

November 9, 2010

The regular meeting of the Council of the City of Martinsville, Virginia, was held on November 9, 2010, 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, Jr., Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Leon Towarnicki, Linda Conover, Robert Ramsey, Ruth Easley and Wayne Knox.

Following the invocation by Council Member Gene Teague and Pledge to the American Flag, the Mayor welcomed everyone to the meeting.

On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote, Council approved the minutes of October 12, 2010 and October 15-16, 2010 meetings.

Mayor Adkins presented a proclamation recognizing Starling Avenue Baptist Church's 75th Anniversary. Mayor Adkins presented a proclamation to Green Committee member, Mark Stroud, recognizing Recycle Day 2010.

Brief comments were made by Wayne Knox regarding the proposed zoning ordinance amendment related to electronic game rooms and Mayor Adkins continued the public hearing from the previous Council meeting. Comments: Carolyn Drew of Fifth St. concerned about crimes increasing; Johnny Robertson of Cascade, questioned why NC banned them if the high revenue is expected from these establishments; Naomi Hodge Muse of MHC Voters League asked that Council do away with the internet cafes; Tim Martin of the Planning Commission explained the commission did more investigating and that Va. legislators need to address this and he encouraged a moratorium on all these establishments; Gina Bozack of Colonial Downs stating this is hurting their business here; Tony Jones concerned with so many of the establishments being located in the West End area and encouraged citizens to call the landlords; Mike Elder of Childress Dr. concerned that blacks not being treated fairly; Marty Rainer, an owner of internet sweepstakes facility located in West Side of the City, stated he has a guard at the facility and there is not a lot of difference in lottery and internet sweepstakes; Melvin Smith of 614 E. Church St. has a game room Uptown and concerned about the wording in the ordinance regarding bladed instrument; Leonard Jones of 701 Starling Ave. concerns with this type of establishment as well as pay day lenders; Rev. J. C. Richardson who is a member of the Planning Commission advised that the law allowed these establishments to come in, not the Planning Commission, and the reason they are here is because they weren't regulated and he requests a moratorium be put on them; Tim Martin questioned

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if current law allows them in all zones all over the city and the City Attorney responded that the present law allows it except in residential. The City Attorney stated that Council can do away with Special Use Permits and have no more of these establishments and the grandfathered ones would have to go by restrictions; Gloria Hylton of 402 Second St. concerned that they were banned in Henry County and not here; Jean Wilson of 627 Fayette St. stated the distance requirements are not being adhered to; Tony Millner of the NAACP voiced his concerns regarding negative impact; Rick Moore, who runs a location on W. Church St., and lives in Charlotte NC, stated the sweepstakes are pre-determined winnings and he has full security. There being no further comments, the Mayor closed the public hearing.

Council members and the City Attorney then discussed particulars of the proposed ordinance related to electronic game rooms. On a *motion* by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council agreed to take out the special use permit language and move it into definitions that no electronic game rooms be allowed in any zones. There was Council discussion on hours of operation and it was recommended by Vice Mayor Reynolds to set hours from 10:00am to 7:00pm. On a *motion* by Kimble Reynolds, seconded by Gene Teague, Council approved with a 3-2 vote (Stroud-aye, Teague-aye, Reynolds-aye, Turner-nay, and Adkins-nay) to amend regulation on hours to 10:00 am to 7:00pm. There was Council discussion on number of gaming machines engaged in sweepstakes. Vice Mayor Reynolds made a *motion* that establishments cannot have more than 10 gaming machines simultaneously at any given time. The motion died for lack of a second. The City Attorney advised that the final language of the ordinance will have clarified language regarding restrictions applying to grandfathered facilities. On a *motion* by Gene Teague, seconded by Kimble Reynolds, with the following 4-1 recorded vote: Teague-aye, Adkins-aye, Stroud-aye, Reynolds-aye, Turner-nay, Council voted to adopt on an emergency basis and making the amendments effective today. Council Member Turner challenged whether an emergency exists. On a *motion* by Gene Teague, seconded by Kimble Reynolds, with the following 5-0 recorded vote, Teague-aye, Adkins-aye, Stroud-aye, Reynolds-aye, Turner-aye, Council agreed to adopt the following ordinance related to internet gaming, on second reading, as amended to take effect immediately:

ORDINANCE 2010-Z-4 INTERNET GAMING

BE IT ORDAINED by the Council of the City of Martinsville, Virginia, in regular session held on November 9, 2010 and that Appendix B of the City Code, the Zoning Ordinance, be amended as follows with strikethrough indicating deletion of existing text and italicized boldface type indicating new text, and that pursuant to Chapter 3, Section 2(a) of the City Charter, and by the majority vote of the Council, said amendments shall take effect immediately upon passage:

SECTION II-DEFINITIONS

Amusement arcade - Establishments in which a principal use is the operation of video, mechanical, electronic, and/or coin operated games and/or devices for the amusement of the general public.

Amusement machine - Any video, mechanical, electronic and/or coin operated game and/or device for the amusement of patrons. This definition shall not be construed to include coin operated music players, coin operated mechanical children's rides or coin operated television.

Electronic Game Room (internet sweepstake/internet café) - A business enterprise, whether principal or accessory, where persons utilize electronic machines, including but not limited to computers and gaming terminals to conduct games of odds or chance, including sweepstakes, and where cash, merchandise, or other items of value are deemed or otherwise distributed, whether or not the value of such distribution is determined by electronic games played or by predetermined odds. Electronic Gaming Operations do not include operations associated with the official Virginia Lottery or amusement arcades.

- A. *With respect to each such establishment existing prior to November 9, 2010:*
- (1) Alcohol is prohibited;*
 - (2) Bladed weapons are prohibited;*
 - (3) Establishment cannot open for business prior to 10:00 a.m. and must close by 7:00 p.m.;*
 - (4) Establishment must abide by all building and zoning codes.*
- B. *With respect to any such establishment existing after November 9, 2010:*
- (1) Alcohol is prohibited;*
 - (2) Bladed weapons are prohibited;*

- (3) Establishment cannot open for business prior to 10:00 a.m. and must close by 7:00 p.m.;*
- (4) Establishment must abide by all building and zoning codes.*
- (5) Establishment must be located at least 1000 feet from churches, schools, and playgrounds;*
- (6) Establishment is prohibited in any local historic district without regard to zoning classification.*

Internet café- *See Electronic game room*

Internet sweepstake- *See Electronic game room*

SECTION XII: COMMERCIAL DISTRICTS

- A. C-1 Neighborhood Commercial District.**
- B. Uses permitted by right in the C-1 District.**
 - 53. ~~Electronic game rooms.~~ *Amusement arcades.*
- E. C-1A Intermediate Commercial District.**
- F. Uses permitted by right in the C-1A District.**
 - 53. ~~Electronic game rooms.~~ *Amusement arcades.*
- I. C-2 Central Business District.**
- J. Uses permitted by right in the C-2 District.**
 - 54. ~~Electronic game rooms.~~ *Amusement arcades.*
- M. C-3 General Commercial District.**
- N. Uses permitted by right in the C-3 District.**
 - 51. ~~Electronic game rooms.~~ *Amusement arcades.*

SECTION XIII: BUSINESS AND MANUFACTURING DISTRICTS

- E. M-1 Light Manufacturing District.**
- F. Uses permitted by right in the M-1 Light Manufacturing District.**
 - 50. ~~Electronic game rooms.~~ *Amusement arcades.*

I. M-2 Heavy Manufacturing District.

J. Uses permitted by right in the M-2 Heavy Manufacturing District.

All uses are allowed in the M-2 District with exception of the following:

24. *Electronic game rooms.*

Attest:



Clarence C. Monday, Clerk of Council

11-9-10
Date Adopted

11-9-10
Date Effective

Sharon Brooks-Hodge, Tony Jones, and Phyllis Page presented an update to Council regarding a proposed Westside Community Center. Information was presented on volunteer recruitment, collaborations, upcoming events, technical assistance, planned projects, development of two community advisory boards, and temporary site now being used at 105 East Main St. The City Manager briefed Council on the Baldwin Park old landfill site and reported about 5 acres used to be the landfill, but it is a 15 acre site. Mr. Jones thanked Council for working with the group and reported they will continue their fundraising efforts.

Business from the floor: Leonard Jones commended Council on a good resolution. Jessie Ward, 178 Ward Road, voiced her concerns with the comments made by a member of Council that she felt were unacceptable. Sharon Hodge of 203 Greyson St. voiced her concerns about having to deal with the city's zoning ordinances regarding 201 Greyson St. and she questioned as to when Council was going to enforce the zoning ordinance on that property. The Mayor responded that the business there is in the process of re-locating.

Clarence Monday made brief comments regarding the approval on second reading of the preliminary ordinance making initial findings regarding issuance of bonds for the landfill-methane project noting that this ordinance still does not commit the City to the

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issuance of such bonds. On a motion by Gene Teague, seconded by Mark Stroud, with the following 5-0 recorded vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council approved the following ordinance on second reading:

CITY OF MARTINSVILLE, VIRGINIA

AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$1,950,000 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 9, 2010 (second reading)

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 City of Martinsville public works facilities, including landfill improvements (including facilities for electricity generation from landfill gas) and wastewater treatment plant improvements (including an automatic bar screen), 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 and otherwise support the City's public works solid waste disposal and wastewater treatment services; (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 \$1,950,000 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, (v) 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 NINE HUNDRED FIFTY THOUSAND DOLLARS (\$1,950,000). The maximum length of time that the Bonds will be outstanding is eleven 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 \$1,950,000 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 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.

City Manager, Clarence Monday, briefed Council on the proposed ordinance for the construction and implementation of Phase II of the Landfill-Methane Project. This Ordinance authorizes the issuance of up to \$1,950,000 of General Obligation Bonds and is a determination by the City Council that: (1)The City is in need of the funds for generation of electricity from landfill gas and a wastewater treatment plant improvement project. (2)The project is for municipal purposes to serve the City and its citizens. (3)The most effective, efficient, and expedient manner in which to provide such funds is by the issuance of General Obligation Bonds, not to exceed a principal amount of \$1,950,000. (4)Issuance of the bonds is within the power of the City to incur such indebtedness. (5)The maximum length of time the Bonds will be outstanding is eleven years, from the date of issuance, and the Council determines the Project's useful life

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exceeds eleven years. Adoption of this Ordinance requires a second reading and is scheduled for the November 23 Council meeting. Request for proposals (RFPs) have been issued for bank financing and necessary equipment. Four financial institutions responded to the financing RFP. These proposals will be discussed with the Council at the meeting, and the selected financial institution will be identified within the Ordinance upon approval. Nine proposals were received on Monday, Nov. 1, for the landfill gas/electric project. An evaluation committee has already been convened and has started examining the proposals, comparing proposals to the scope of work required of the project, and thoroughly evaluating the proposals based on cost and other factors deemed appropriate in ensuring the best value to the City. In closed session, staff will offer more specific information that the Council needs to know in order to make an informed decision as to the project's cost-benefit. Discussion to this detail in public, at this point, will adversely affect the City's negotiating position. At Council's November 23 meeting, staff will make a more formal public presentation including total project cost, fiscal benefit to the City, and other relevant information. A Public Hearing will also be conducted prior to adoption of this Ordinance on second reading. Paul Jacobson and David Boyd briefed council on bank rates and gave details explaining the bank proposals and reported the recommendation is Carter Bank. On a *motion* by Gene Teague, seconded by Kimble Reynolds, with the following recorded 5-0 vote: Teague-aye, Adkins-aye, Stroud-aye, Reynolds-aye, Turner-aye, Council approved the following ordinance, on first reading, with Carter Bank being the chosen bank:

CITY OF MARTINSVILLE, VIRGINIA

AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$1,950,000 MAXIMUM PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

Adopted on November 9, 2010 (first reading)

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

Section 1 Definitions

Unless the context shall clearly indicate some other meaning, the following words and terms shall for all purposes of the Ordinance and of any certificate, resolution or other instrument amendatory thereof or supplemental thereto for all purposes of any opinion or instrument or other documents therein or herein mentioned, have the following meanings:

"Act" shall mean the Public Finance Act, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended.

"Bank" shall mean _____ Bank, _____, _____.

"Bonds" shall mean the City's General Obligation Bonds, Series 2010, in the aggregate principal amount of up to \$1,950,000, authorized to be issued hereunder.

"Bondholder" or "Bondholders" shall mean the registered holder or holders of the Bonds.

"Bond Counsel" shall mean Sands Anderson PC or another attorney or firm of attorneys nationally recognized on the subject of municipal bonds selected by the City.

"Bond Fund" shall mean the Bond Fund established by Section 6.

"Bond Maturity Date" shall mean _____, 20__.

"Bond Payment Date" shall mean the ___ day of each _____ and _____, beginning _____, 20__, up to and including the Bond Maturity Date.

"Bond Proceeds Fund" shall mean the Bond Proceeds Fund established by Section 4.

"Business Day" shall mean any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banks generally are open for business in the Commonwealth of Virginia.

"City" shall mean the City of Martinsville, Virginia.

"City Charter" shall mean the City Charter of the City of Martinsville, Virginia, as amended.

"Clerk" shall mean the Clerk of the Council or the Deputy Clerk of the Council.

"Closing Date" shall mean the date on which the Bonds are issued and delivered to the Bondholder.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and applicable regulations, procedures and rulings thereunder.

"Commonwealth" shall mean the Commonwealth of Virginia.

"Council" shall mean the City Council of the City of Martinsville.

"Interest Account" shall mean the Interest Account in the Bond Fund established by Section 6.

"Mayor" shall mean the Mayor or Vice Mayor of the City.

"Outstanding" when used in reference to the Bonds shall mean as of a particular date, the Bonds authenticated and delivered under this Ordinance

except:

- (i) if a Bond is canceled by the City at or before such date;
- (ii) a Bond for the redemption or purchase of which cash or noncallable direct obligations of the United States of America, equal to the redemption or purchase price thereof to the redemption or purchase date, shall have been deposited with the Paying Agent, for which notice of redemption or purchase shall have been given in accordance with the Ordinance;
- (iii) a Bond in lieu of, or in substitution for which, another Bond shall have been authenticated and delivered pursuant to this Ordinance; and
- (iv) if a Bond is deemed paid under the provisions of Section 9, except that such Bond shall be considered Outstanding until the maturity or redemption date thereof only for the purposes of actually being paid.

"Paying Agent" shall mean the City Treasurer acting as Paying Agent for the Bonds hereunder or the successors or assigns serving as such hereunder.

"Principal Account" shall mean the Principal Account in the Bond Fund established by Section 6.

"Registrar" shall mean the Paying Agent, or the successors or assigns serving as such hereunder.

Section 2 Findings and Determinations

The Council hereby finds and determines that (i) the City is in need of funds to be used for the purposes of financing the acquisition, construction, expansion, renovation and equipping of City of Martinsville municipal facilities, specifically landfill improvements (including facilities for electricity generation from landfill gas) and wastewater treatment plant improvements (including an automatic bar screen), all for municipal purposes (**together, the "Project"**) including payment of costs of issuance of the Bonds and 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 and otherwise support the activities of the City and the City's 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, Series 2010, in an aggregate original principal amount not to exceed \$1,950,000 to be issued by the City as further described herein (**the "Bonds"**) to be sold to the Bank, which has offered to purchase the same on certain terms and conditions pursuant to the Bank's proposal and the Financing Agreement; (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, (v) the issuance of the Bonds is in the best interests of the City and its citizens. The maximum length of time that the Bonds will be outstanding is eleven years from the date of issuance of the Bonds. The Council further hereby finds and determines that the average probable useful life of the Project, and each portion thereof, financed by the Bonds exceeds eleven years and that the Bonds are payable and shall mature within the average probable useful life of that portion of the Project.

Section 3 Authorization, Form and Details of the Bonds

(a) There is hereby authorized to be issued general obligation bonds of the City in the aggregate principal amount of up to \$1,950,000 for municipal purposes as described in Section 2 above. The Bonds authorized herein shall each be designated "General Obligation Bond, Series 2010." The Bonds shall be issuable in the principal amount of \$ _____ as a fully registered Bond, without coupons, shall be dated the Closing Date, shall be numbered R-1, shall bear interest payable on the Bond Payment Dates at a rate of ____% per annum. The Bonds shall mature on the Bond Maturity Dates. Commencing on _____, 2010, and continuing on each _____ and _____ thereafter, interest on the outstanding principal amount of the Bonds shall be due and payable as set forth above, and commencing on _____, 20____, and continuing on each _____ thereafter, principal amounts of the Bonds shall be due in accordance with the Bank's written proposal to purchase the Bonds until the Bond Maturity Date. The Bonds are subject to redemption prior to maturity at the option of the Council at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date, and if any Bonds are issued as Build America Bonds (as defined below) such Bonds shall be subject to optional redemption in the event the federal government terminates or modifies the Build America Bond direct payment program and discontinues or reduces interest subsidy payments as described below.

Any of the Bonds may bear interest at a taxable rate and may be issued as an interest-subsidy Build America Bond ("**Build America Bond**"), provided for in the American Recovery and Reinvestment Act of 2009 (**the "Stimulus Act"**), which provides for the issuer of a Build America Bond to receive subsidy payments directly from the United States Treasury equal to 35% of the interest paid on the Build America Bond. The Council may designate any Bond as a "Build America Bond" as provided for in the Stimulus Act and irrevocably elect (a) to have Section 54AA of the Code apply to the Bond so that the Bond is treated as a Build America Bond and (b) to receive refundable credit subsidy payments directly from the United States Treasury equal to 35% of the interest paid on the Bond pursuant to §54AA(g) of the Code. The City Manager or other officer of the City executing Internal Revenue Service Forms 8038-CP in relation to such Bond is authorized to bind the City in relation to the execution of such forms, to request the Internal Revenue Service to send such refundable credit subsidy payments directly to the City and to consent to the disclosure of return information necessary to process the refundable credit subsidy payments City contact persons designated by that officer.

The Bonds are hereby authorized to be issued under the City Charter and the Act. The Bonds shall bear interest from the date on which they are authenticated. Interest on the Bonds shall be computed on the basis of 30-day months and a 360-day year.

Principal of, and interest on, the Bonds shall be payable in lawful money of the United States of America. Principal of and interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof at its address.

The Bonds shall be printed, lithographed or typewritten and shall be substantially in the form herein below set forth, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance, including such variations, insertions and omissions as shall be necessary to issue the Bonds under a system of book-entry for recording the ownership and transfer of ownership of rights to receive payments of principal of and interest on the Bonds and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

If any principal of, or interest on, the Bonds is not paid when due (whether at maturity, by acceleration or call for redemption, or otherwise), then, to the extent permitted by law, the overdue installments of principal shall bear interest until paid at the same rate or rates as set forth in the Bonds.

The Bonds shall be signed by the facsimile or manual signature of the Mayor. The facsimile of the City's seal shall be printed thereon or manually impressed thereon and attested by the facsimile or manual signature of the Clerk. In case any officer whose signature or facsimile of whose signature shall appear on a Bond shall cease to be such officer before delivery of the Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he remained in office until such delivery. The Bonds may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution thereof shall be the proper officers to sign the Bonds although on the date of delivery of the Bonds such persons may not have been such officers.

The Bonds shall bear a certificate of authentication, in the form set forth below, duly executed by the Registrar. The Registrar shall authenticate the Bonds with the signature of an authorized officer of the Registrar. Only authenticated Bonds shall be entitled to any right or benefit under this Ordinance, and such certificate on the Bonds issued hereunder shall be conclusive evidence that the Bonds have been duly issued and is secured by the provisions hereof.

The Paying Agent shall act as Registrar and shall maintain Registration Books for the registration and the registration of transfer of the Bonds. The City Treasurer is hereby designated and authorized to act as Paying Agent and Registrar hereunder. The transfer of the Bonds may be registered only on the books kept for the registration and registration of transfer of the Bonds upon surrender thereof to the Registrar together with an assignment duly executed by the registered Bondholder in person or by his duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such

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transfer, the City shall execute and the Registrar shall authenticate and deliver, in exchange of the Bonds, a new registered Bond registered in the name of the transferee of the same series, maturity and interest rate as the Bond so exchanged in any denomination or denominations authorized by this Ordinance.

The Registrar shall not be required to make any such registration or registration of transfer during the thirty (30) days immediately preceding any Bond Payment Date or a redemption date.

Prior to due presentation for registration of transfer for the Bonds, the Registrar shall treat the registered Bondholders as the person or persons exclusively entitled to payment of principal of, premium, if any, and interest on, the Bonds and the exercise of all other rights and powers of the Bondholder.

If a Bond has been mutilated, lost or destroyed, the City shall execute and the Registrar shall authenticate and deliver a new Bond of like date and tenor in exchange or 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 City and the Registrar shall execute, authenticate and deliver such Bond only if the Bondholder has paid the reasonable expenses and charges of the City and the Registrar in connection therewith and, in the case of a lost or destroyed Bond, has furnished to the City and the Registrar (a) evidence satisfactory to them that such Bond was lost or destroyed and the Bondholder was the Owner thereof and (b) indemnity satisfactory to them. If the Bond has matured, instead of issuing a new Bond, the Registrar may pay the same without surrender thereof upon receipt of the aforesaid evidence and indemnity.

If a Bond has been paid (whether at maturity, by acceleration or otherwise) or delivered to the Paying Agent for cancellation, the Bond shall not be reissued and the Registrar shall, unless otherwise directed by the City, cremate, shred or otherwise dispose of the Bond. The Registrar shall deliver to the City a certificate of any such cremation, shredding or other disposition of the Bond.

CUSIP identification numbers may be printed on the Bonds, but such numbers shall not be deemed to be a part of the Bonds or a part of the contract evidenced thereby and no liability shall hereafter attach to the City or any of the officers or agents thereof because or on account of said CUSIP numbers.

The Bonds, the Certificate of Authentication and the provision for the assignment to be inserted in the Bonds shall be substantially in the following form, to-wit:

"FORM OF BOND"

No. R-1

**UNITED STATES OF AMERICA COMMONWEALTH OF VIRGINIA, CITY OF MARTINSVILLE
GENERAL OBLIGATION BOND, SERIES 2010**

Dated: _____, 2010 **Registered Holder:**

Maturity Date: July 15, 20__

_____ **BANK**

Principal Sum: \$ _____

Interest Rate: _____%

KNOW ALL MEN BY THESE PRESENTS, that the City of Martinsville, Virginia (**hereinafter sometimes referred to as the "City"**), a City of the Commonwealth of Virginia, for value received hereby promises to pay to the registered holder (named above), or assigns, subject to prepayment or prior redemption as hereinafter provided, the principal amount of _____ (\$ _____), in annual installments in the amounts set forth on Schedule A attached hereto payable on _____ and annually on _____ thereafter to and including _____, 20__, together with interest from the date of this bond on the unpaid principal balance, payable semi-annually on _____ and _____ of each year, commencing on _____, at the rate of _____% per annum, as set forth in Schedule A attached hereto.

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 Ordinance.

No registration, transfer or exchange of this Bond shall be permitted within thirty (30) days of the Maturity Date or the date of prepayment or redemption of this Bond.

This Bond is in the aggregate principal amount of \$ _____, and is issued under and pursuant to and in compliance with the Constitution and laws of the Commonwealth of Virginia, including the City Charter of the City of Martinsville, Virginia and Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended, the same being the Public Finance Act, and the Ordinances duly adopted under said Chapter by the City Council on _____, 2010 and _____, 2010 (**together, the "Ordinance"**) and the Financing Agreement between the City and _____ Bank dated as of _____, 2010 (**the "Financing Agreement"**).

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 a 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 Ordinance, and thereupon as provided in the Ordinance 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.

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

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 Ordinance 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 Ordinance 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 Ordinance as to this Bond and for the other terms and provisions of the Ordinance.

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 Martinsville, Virginia, by its City Council has caused this Bond to be signed by the Mayor and attested by the Clerk of said Council, 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)

Clerk of the City Council

Mayor of the City of Martinsville

November 9, 2010

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond described in the within-mentioned Ordinance.

REGISTRAR - CITY OF MARTINSVILLE TREASURER

By: _____
Martinsville City Treasurer

DATE OF AUTHENTICATION:

[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: _____

BOND: 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.

Section 4 **Creation of Proceeds Fund**

There is hereby established a trust fund to be designated the "Bond Proceeds Fund, City of Martinsville General Obligation Bond, Series 2010."

Section 5 **Payments into Proceeds Fund**

(a) All funds received from the proceeds of the sale of the Bonds after payment of certain costs of issuance of the Bonds shall be deposited into the Proceeds Fund to pay costs of the Project in accordance with the Financing Agreement and applicable law.

Section 6 **Creation of Bond Fund**

There is hereby established a trust fund to be designated the "Bond Fund, City of Martinsville General Obligation Bonds, Series 2010" in which Bond Fund there is hereby established an Interest Account and a Principal Account. As and when received, monies shall be deposited into the Bond Fund, and payments from the Bond Fund shall be made as follows:

- (i) to the Interest Account in the Bond Fund, subject to credit, if any, for proceeds of the Bonds deposited therein, on the Business Day prior to each Bond Payment Date, an amount equal to the amount of interest that will become due on the Bonds on the next succeeding Bond Payment Date; and
- (ii) to the Principal Account in the Bond Fund on the Business Day prior to each Bond Payment Date an amount equal to the principal that is required to be deposited into the Principal Account in order to pay the principal due on the Bond on the next succeeding Bond Payment Date.

Section 7 **Accounts Within Funds**

Any fund or account created by this Ordinance may contain such accounts or subaccounts as may be necessary for the orderly administration thereof.

Section 8 **Investment of Funds**

- (a) The City shall separately invest and reinvest any monies held in the funds established by this Ordinance in investments which would mature in amounts and at times so that the principal of, premium, if any, and interest on, the Bonds can be paid when due at maturity thereof.
- (b) Permissible investments include investments in securities that are legal investments under Chapter 45 of Title 2.2 of the Code of Virginia of 1950, as amended (Section 2.2-4500 et seq.) and which are otherwise in compliance with Section 15.2-2619 of the Act.

Section 9 **Defeasance**

The obligations of the City under this Ordinance and covenants of the City provided for herein shall be fully discharged and satisfied as to the Bonds and the Bonds shall no longer be deemed to be Outstanding thereunder when the Bonds shall have been purchased by the City and canceled or destroyed, when the payment of principal of the Bonds, plus interest on such principal to the due date thereof either (a) shall have been made or (b) shall have been provided for by irrevocably depositing with a financial institution acting as escrow agent selected by the Paying Agent for the Bonds, money sufficient to make such payment, or direct and general obligations of, or obligations the principal of, and interest on, which are guaranteed by, the United States of America, maturing in such amounts and at such times as will insure the availability of sufficient monies to make such payment.

Section 10 **General Obligation**

The Council, in accordance with Section 7 of Chapter 11 of the City Charter and Section 15.2-2624 of the Act, is hereafter 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 Bonds, to the extent other funds of the City are not lawfully available and appropriated for such purpose.

Section 11 **Event of Default**

Each of the following shall constitute an event of default hereunder as to any particular Bond:

- (a) Failure to pay the principal of the Bond when due;
- (b) Failure to pay interest on the Bond when due;
- (c) Failure of the City to perform any other covenant or agreement contained in this

Ordinance, which failure shall have continued for 60 days after the notice thereof from the Bondholder; provided, however, that if any such failure shall be such that it cannot be cured or corrected within a 60-day period but is, in fact, susceptible of cure or correction, it shall not constitute an Event of Default if curative or corrective action is instituted within said period and diligently pursued until the failure of performance is cured or corrected;

- (d) The instituting of any proceeding with the consent of the City for the purpose of effecting composition between the City and its creditors or for the purpose of reducing the claims of creditors pursuant to any federal or state statute; or
- (e) If the City for any reason shall be rendered incapable of fulfilling its obligations under this Ordinance as to the Bond.

Upon the occurrence of an Event of Default, the Bondholder may declare the principal of the Outstanding Bond and all accrued and unpaid interest thereon to be due and payable immediately. This provision is subject to the condition that if, at any time after such declaration and before any such further action has been taken, all arrears of interest on, and principal of, the Bond shall have been paid and all other Events of Default, if any, which shall have occurred have been remedied, then the Bondholder may waive such default and annul such declaration.

In case an Event of Default shall occur, subject to the provisions referred to in the preceding paragraph, the Bondholder shall have the right to protect the rights vested in such Bondholder by the Ordinance by such appropriate judicial proceeding as such Bondholder shall determine either by suit in equity or by action at law.

Section 12 Enforcement by Bondholders

The Bondholders may by mandamus or other appropriate proceeding at law or in equity in any court of competent jurisdiction, enforce and compel performance of this Ordinance and every provision and covenant thereof concerning the Bonds, including without limiting the generality of the foregoing, the enforcement of the performance of all obligations and duties and requirements to be done or performed by the City by the Ordinance or by the applicable laws of the Commonwealth as to the Bonds.

Section 13 Modification of Bond Ordinance

The City may without the consent of the Bondholder make any modification or amendment of this Ordinance required to cure any ambiguity or error herein contained or to make any amendments hereto or to grant to the Bondholder additional rights. The Bondholder shall have the power to authorize any modifications to this Ordinance proposed by the City other than as permitted above; provided that without the consent of the Bondholder affected thereby, no modifications shall be made which will (a) extend the time of payment of principal of, or interest on, a Bond or reduce the principal amount thereof or the rate of interest thereon; (b) give to a Bond any preference over any other bond secured equally and ratably therewith; (c) deprive the Bondholder of the security afforded by this Ordinance, or (d) reduce the percentage in principal amount of a Bond required to authorize any modification to the Ordinance.

Section 14 Application of Proceeds; Sale of Bonds

Proceeds derived from the sale of the Bonds together with other monies available therefor shall be used to pay the costs of issuance and other expenses of the City relating to the issuance of the Bonds and thereafter any remaining funds to be deposited in the Bond Proceeds Fund shall be used for the purposes specified in Section 2 of this Ordinance and otherwise used in accordance with the provisions of this Ordinance or an opinion of Bond Counsel. Interest accruing on the principal of the Proceeds Fund and any profit realized from it may be transferred to the Bond Fund to be applied to the payment of interest on the Bonds during the acquisition, construction, improvement and equipping of the Project.

Section 15 No Arbitrage Covenant and Covenants and Designations as to the Code

The City hereby covenants that it will not use or invest, or permit the use or investment of any proceeds of the Bonds in a manner that would (a) cause the Bonds to be subjected to treatment under Section 148 of the Code and the regulations adopted thereunder as an "arbitrage bond," and to that end the City shall comply with applicable regulations adopted under said Section 148 of the Code or (b) if any Bonds are Build America Bonds, adversely affect the status of such Bonds as Build America Bonds under existing law.

The City covenants to comply with the Code provisions requiring that any issuance of "governmental bonds," as defined therein, be subject to certain requirements as to rebate and timing and type of payments to be paid for from the proceeds of such bonds, as well as other additional requirements. In order to assure compliance with such Code provisions, the City will enter into a Compliance Certificate, to comply with such requirements and covenants therein that it will not breach the terms thereof.

The Council, on behalf of the City, if any Bonds are not Build America Bonds, hereby designates such Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code and certifies by this Ordinance that it does not reasonably anticipate the issuance by it or its subordinate entities of more than \$30,000,000 in "qualified tax-exempt obligations" during the calendar year 2010 and will not designate, or permit the designation by any of its subordinate entities of, any of its notes or bonds (or those of its subordinate entities) during the calendar year 2010 which would cause the \$30,000,000 limitation of Section 265(b)(3)(D) of the Code to be violated.

Section 16 Further Actions Authorized; Approval of Documents

The Mayor and Clerk of the Council and the City Manager, City Treasurer, City Attorney, Bond Counsel, the City's financial advisor and all other officers, employees and agents of the City are hereby authorized and directed to take any and all such further action and to execute and deliver such other documents, certificates, undertakings, agreements or other instruments as shall be deemed necessary or desirable in order to effectuate delivery of, and payment for the Bonds, all in accordance with the Ordinance, including but not limited to the execution and delivery of forms 8038-G, 8038-B and 8038-CP, as appropriate and as determined necessary by bond counsel, and Non-Arbitrage Certificate and Tax Covenants and the making of any elections such officers, employees and agents deem desirable regarding any provision of the Code or regulations promulgated thereunder. The City Manager is hereby authorized to make any additional designations and irrevocable elections for the issuance of the Bonds, including issuance of any Bonds as Build America Bonds, if advisable. The Financing Agreement shall be in substantially the form submitted to this meeting, which is hereby approved, with such completions, omissions, insertions, changes and revisions as may be approved by the officer executing them in his sole and absolute discretion, his execution thereof to constitute conclusive evidence of his approval of any such completions, omissions, insertions, changes and revisions.

Section 17 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 18 Headings of Sections, Table of Contents

The headings of the sections of this Ordinance and the Table of Contents appended hereto or to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.

Section 19 Effectiveness and Filing of Ordinance

The Council hereby declares that this Ordinance shall become effective upon its passage as provided for in the Act and pursuant to Section 3 of Chapter 3 of the City Charter. A certified copy of this Ordinance shall be filed by the Clerk with the Clerk of the Circuit Court of the City of Martinsville, Virginia. The filing of this Ordinance with the Clerk of the Circuit Court of the City of Martinsville, Virginia shall be deemed to be the filing of an initial resolution or ordinance with such Court for all purposes of the Act.

Mayor Adkins gave an overview of November 8, 2010 Council Neighborhood meeting outlining citizen concerns that were brought to Council's attention at the neighborhood meeting. Leon Towarnicki gave an update on the pavement issues on Askin St. Council asked that Leon send a letter to VDOT to get some of the street maintenance funds released.

Budget Analyst, Linda Conover, presented the monthly finance report which was approved with a 5-0 vote on a motion by Kimble Reynolds, seconded by Gene Teague.

FY10 – PRELIMINARY AUDIT FIGURES

Based on the current information at the conclusion of the audit on October 29th, overall revenues were \$85,432,999 and overall expenditures, including depreciation, were \$86,863,241.

The total of combined fund balances for FY10 is \$13,133,683, which is \$449,274 less than the audited fund balance as of June 30, 2009. As previously stated, several items impacted the combined fund balance throughout the year, including the purchase of the Henry Hotel, the City's share of the relocation of Social Services, reduction in State Aid to Localities, personnel reductions, payroll furloughs and overall conservation efforts on the part of City staff. The final

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fund balance during the FY10 budget process eighteen months ago was projected to be \$12,214,459. No additional changes are expected; however, the official draft document has yet to be received. It will be arriving before the end of November, at which time it will be thoroughly reviewed by staff for accuracy.

FY11 – September Revenue & Expenditure Reports

In September, total expenditures exceeded revenues as expected for the first quarter. A variance is typical at this point in the new fiscal year, due to the timing of the receipt of revenues, such as real estate taxes that are not due until December 5th. Early tax payments are just now beginning to come in. This delay in revenues combined with annual early-in-the-year expenditures, such as debt service, contributes to this difference. At this point in the fiscal year, staff does not foresee any real revenue concerns.

FY11 – Combined Balance Sheet

The total of combined fund balances for FY11 at the end of September is \$6,033,502. This “low” amount would only be a concern if this were the end of the fiscal year. Again as stated before, the main contributing factors to this variance are the many annual one-time expenditures and the timing of the receipt of funds. With anticipated tax collections of approximately \$3,000,000, the fund balance is expected to improve in the second quarter.

FY11 – Projected Fund Balance

The projected fund balance at year-end FY11 is \$11,937,976, a difference of \$1,195,707 less than year-end FY10. Contributing to this difference is the budgeted use of fund balance and additional fund balance appropriations including \$331,900 for the Commonwealth Crossing Business Center Water & Sewer Infrastructure Project.

Council had brief discussion regarding adding back the employee furlough days noting that one has already been taken in September. Council decided that if finances continue the way they are presently, there will be enough time to make that call as time gets closer and it will be looked at in February.

On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following consent agenda:

BUDGET ADDITIONS FOR 11/09/10				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY11</u>				
<u>GENERAL FUND</u>				
	01103919	443133 Private Grants - VML Grant		3,311
	01334122	506104 Safety - Non-capital Equipment Risk Management Safety Grant Program	3,311	
	01100909	490104 Recovered Costs		1,572
	01100908	440402 Donation/Hooker Field		51
	01720420	506014 Hooker Field - Field Materials & Supplies recovered cost of seeding & donations	1,623	
	01101917	442810 State Categorical Other - Highway Projects		16,936
	01413151	503140 Thorofare Construction - Prof. Service Engineering appropriate state reimbursements-Liberty St.	16,936	
Total General Fund:			21,870	21,870

City Attorney, Eric Monday, presented information on a resolution regarding Business, Professional & Occupational License Tax and Machinery & Tools Tax and requested Council’s consideration of a resolution. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following resolution opposing alteration to the taxes:

WHEREAS, Earlier this year Governor Bob McDonnell appointed his Commission on Economic Development and Job Creation and the Commission recently returned its suggestions to Governor McDonnell; and

WHEREAS, two of the suggestions, if implemented, would have devastating consequences on City of Martinsville’s ability to collect sufficient revenue needed to provide services to its citizens; and

WHEREAS, one change, in the method of calculating the Business, Professional and Occupational Tax (BPOL), could negatively affect the \$1,752,744 City of Martinsville has budgeted in revenue for Fiscal Year 2011; and

WHEREAS, a second change, the elimination of the Machinery and Tools Tax, could result in the loss of an additional \$105,015 in assessed revenue in the FY 2011 Budget; and

WHEREAS, the total potential impact on the current City of Martinsville Budget of \$1,857,759 would be catastrophic on the City’s ability to provide basic services and would require an increase of 28.78 cents per \$100 of assessed value in real property tax rates to replace; and

WHEREAS, these changes would be another example of the Commonwealth of Virginia tying the hands of localities in revenue generation, with no options planned or presented for alternative revenue streams:

NOW, THEREFORE, BE IT RESOLVED, on this 9th day of November 2010 that the City of Martinsville strongly opposes these suggested changes and requests the Governor and the General Assembly to refrain from their implementation.

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After discussion, Council approved the following 2011 City Legislative Agenda with amendments as suggested on a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote:

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 2011.

Virginia General Assembly

Transportation

1. Urge the CTB to reach a final conclusion on the I-73 corridor.
2. 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.
3. Continue to place priority on Route 58 improvements, particularly the section between Stuart and Hillsville, Virginia.
4. Endorse the rapid development of the Trans-Dominion Express, with particular emphasis on extension of passenger rail service to Roanoke.
5. Request that the Trans-Dominion Express be extended to include a spur from Lynchburg to Danville.
6. 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 additional funding to adequately accommodate the space and office 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 & 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 & Henry County and that Martinsville & 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.

United States Congress

1. Continue to place priority on Route 58 improvements and the development of I-73.
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.
8. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 300% or more.
9. Request state & federal economic development reimbursements to Martinsville & 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:

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City Attorney Eric Monday, City Manager Clarence Monday, Other department heads as appointed by the City Manager

Comments from City Council: Reynolds-inquired as to conversations with EDC as it relates to education and he asked that the issues Sharon Hodge voiced be resolved and get the business to be in compliance within 60 days; Turner-thanked veterans in honor of Veterans Day; Stroud-reminder to donate blood.

Comments by City Manager: reported the Power Advisory Committee will meet on Nov. 19 and their agenda will be posted on city website and the meeting is open to the public.

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 Mark Stroud, with the following 5-0 recorded vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (A) Discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected as authorized by Subsection 6. (B) A prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community as authorized by Subsection 5. The third item on the closed agenda (a personnel matter as authorized by Subsection 1) will be postponed until next meeting due to time.

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 said Session. On a motion by Gene Teague, seconded by Danny Turner, 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 taken on the two items discussed.

There being no further business, Mayor Adkins adjourned the meeting at 11:16 PM.

Clarence C. Monday
Clerk of Council

Kim E. Adkins
Mayor