Hydro Phase I Levelized Costs</li> <li>• Power Supply Portfolio</li> </ul>   | <p align="center"><b>ORIGINAL FEASIBILITY STUDY COSTS – 2006 PRICE LEVEL</b></p> <p><small>7.1 Cost Estimate</small><br/>The estimated cost of the projects is summarized in Table 2.</p> <p align="center"><small>Table 2 - Project Cost Summary (million \$ at 2006 price level)</small></p> <table border="1"> <thead> <tr> <th>Project</th> <th>Construction Cost</th> <th>Hydraulic Model</th> <th>Engineering and Construction Management</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Smithland with Bulb Units</td> <td>241.66</td> <td>1.00</td> <td>16.92</td> <td>259.58</td> </tr> <tr> <td>Smithland with MCC Kaplan Units</td> <td>226.39</td> <td>1.00</td> <td>15.85</td> <td>243.24</td> </tr> <tr> <td>Cannelton</td> <td>242.37</td> <td>1.00</td> <td>16.97</td> <td>260.34</td> </tr> <tr> <td>Willow Island</td> <td>171.17</td> <td>1.00</td> <td>11.98</td> <td>184.15</td> </tr> <tr> <td align="right" colspan="4"><b>Total Cost:</b></td> <td><b>\$704,070,000</b></td> </tr> </tbody> </table> | Project                                 | Construction Cost    | Hydraulic Model | Engineering and Construction Management | Total    | Smithland with Bulb Units | 241.66   | 1.00     | 16.92         | 259.58   | Smithland with MCC Kaplan Units | 226.39       | 1.00              | 15.85            | 243.24  | Cannelton | 242.37 | 1.00 | 16.97 | 260.34 | Willow Island | 171.17 | 1.00 | 11.98 | 184.15 | <b>Total Cost:</b> |  |  |  | <b>\$704,070,000</b> |
|--|---|---|---|----------------------|-----------------|---|----------|---------------------------|----------|----------|---------------|----------|---------------------------------|--------------|-------------------|------------------|---|-----------|--------|------|-------|--------|---------------|--------|------|-------|--------|--------------------|--|--|--|----------------------|
| Project  | Construction Cost   | Hydraulic Model   | Engineering and Construction Management | Total                |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Smithland with Bulb Units  | 241.66  | 1.00  | 16.92                                   | 259.58               |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Smithland with MCC Kaplan Units  | 226.39  | 1.00  | 15.85                                   | 243.24               |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Cannelton  | 242.37  | 1.00  | 16.97                                   | 260.34               |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Willow Island  | 171.17  | 1.00  | 11.98                                   | 184.15               |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| <b>Total Cost:</b>   |   |   |   | <b>\$704,070,000</b> |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| <p align="center"><b>FEASIBILITY STUDY ASSUMPTIONS</b></p> <ul style="list-style-type: none"> <li>• MWH estimates were high level -30% to +50% accuracy.</li> <li>• Estimates were prior to subsurface exploration (rock was assumed at 75' depth for Cannelton and Smithland and is now at 130'/180' respectively).</li> <li>• Estimates prior to Hydraulic Model Studies</li> <li>• Interest rate assumption for total project was 4.95 % in Sept. of 2007</li> <li>• Term of financing was 40 years.</li> <li>• Energy generated was 935,000 Mwths</li> </ul> | <p align="center"><b>UPDATED CAPITAL COSTS (2008)</b></p> <table border="1"> <thead> <tr> <th>Project</th> <th>2007(Millions)</th> <th>2008 (Millions)</th> </tr> </thead> <tbody> <tr> <td>Cannelton</td> <td>\$260.34</td> <td>\$407.26</td> </tr> <tr> <td>Smithland</td> <td>\$259.58</td> <td>\$432.19</td> </tr> <tr> <td>Willow Island</td> <td>\$184.15</td> <td>\$262.52</td> </tr> <tr> <td align="center"><b>Total</b></td> <td><b>\$704.07 M</b></td> <td><b>\$1,101 M</b></td> </tr> </tbody> </table> | Project   | 2007(Millions)                          | 2008 (Millions)      | Cannelton       | \$260.34                                | \$407.26 | Smithland                 | \$259.58 | \$432.19 | Willow Island | \$184.15 | \$262.52                        | <b>Total</b> | <b>\$704.07 M</b> | <b>\$1,101 M</b> | <p align="center"><b>2008 UPDATED CAPITAL COST ASSUMPTIONS</b></p> <ul style="list-style-type: none"> <li>• MWH capital cost estimates -20% to +30% accuracy</li> <li>• Turbine generator bids taken: 39% higher than MWH estimate (\$83M Increase - 3 bids received) 15% greater energy production (935 GWh vs. 1,076 GWh) Bids were taken at peak of commodity markets</li> <li>• Subsurface exploration completed<br/>Top of rock 55' to 105' deeper than anticipated<br/>Rock elevation will effect cofferdam excavation and powerhouse costs as a result of ground improvement</li> <li>• Bids for gates, cranes, and transformers, cofferdam and powerhouse design is not completed.</li> </ul> |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Project  | 2007(Millions)  | 2008 (Millions)   |   |                      |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Cannelton  | \$260.34  | \$407.26  |   |                      |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Smithland  | \$259.58  | \$432.19  |   |                      |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| Willow Island  | \$184.15  | \$262.52  |   |                      |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |
| <b>Total</b>   | <b>\$704.07 M</b>   | <b>\$1,101 M</b>  |   |                      |                 |   |          |                           |          |          |               |          |                                 |              |                   |                  |   |           |        |      |       |        |               |        |      |       |        |                    |  |  |  |                      |

| <p align="center"><b>UPDATES CAPITAL COST ESTIMATES (MILLIONS) 2009 BAN NOTES FINANCING (FEB 2009)</b></p> <table border="1"> <thead> <tr> <th>Project</th> <th>2007</th> <th>2008</th> <th>2009</th> </tr> </thead> <tbody> <tr> <td>Cannelton</td> <td>\$260.34</td> <td>\$407.26</td> <td>\$415.76</td> </tr> <tr> <td>Smithland</td> <td>\$259.58</td> <td>\$432.19</td> <td>\$395.86</td> </tr> <tr> <td>Willow Is.</td> <td>\$184.15</td> <td>\$262.52</td> <td>\$257.62</td> </tr> <tr> <td>Total</td> <td>\$704.07 M</td> <td>\$1,101 M</td> <td>\$1,069 M</td> </tr> </tbody> </table>   | Project  | 2007   | 2008                           | 2009                           | Cannelton | \$260.34      | \$407.26 | \$415.76  | Smithland | \$259.58        | \$432.19   | \$395.86 | Willow Is. | \$184.15        | \$262.52     | \$257.62     | Total  | \$704.07 M  | \$1,101 M              | \$1,069 M              | <p align="center"><b>2009 FINANCING CAPITAL COST ASSUMPTIONS</b></p> <ul style="list-style-type: none"> <li>MWH capital cost estimates -20% to +30% accuracy</li> <li>Subsurface Impacts<br/>FERC review of MWH design for Cannelton and Smithland foundations needed to be improved for earthquakes thus increasing engineering design costs and plant costs</li> <li>Bids received for gates, cranes, and transformers (\$61M decrease)</li> <li>Bids for Cannelton / Smithland cofferdam excavation (\$32.7M decrease)</li> <li>All-In True Interest rate after BABS subsidy for 2009 Financing 4.22%</li> <li>Term of financing for 2009 only was 30 years.</li> <li>Bid for Cannelton power house not actual (MWH est.)</li> </ul> | <p align="center"><b>UPDATED CAPITAL COST ESTIMATES (OCT, 2010)</b></p> <ul style="list-style-type: none"> <li>Used for anticipated final project financing</li> </ul> <table border="1"> <thead> <tr> <th>Project</th> <th>2009(Millions)</th> <th>2010 (Million)</th> </tr> </thead> <tbody> <tr> <td>Cannelton</td> <td>\$385.85</td> <td>\$474.72</td> </tr> <tr> <td>Smithland</td> <td>\$405.73</td> <td>\$504.96</td> </tr> <tr> <td>Willow Island</td> <td>\$257.62</td> <td>\$348.88</td> </tr> <tr> <td>Total</td> <td>\$1,049.2 M</td> <td>\$1,328.56 M</td> </tr> </tbody> </table> | Project    | 2009(Millions) | 2010 (Million) | Cannelton                   | \$385.85   | \$474.72   | Smithland   | \$405.73 | \$504.96       | Willow Island  | \$257.62     | \$348.88 | Total | \$1,049.2 M | \$1,328.56 M |
|---|--|--|--------------------------------|--------------------------------|-----------|---------------|----------|-----------|-----------|-----------------|------------|----------|------------|-----------------|--------------|--------------|--|---|------------------------|------------------------|---|---|------------|----------------|----------------|-----------------------------|------------|------------|-------------|----------|----------------|----------------|--------------|----------|-------|-------------|--------------|
| Project   | 2007   | 2008   | 2009                           |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Cannelton   | \$260.34   | \$407.26   | \$415.76                       |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Smithland   | \$259.58   | \$432.19   | \$395.86                       |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Willow Is.  | \$184.15   | \$262.52   | \$257.62                       |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Total   | \$704.07 M   | \$1,101 M  | \$1,069 M                      |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Project   | 2009(Millions)   | 2010 (Million)   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Cannelton   | \$385.85   | \$474.72   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Smithland   | \$405.73   | \$504.96   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Willow Island   | \$257.62   | \$348.88   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Total   | \$1,049.2 M  | \$1,328.56 M   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| <p align="center"><b>OCTOBER 2010 CAPITAL COST ASSUMPTIONS</b></p> <ul style="list-style-type: none"> <li>MWH estimates for entire project were reflective of the Cannelton powerhouse bid<br/>Cannelton Bid was 37% higher (\$219M was low and estimated was \$167M and final negotiated to \$192M)<br/>Estimates for CSW included \$111 M in contingency<br/>Financing included \$40 M in Corps bond money that is returned to construction fund at completion<br/>Engineering / construction management estimated to complete increased \$20.3 Million</li> <li>Overall increase was 27%</li> <li>All-In True Interest Rate after BABS subsidy for 2010 Financing 5.33%</li> <li>All-In True Interest Rate after BABS subsidy for 2009 &amp; 2010 Financing 4.98%</li> <li>Term of financing for 2010 only was 35 Years</li> </ul> | <p align="center"><b>UPDATED CAPITAL COST ESTIMATES BASED ON MELDAHL BIDS (APRIL, 2011)</b></p> <table border="1"> <thead> <tr> <th>Project</th> <th>2010(Millions)</th> <th>2011 Update (Millions)</th> </tr> </thead> <tbody> <tr> <td>Cannelton</td> <td>\$474.72</td> <td>\$456.43</td> </tr> <tr> <td>Smithland</td> <td>\$504.96</td> <td>\$473.64</td> </tr> <tr> <td>Willow Is.</td> <td>\$348.83</td> <td>\$334.45</td> </tr> <tr> <td>Total</td> <td>\$1,328.56 M</td> <td>\$1,264.52 M</td> </tr> </tbody> </table> | Project  | 2010(Millions)                 | 2011 Update (Millions)         | Cannelton | \$474.72      | \$456.43 | Smithland | \$504.96  | \$473.64        | Willow Is. | \$348.83 | \$334.45   | Total           | \$1,328.56 M | \$1,264.52 M | <p align="center"><b>HYDRO PHASE 1 PROJECT OWNERS COSTS SUMMARY (AMP COST NOT FINANCING)</b></p> <table border="1"> <thead> <tr> <th>Type of Owners Costs</th> <th>2009 Feasibility Study</th> <th>2010 Feasibility Study</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>AMP Costs (Includes Insurance, Legal, Contingent)</td> <td>90,602,389</td> <td>94,706,212</td> <td>4,103,823</td> </tr> <tr> <td>Performance Bond/Collateral</td> <td>52,450,966</td> <td>51,020,384</td> <td>(1,430,582)</td> </tr> <tr> <td>Total</td> <td>\$ 143,053,355</td> <td>\$ 145,726,596</td> <td>\$ 2,673,241</td> </tr> </tbody> </table>  | Type of Owners Costs  | 2009 Feasibility Study | 2010 Feasibility Study | Difference  | AMP Costs (Includes Insurance, Legal, Contingent)   | 90,602,389 | 94,706,212     | 4,103,823      | Performance Bond/Collateral | 52,450,966 | 51,020,384 | (1,430,582) | Total    | \$ 143,053,355 | \$ 145,726,596 | \$ 2,673,241 |          |       |             |              |
| Project   | 2010(Millions)   | 2011 Update (Millions)   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Cannelton   | \$474.72   | \$456.43   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Smithland   | \$504.96   | \$473.64   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Willow Is.  | \$348.83   | \$334.45   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Total   | \$1,328.56 M   | \$1,264.52 M   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Type of Owners Costs  | 2009 Feasibility Study   | 2010 Feasibility Study   | Difference                     |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| AMP Costs (Includes Insurance, Legal, Contingent)   | 90,602,389   | 94,706,212   | 4,103,823                      |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Performance Bond/Collateral   | 52,450,966   | 51,020,384   | (1,430,582)                    |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Total   | \$ 143,053,355   | \$ 145,726,596   | \$ 2,673,241                   |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| <p align="center"><b>HYDRO PHASE 1 PROJECT FINANCING IMPACTS</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Amount of Debt(\$)</th> <th>All-In Interest Rates</th> <th>Final Maturity of Debt (Years)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>\$841,455,000</td> <td>4.95</td> <td>40</td> </tr> <tr> <td>2009</td> <td>\$1,474,795,000</td> <td>4.22</td> <td>30</td> </tr> <tr> <td>2010</td> <td>\$2,045,425,000</td> <td>4.98</td> <td>35</td> </tr> </tbody> </table>  | Year   | Total Amount of Debt(\$)   | All-In Interest Rates          | Final Maturity of Debt (Years) | 2007      | \$841,455,000 | 4.95     | 40        | 2009      | \$1,474,795,000 | 4.22       | 30       | 2010       | \$2,045,425,000 | 4.98         | 35           | <p align="center"><b>OVERVIEW OF HYDROELECTRIC PHASE FINANCING</b></p> <ul style="list-style-type: none"> <li>First permanent financing in November 2009 - \$666,435,000             <ul style="list-style-type: none"> <li>All-In TIC 4.221%</li> <li>Completed of four series of debt:                     <ul style="list-style-type: none"> <li>\$24,425,000 Series A (Federally Taxable) All-In TIC 4.401%</li> <li>\$497,005,000 Series B (Federally Taxable - Build America Bonds) All-In TIC 4.210%</li> <li>\$122,405,000 Series C (Federally Tax-exempt) All-In TIC 4.220%</li> <li>\$22,600,000 Series D (Tax-Credit CRRs) Private Placement TIC 2.52%</li> </ul> </li> </ul> </li> <li>Final permanent financing in December 2010 - \$1,478,990,000             <ul style="list-style-type: none"> <li>All-In TIC 5.332%</li> <li>Completed of three series of debt:                     <ul style="list-style-type: none"> <li>\$152,995,000 Series A (Federally Taxable) All-In TIC 7.491%</li> <li>\$1,109,995,000 Series B (Federally Taxable - Build America Bonds) All-In TIC 5.205%</li> <li>\$116,000,000 Series C (Tax Credit CRRs) All-In TIC 3.191%</li> </ul> </li> </ul> </li> <li>Total Financing \$2,045,425,000             <ul style="list-style-type: none"> <li>All-In TIC 4.970%</li> <li>Final Maturity Date February 2050</li> <li>Largest user of CRRs to date by a Public Power cooperative</li> <li>Expect to receive \$1,300,127,630.16 in BABS subsidy over the term of the bonds</li> <li>Expect to receive \$49,118,252 in CRRs subsidy over the term of the bonds</li> </ul> </li> </ul> | <p align="center"><b>HYDRO PHASE 1 PROJECT FINANCING IMPACTS (CONTINUED)</b></p> <p>Commercial Operation Dates changed on all 3 Hydro projects</p> <ul style="list-style-type: none"> <li>The Capitalized Interest dates changed between 10 to 18 months             <ul style="list-style-type: none"> <li>Cannelton from 9/22/2013 to 12/15/2014 (15 months longer)</li> <li>Smithland from 6/30/2014 to 4/15/2015 (10 months longer)</li> <li>Willow Island from 3/6/2014 to 9/15/2015 (18 month longer)</li> </ul> </li> <li>Increase in capitalized Interest for the project</li> <li>Increase was approximately \$48.6 million</li> </ul> |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| Year  | Total Amount of Debt(\$)   | All-In Interest Rates  | Final Maturity of Debt (Years) |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| 2007  | \$841,455,000  | 4.95   | 40                             |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| 2009  | \$1,474,795,000  | 4.22   | 30                             |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| 2010  | \$2,045,425,000  | 4.98   | 35                             |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| <p align="center"><b>BUDGET/PROJECT UPDATE AS OF MAY 2011</b></p>    | <p align="center"><b>BUDGET / PROJECT APPROACH</b></p> <ul style="list-style-type: none"> <li>AMP met with MWH and internal staff and reviewed the total budgets for all of the projects as a result of the lower powerhouse bids received on the Meldahl Project.</li> <li>AMP adjusted projects costs and contingencies to the projects where additional project savings can be achieved.</li> <li>AMP continues working to implement this planned approach for all of the projects.</li> </ul>                              | <p align="center"><b>CANNELTON</b></p> <ul style="list-style-type: none"> <li>Original budget \$478,808,872</li> <li>New budget <u>\$456,432,128</u></li> <li>Net Project Savings <b>\$22,376,744</b></li> <li>3.1% Contingency included in the above adjusted budgeted capital (construction) costs.</li> </ul>   |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |
| <p align="center"><b>SMITHLAND</b></p> <ul style="list-style-type: none"> <li>Original budget \$508,786,526</li> <li>New budget <u>\$473,640,731</u></li> <li>Net Project Savings <b>\$35,145,795</b></li> <li>4.6% Contingency included in the above adjusted budgeted capital (construction) costs.</li> </ul>  | <p align="center"><b>WILLOW ISLAND</b></p> <ul style="list-style-type: none"> <li>Original budget \$354,564,822</li> <li>New budget <u>\$334,449,933</u></li> <li>Net Project Savings <b>\$20,114,889</b></li> <li>4.6% Contingency included in the above adjusted budgeted capital (construction) costs.</li> </ul>   | <p align="center"><b>CANNELTON, SMITHLAND, WILLOW ISLAND SUMMARY</b></p> <ul style="list-style-type: none"> <li>Original budget \$1,342,160,220</li> <li>New budget <u>\$1,264,522,792</u></li> <li>Net Project Savings <b>\$77,637,428</b></li> <li>4.0% Overall contingency included in the above adjusted budgeted capital (construction) costs.</li> </ul> |                                |                                |           |               |          |           |           |                 |            |          |            |                 |              |              |  |   |                        |                        |   |   |            |                |                |                             |            |            |             |          |                |                |              |          |       |             |              |

### BUDGET PROGRESS

- Over the three projects (Cannelton, Smithland, and Willow Island), we have reduced the budget by \$77.6 M.
- We are working on other areas of additional savings and we will be reporting back on those efforts.
- We are reviewing the most economical way to utilize the CSW savings to reduce costs (i.e. pay down debt, refunding, etc.)

### UPDATED CAPITAL COST ESTIMATES BASED ON MELDAHL BIDS (April 2011)

| Project          | 2010 (Thousands)   | 2011 Update (Thousands) | Difference      |
|------------------|--------------------|-------------------------|-----------------|
| Cannelton        | \$467,920          | \$445,543               | \$22,377        |
| Smithland        | \$495,096          | \$459,950               | \$35,146        |
| Willow Is.       | \$345,325          | \$325,210               | \$20,115        |
| <b>Sub-Total</b> | <b>\$1,308,341</b> | <b>\$1,230,703</b>      | <b>\$77,638</b> |

### OVERALL STATUS FOR CANNELTON, SMITHLAND & WILLOW ISLAND

- Cannelton, Smithland, and Willow Island projects are all under construction
- Turbine Generator, Design / Build cofferdams, Gates and Trashrack, Cranes, Transformers, Diesel Fuel, and reinforcing steel for all 3 projects have been awarded
- Trashrakes and loggrabbers are under negotiations
- Negotiations are ongoing for the Smithland and Willow Island general construction of the Powerhouse Contracts
- Transmission line work is as follows:
  - Cannelton - near complete
  - Smithland - pending final regulatory and ISO approvals
  - Willow Island - pending final negotiations with Cytec and FE (APS) / PJM for the substation

### CANNELTON HYDRO PROJECT STATUS

- Project and contract status for Cannelton
  - Ground breaking was August 25, 2009
  - Land Clearing has been completed
- Major Contracts
  - Turbines: Awarded June 2008 (75.0% spent)
  - Cofferdam: Awarded February 2009 (100% complete / 100% spent)
  - Powerhouse Crane: Awarded July 2009 (28.7% spent)
  - Powerhouse Gates: Awarded October 2009 (79.0% spent)
  - Powerhouse Construction: Awarded September 2009 (18.0% spent)
  - Transformer: Awarded November 2009 (92.8% spent)
- Completion Date: May 28, 2014

### SMITHLAND HYDRO PROJECT STATUS

- CJ Mahan is under contract to Design / Build the cofferdam, excavation, and the Phase I of ground improvements
- CJ Mahan has provided a price for the general construction of the Powerhouse
- AMP is reviewing this along with a proposal to complete the Phase II ground improvements
- The Owner Furnished Equipment is in manufacturing and some is being stored off site until installation

### SMITHLAND HYDRO PROJECT STATUS

- Project and contract status for Smithland
  - Ground breaking was September 1, 2010
  - Land Clearing has been completed
- Major Contracts
  - Turbines: Awarded June 2008 (64.3% spent)
  - Cofferdam: Awarded February 2010 (50% complete / 48.3% spent)
  - Powerhouse Crane: Awarded April 2010 (29.4% spent)
  - Powerhouse Gates: Awarded March 2010 (58.0% spent)
  - Powerhouse Construction: To be awarded October/November 2011
  - Transformer: Awarded November 2009 (82.0% spent)
- Completion Date: January 30, 2015

### WILLOW ISLAND HYDRO PROJECT STATUS

- The Willow Island cofferdam and excavation contract has been awarded to Ruhlin Construction
- As a result of an existing sheetpile obstruction, Ruhlin had to add one coffercell. A change order was issued
- The slurry wall is complete
- Cofferdam schedule is approximately 114 days ahead of schedule
- We are continuing negotiations with Ruhlin on the general construction of the Powerhouse Contract

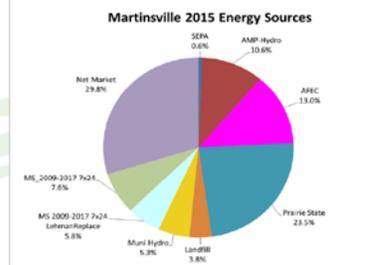
### WILLOW ISLAND HYDRO PROJECT STATUS

- Project and contract status for Willow Island
  - Ground breaking took place July 21, 2011
  - Land Clearing has been completed
- Major Contracts
  - Turbines: Awarded June 2008 (65.4% spent)
  - Cofferdam: Awarded September 2010 (15% complete / 12.8% spent)
  - Powerhouse Crane: Awarded April 2010 (9% spent)
  - Powerhouse Gates: Awarded March 2010 (48.9% spent)
  - Powerhouse Construction: To be awarded October/November 2011
  - Transformer: Awarded November 9, 2009 (81.4% spent)
- Completion Date: January 14, 2015

### LEVELIZED COST COMPARISON

|                | Prior to Constr. Cost Reduction | After Constr. Cost Reduction |
|----------------|---------------------------------|------------------------------|
| Resource Costs | \$/MWh                          | \$/MWh                       |
| Hydro Phase 1  | 124.49                          | 117.75                       |

### POWER SUPPLY PORTFOLIO

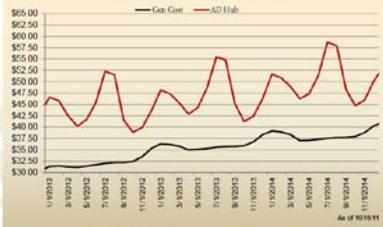


### AFEC STARTUP, COMMISSIONING & TESTING SCHEDULE

| Milestone  | Date         |
|--|--------------|
| AFEC Asset Purchase and Financial Closing                                    | 7/28/2011    |
| Full Notice To Proceed (FNTP) issued to PIC Group - Commissioning Contractor | 7/29/2011    |
| FNTP issued to NAES - O&M Contractor   | 7/29/2011    |
| Start of Commissioning   | 8/22/2011    |
| Start of Performance Testing   | 11/28/2011** |
| Complete Performance Testing   | 12/8/2011**  |
| Commercial Operation   | 1/1/2012     |

\*\* Milestone Dates included in PIC Group agreement

### Fremont Gen Cost vs PJM AD Hub

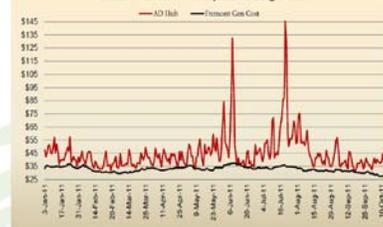


Percentage market over anticipated Gen cost for next 3 years

|                 |              |
|-----------------|--------------|
| Cal 2012:       | 37.3%        |
| Cal 2013:       | 30.2%        |
| Cal 2014:       | 31.5%        |
| <b>Overall:</b> | <b>33.0%</b> |

Gen Cost = 6.81 \* (MWh + 28) \* VCM of \$2.52/MWh  
Market = AD Hub

### Realized AD Hub vs Anticipated AFEC gen cost



Market price over anticipated gen cost if operational in 2011: 36.07%

Gen Cost = 6.81 \* (MWh + 28) \* VCM of \$2.52/MWh  
Market = AD Hub

November 22, 2011

After Council discussion and Mr. Turner questioning Mr. Gerken on the three project prices stating “the price was underestimated 36% on 3 plants and there is no excuse for it” and “this is the third project in a row that the price has exploded up”, Mayor Adkins thanked Mr. Gerken for his updated information and asked that Dennis Bowles provide an updated fact sheet based on this new information.

Leon Towarnicki briefed Council on the Solid Waste Management Plan update noting that Sec.9-VAC 20-130-175.F of the Solid Waste Planning and Recycling Regulations, Amendment 2 requires that solid waste management planning units submit a plan update on a 5-year cycle. The City’s last SWMP update was approved by Virginia DEQ on December 12, 2006. The City and Henry County (including the Town of Ridgeway) have submitted joint plans previously and are cooperating again on the current update with the City’s solid waste engineering consultant, Joyce Engineering, Inc., handling the project. A Public Hearing is required to meet the public participation element of the plan. Copies of the plan are available for public review at the Library on East Church Street, in the Martinsville Public Works Office, Room 226 of the Municipal Building and at the Henry County Administration Building and a link to the plan is on the City’s website. Mayor Adkins opened the public hearing. No public comments were made and Mayor Adkins closed the public hearing. On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council adopted the 2011 update of the Solid Waste Management Plan.

On a motion by Gene Teague, seconded by Kimble Reynolds, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, Council approved the following Preliminary Ordinance regarding the Building Energy Efficiency Project, on second reading:

CITY OF MARTINSVILLE, VIRGINIA----AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$1,250,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA, AND SETTING FORTH THE PURPOSE, IN GENERAL TERMS, FOR WHICH THE BONDS ARE TO BE ISSUED, THE MAXIMUM AMOUNT OF THE BONDS TO BE ISSUED AND THE MAXIMUM LENGTH OF TIME SUCH BONDS WILL BE OUTSTANDING

Adopted on November 22, 2011

Be it Ordained by the Council of the City of Martinsville, Virginia:

**Section 1 - Findings and Determinations**

The City Council ("**City Council**") of the City of Martinsville, Virginia (**the "City"**) proposes to issue bonds for the purpose of assisting in the acquisition, construction, expansion, renovation and equipping of energy saving improvements to City buildings and facilities, all for municipal purposes (**together, the "Project"**) and hereby finds and determines that: (i) the City is in need of funds to be used by the City for such construction and equipment needs brought to the attention of the City Council by the Martinsville City Manager, specifically for the Project, for costs of issuance of the Bonds (defined below) and for payment of interest on the Bonds; (ii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for the City’s buildings and facilities used for municipal purposes; (iii) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of general obligation bonds in an original principal amount not to exceed \$1,250,000 to be issued by the City as further described herein (**the "Bonds"**) to be used for the acquisition, construction and equipping of the Project and for certain costs of issuance of the Bonds; (iv) the issuance of the Bonds is within the power of the City to contract debts, borrow money and make and issue evidence of indebtedness; and, (iv) the issuance of the Bonds is in the best interests of the City and its citizens.

**Section 2 - Description of the Bonds**

The City Council finds that it is expedient for the City to borrow money and issue the Bonds for the Project in a maximum amount not to exceed ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$1,250,000). The maximum length of time that the Bonds will be outstanding is twenty years from the date of issuance of the Bonds. The form and details of the Bonds which are proposed to be issued will be more specifically set forth in a City Ordinance to be entitled "AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$1,250,000 MAXIMUM PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, which will be introduced before the Council and considered for final passage following a public hearing on the issuance of the Bonds, as required by law.

**Section 3 - Further Actions Authorized**

The City Manager, Clerk of the Council, City Treasurer, City Attorney, Sands Anderson PC as bond counsel, Davenport & Company LLC as financial advisor to the City and all other officers, employees and agents of the City are hereby authorized and directed to take any and all such further action as shall be deemed necessary or desirable to facilitate consideration of the issuance of the Bonds. All actions of the City Manager, Clerk of the Council, City Treasurer, City Attorney, bond counsel, the City’s financial advisor and all other officers, employees and agents of the City in furtherance of the issuance of the Bonds and the financing of the Project are hereby approved and ratified.

**Section 4 - Invalidity of Sections**

If any section, paragraph, clause or provision of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Ordinance.

**Section 5 - Headings of Sections**

The headings of the sections of this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.

**Section 6 - Effective Date and Filing of Ordinance**

Council hereby declares in the public interest that this Ordinance shall become effective immediately upon its passage. A copy of this Ordinance, certified by the Clerk of the Council, shall be filed with the Clerk of the Circuit Court of the City of Martinsville, Virginia.

Travis Clemons briefed Council on the Supplemental Ordinance regarding school bonds (QSCB Program) for renovations at Martinsville High School and advised a 19-year term has been approved

November 22, 2011

with the five and ten year benchmarks relaxed. The purpose of the final ordinance, known as a Supplemental Ordinance, is to approve the terms of the bond sale. Interest will be shown, however, under QSCB program, such interest is subsidized. The exact terms and effective interest rate of the school bonds will not be known until bonds are sold by VPSA on November 30, 2011. Once bonds are sold, Council will be given complete information before the second reading of the Supplemental Ordinance at the special called meeting on December 6, 2011. On a motion by Danny Turner, seconded by Mark Stroud, with the following 3-2 recorded vote: Adkins, aye; Teague, nay; Reynolds, nay; Stroud, aye; and Turner, aye, Council approved the following Supplemental Ordinance on first reading:

CITY OF MARTINSVILLE, VIRGINIA

**A SUPPLEMENTAL ORDINANCE AUTHORIZING THE ISSUANCE OF A NOT TO EXCEED \$9,300,000 GENERAL OBLIGATION SCHOOL BOND, SERIES 2011, OF THE CITY OF MARTINSVILLE, VIRGINIA, TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY**

Adopted on November 22, 2011 (first reading)

Be it ordained by the City Council of the City of Martinsville, Virginia:

**Section 1- Findings and Determinations**

The City Council (the "City Council") of the City of Martinsville, Virginia (the "City") on October 11, 2011 adopted an Ordinance entitled "Ordinance Authorizing the Issuance of a Not to Exceed \$9,300,000 General Obligation School Bond, Series 2011, of the City of Martinsville, Virginia to be Sold to the Virginia Public School Authority and Providing for the Form and Details Thereof" (the "Authorizing Ordinance"). All words and terms defined in Authorizing Ordinance have the same meaning in this Supplemental Ordinance, except as otherwise defined herein.

**Section 2- Authorization, Form and Details of the Bond**

The issuance of such General Obligation School Bond, Series 2011 (the "Bond") with payment terms as set forth in Exhibit A attached hereto, including the term thereof, interest rates, and dates and amounts of principal and interest payments due as described therein is approved. All other provisions of the Bond shall be set as set forth in the Authorizing Ordinance.

**Section 3- Affirmation of Authorizing Ordinance**

The Authorizing Ordinance is hereby ratified and confirmed and remains in full force and effect, except as such Authorizing Ordinance is amended and supplemented hereby. All acts of the officers, employees, agents and representatives of the City in conformity with the purposes and intent of the Authorizing Ordinance and in furtherance of the issuance and sale of the Bond are hereby approved and ratified.

**Section 4- Effectiveness and filing of Supplemental Ordinance**

This Ordinance shall take effect immediately as provided for in the Act (as defined in the Authorizing Ordinance) and Section 3 of Chapter 3 of the City Charter. A certified copy of this Supplemental Ordinance shall be filed by the Clerk with the Clerk of the Circuit Court of the City of Martinsville, Virginia.

The Members of the Council voted as follows:

Ayes  
Kim Adkins  
Danny Turner  
MARK Stroud

Nays  
Kimble Reynolds  
Gene Teague

Absent

Abstentions

Adopted this 22nd day of November, 2011

**CERTIFICATE**

The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the Council held on November 22, 2011, and of the whole thereof so far as applicable to the matters referred to in such extract. The undersigned further certifies that such meeting was a regularly called meeting and that, during the consideration of the foregoing Supplemental Ordinance, a quorum was present.

Dated this 22<sup>nd</sup> day of November, 2011

  
Clerk, City Council  
City of Martinsville, Virginia

**Exhibit A**

| Date  | Principal Amount | Interest Amount | Interest Rate |
|-------|------------------|-----------------|---------------|
| 11/12 | \$               | \$              | %             |
| 11/12 |                  |                 |               |
| 11/13 | 42,552           |                 |               |
| 11/13 |                  |                 |               |
| 11/14 | 64,293           |                 |               |
| 11/14 |                  |                 |               |
| 11/15 | 86,350           |                 |               |
| 11/15 |                  |                 |               |
| 11/16 | 108,715          |                 |               |
| 11/16 |                  |                 |               |
| 11/17 | 128,924          |                 |               |
| 11/17 |                  |                 |               |
| 11/18 | 399,657          |                 |               |
| 11/18 |                  |                 |               |
| 11/19 | 415,617          |                 |               |
| 11/19 |                  |                 |               |
| 11/20 | 429,448          |                 |               |
| 11/20 |                  |                 |               |
| 11/21 | 599,853          |                 |               |
| 11/21 |                  |                 |               |
| 11/22 | 988,603          |                 |               |
| 11/22 |                  |                 |               |
| 11/23 | 670,665          |                 |               |
| 11/23 |                  |                 |               |
| 11/24 | 670,665          |                 |               |
| 11/24 |                  |                 |               |
| 11/25 | 670,665          |                 |               |
| 11/25 |                  |                 |               |
| 11/26 | 670,655          |                 |               |
| 11/26 |                  |                 |               |
| 11/27 | 670,665          |                 |               |
| 11/27 |                  |                 |               |
| 11/28 | 670,665          |                 |               |
| 11/28 |                  |                 |               |
| 11/29 | 670,665          |                 |               |
| 11/29 |                  |                 |               |
| 11/30 | 670,665          |                 |               |
| 11/30 |                  |                 |               |
| 11/31 | 670,665          |                 |               |
| 11/31 |                  |                 |               |

Interest amounts are before receipt of Qualified School Construction Bond subsidy payments.

November 22, 2011

Aaron Burdick of West Piedmont Planning District Commission briefed Council on the West Piedmont Hazard Mitigation Plan. The West Piedmont Planning District Commission, in cooperation with the Counties of Franklin, Henry, Patrick, and Pittsylvania, the Cities of Danville and Martinsville, and the Towns of Rocky Mount, Boones Mill, Chatham, Gretna, Hurt, Ridgeway, and Stuart, has been working to update the regional Multi-Jurisdictional Hazard Mitigation Plan, originally adopted in 2006. The Draft Plan has been approved by the Virginia Department of Emergency Management and by the Federal Emergency Management Agency. The purpose of the plan is to identify potential natural and man-made hazards and develop strategies to address them. Formal adoption of a Hazard Mitigation Plan is required in order to qualify for Hazard Mitigation Assistance Grants. The 312-page West Piedmont Hazard Mitigation Plan document can be viewed on the city website. Council Member Stroud asked about availability of any grants for early warning systems and Council Member Teague passed along information to Mr. Burdick to update a few items in the plan for narrative purposes. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following resolution approving the update of the West Piedmont Hazard Mitigation Plan:

**RESOLUTION**

**WEST PIEDMONT MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN**

**WHEREAS**, the Disaster Mitigation Act of 2000, as amended, requires that local governments, develop, adopt, and update natural hazard mitigation plans in order to receive certain federal assistance; and

**WHEREAS**, a Mitigation Advisory Committee (MAC) comprised of representatives from the counties of Franklin, Henry, Patrick and Pittsylvania; the cities of Danville and Martinsville; and the towns of Chatham, Boones Mill, Gretna, Hurt, Ridgeway, Rocky Mount and Stuart was convened in order to study the West Piedmont Region's risks from and vulnerabilities to natural hazards, and to make recommendations on mitigating the effects of such hazards on the West Piedmont Region; and

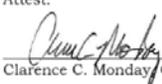
**WHEREAS**, a request for proposals was issued to hire an experienced consulting firm to work with the MAC to update a comprehensive hazard mitigation plan for the West Piedmont Planning District; and

**WHEREAS**, the efforts of the MAC members and the consulting firm of Dewberry, in consultation with members of the public, private and non-profit sectors, have resulted in an update of the West Piedmont Multi-Jurisdictional Hazard Mitigation Plan including the City of Martinsville, Virginia; and

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Martinsville, Virginia that the West Piedmont Multi-Jurisdictional Hazard Mitigation Plan dated November, 2011 is hereby approved and adopted for the City of Martinsville, Virginia. A copy of the plan is attached to this resolution.

\*\*\*\*\*

Attest:

  
\_\_\_\_\_  
Clarence C. Monday, Clerk of Council

NOVEMBER 22, 2011  
Date Adopted

City Attorney Eric Monday reviewed the proposed City Legislative Agenda and Unfunded Mandates with Council. After discussion, votes were taken on individual amendments: Governance, regarding funding for the Henry County-Martinsville Dept. of Social Services—motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote; Governance, regarding eminent domain—motion by Gene Teague, seconded by Mark Stroud, with a 4-1 vote (Turner voting nay); United States Congress

November 22, 2011

regarding I-73 route—motion by Gene Teague, seconded by Mark Stroud, with a 4-0 vote (Reynolds abstaining). On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council adopted the 2012 City Legislative Agenda as follows:

The City of Martinsville appreciates the efforts its legislators undertake at both the state and federal level on behalf of its citizens. Listed below are the City's priorities requested of its legislative delegation in 2012.

#### **Virginia General Assembly**

##### **Transportation**

1. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards. Any construction or upgrades to the I-73 corridor should begin on those sections passing through Henry County.
2. Continue to place priority on Route 58 improvements, particularly the section between Stuart and Hillsville, Virginia.
3. Endorse the rapid development of the Trans-Dominion Express, with particular emphasis on extension of passenger rail service to Roanoke.
4. Request that the Trans-Dominion Express be extended to include a spur from Lynchburg to Danville.
5. Encourage the enactment of a long-term capital funding formula for the future transportation needs of the Commonwealth.

##### **Education**

1. City Council endorses the agenda proposed by the Martinsville City School System and also endorses the educational priorities adopted by Henry County, on behalf of its school system.
2. Oppose the imposition of unaided education mandates and in the event of revenue cuts by the Commonwealth opposes targeted cuts by the Commonwealth, instead preferring local decision making authority on where to make any such cuts.
3. Recognizing its potential to promote economic development within our community and region, continue support for the development and funding of the New College Institute; urge that any funding reductions to New College Institute, if considered, be minimized to the greatest extent possible; and support the affiliation of The New College Institute as a branch of a four-year public university.

##### **Economic Development**

1. Maintain current levels of funding for economic development incentives, including but not limited to the Governor's Opportunity Fund.
2. Enhance the authority granted to localities to address and eliminate blighted properties, and the formation of interstate compacts to allow expedited recourse against out-of-state property owners.
3. Continue current funding levels of the Virginia Museum of Natural History.
4. Support the development of a multiuse trail traversing Southern Virginia from the Blue Ridge Parkway to the Chesapeake Bay in order to stimulate economic growth and promote regional tourism.
5. Include Mayo River State Park on the Commonwealth's list for future capital funding, as a benefit to the entire southern Virginia region.
6. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 300% or more.
7. Request state and federal economic development reimbursements to Martinsville and Henry County for development of the Commonwealth Crossing site.
8. Support continued tourism awareness initiatives in the Martinsville-Henry County region.

##### **Governance**

1. Request the appointment of a joint gubernatorial/legislative commission to examine the structure of local government in Virginia, the commission's mandate to include:
  - a. Examination of local government in the other 49 states for potential adaptation to Virginia.
  - b. Enable cities to expand their revenue base
  - c. Elimination of the "zero-sum" revenue base structure, which creates friction between cities and counties.
  - d. Elimination of redundant services and programs between contiguous cities and counties.
2. Require full funding for HB 599 funds, in fulfillment of the Commonwealth's commitment to cities in return for their acquiescence in the annexation moratorium.
3. Explore all potential options for the generation of revenue by localities.
4. Elimination of all unfunded mandates from the Commonwealth to localities.
5. Oppose any elimination or alteration of local revenue streams, and specifically oppose any amendment to the current manner in which the Business Occupation and Licensing Tax and the Machinery and Tools Tax are levied.
6. Request at a minimum, level funding for operational requirements of the Henry-Martinsville Department of Social Services.
7. Request that the General Assembly leaves intact the fire programs fund and the rescue squad assistance funds and not use these funds as a way to balance the state budget.
8. Support legislation directing health insurance credit for retirees of local government, constitutional officers, school division employees, and state employees.
9. Request that the Commonwealth fully fund its obligations to constitutional officers.
10. Oppose any attempt to curtail the doctrine of sovereign immunity for localities.
11. Oppose any attempt to permit collective bargaining for state and local government employees.
12. Request that the 2011 legislative redistricting result in at least the same number of legislative districts and members as are currently representing Martinsville and Henry County and that Martinsville and Henry County remain in the Fifth Congressional district.
13. Oppose any amendment of the existing burden of proof or process in local tax appeals cases.
14. Oppose passage of state constitutional amendment affecting the use of eminent domain.

#### **United States Congress**

1. Urge the Federal Highway Commission to adopt the CTB's designated route for I-73, or alternatively to preserve the current record of decision in the event the CTB's route is rejected.
2. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards.
3. Oppose any change in the route of the Amtrak Crescent train service. Encourage Amtrak to provide motorcoach transfer service between Danville and Martinsville.
4. Request \$3.72M in funds for the redevelopment of brownfields extending from the former Sara Lee site, along Aaron Street, to Rives Road.
5. Request \$6.25M in funds for the elimination and redevelopment of blighted areas in the city.
6. Request legislation to provide special federal incentives to businesses locating in regions which have experienced job losses in excess of 5% of the total workforce and/or declines in median incomes since the adoption of NAFTA, WTO or GATT. Target such areas for increased federal funding in education or workforce retraining.
7. Extend high speed broadband service throughout southern Virginia.

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8. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 300% or more.
9. Request state and federal economic development reimbursements to Martinsville and Henry County for development of the Commonwealth Crossing site.

Staff Designations

City Council empowers the following staff members to speak on its behalf and in its best interests to the General Assembly, its members and committees:  
City Attorney Eric Monday  
City Manager Clarence Monday  
Other department heads as appointed by the City Manager

**Mandates:**

1. The Commonwealth should fully fund its commitment to public education, including capital expenses.
2. The Commonwealth should provide adequate funding for the operation of the local departments of social services.
3. The Commonwealth should fully fund the operations of constitutional officers.
4. The Commonwealth must abide by its commitment to fund law enforcement through "599" appropriations.
5. The Commonwealth should refrain from shifting additional VRS contributions onto localities.

A motion was made by Gene Teague, seconded by Danny Turner, with a 5-0 vote, for the City Attorney to send a letter to VML and VACO regarding the mandates and barriers. Council also directed the City Attorney to draft a letter to the Governor outlining specific mandates as agreed upon by Council. The City Attorney advised the mandates will be posted on the city website for public comment.

Business from the Floor: Ural Harris, 217 Stuart St., comments on budget issues.

Council Comments: Turner-requested city look into limitations on temporary businesses setting up in parking lots taking business away from local restaurants and Council asked that the Planning Commission look at this and report back. Stroud-comments on being thankful.

City Manager Comments: Mr. Monday reported the city employee United Way campaign recently raised \$12,185 and he expressed appreciation to all employees donating and to the employees working on the campaign: Lane Shively, Robin Legus, Karen Walker, and Mary Kay Washington.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Gene Teague, seconded by Danny Turner, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matter: (A) Appointments to boards and commissions as authorized by Subsection 1. (C) A personnel matter as authorized by Subsection 1.

At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during Session. On a motion by Gene Teague, seconded by Mark Stroud, with the following recorded 5-0 vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session. No action was taken.

There being no further business, the meeting adjourned at 9:36 PM.

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Clarence Monday  
Clerk of Council

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Kim Adkins  
Mayor