

December 13, 2011

The regular meeting of the Council of the City of Martinsville, Virginia, was held on December 13 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, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Linda Conover, Leon Towarnicki, Marshall Thomas, Jim Taipalus, Chris Morris, Cindy Dickerson, Ercell Cowan and Cindy Barbour.

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

On a motion by Mark Stroud, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the minutes of October 25, 2011, November 7, 2011 tour, November 7, 2011, and November 8, 2011.

Mayor Adkins and City Council presented a plaque and resolution to Dr. Barry Dorsey. On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 5-0 vote, Council approved the following resolution in recognition of Dr. Barry Dorsey:

WHEREAS, Dr. Barry M. Dorsey has served as Executive Director of the New College Institute since 2006; and
WHEREAS, under his leadership, New College Institute has provided opportunities to 244 individuals who have completed bachelor's and master's degrees and he has laid the groundwork for future students to pursue their postsecondary educational aspirations locally; and
WHEREAS, New College Institute is becoming an integral part of Uptown Martinsville through transforming existing buildings into state-of-the-art educational facilities; and
WHEREAS, Dr. Dorsey has contributed to the entire community through his involvement in a variety of civic organizations, his participation in local events and support for the Martinsville Mustangs; and
WHEREAS, Dr. Dorsey is a forward-thinking, progressive-minded leader who actively demonstrates his dedication to education; and
WHEREAS, Dr. Barry Dorsey will retire as Executive Director of New College Institute on December 31, 2011 and will continue to serve the community; now, therefore,
BE IT RESOLVED by the Council of the City of Martinsville, in regular session assembled December 13, 2011, that it does hereby express gratitude to **Barry M. Dorsey, Ph.D.**, for his years of service to the growth of the City of Martinsville and his dedication to education and this community and does, with this resolution, call upon its citizens to thank Dr. Dorsey for the remarkable strides made forward by New College Institute under his leadership.

Mayor Adkins read a proclamation recognizing retiring Voting Registrar Ercell Cowan and the Mayor and City Council presented Ms. Cowan with a Key to the City.

Mark Heath of the MHC Economic Development Corporation gave his monthly update to Council regarding activities and prospects.

Jim Taipalus presented an update on the Martinsville Mustangs team outlining cost saving measures being put into place using volunteers, partnering with Patrick Henry Community College to use their travel bus, using interns next summer, as well as using commission paid employees to sell sponsorships. He also outlined efforts made to increase revenue through consulting with the Coastal Plain League representatives for innovative ways to increase revenue. He pointed out an advisory committee has been created and meetings have been held with League representatives. A meeting is scheduled for December 14 which will include a tour of the facility to determine costs in improvements.

Clarence Monday briefed Council on the Building Energy Efficiency ordinance process. Council has already adopted a Preliminary Ordinance, on two readings, for the Building Energy Efficiency Project. The next step in this process is to consider an Ordinance, on first

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reading, authorizing the issuance of bonds and providing the form, details, and payments thereof as stated on page three of the Ordinance. This Ordinance includes reference to a Financing Agreement that sets forth terms and conditions with respect to issuance of the bond. On January 10, 2012, the Council will conduct a Public Hearing on the matter prior to second reading of the Ordinance. 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 ordinance, on first reading, for the Building Energy Efficiency Project:

<p style="text-align: center;">CITY OF MARTINSVILLE, VIRGINIA</p> <p>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</p> <p style="text-align: right;">Adopted on December 13, 2011 (first reading)</p>	<p style="text-align: center;">Be it Ordained by the Council of the City of Martinsville, Virginia:</p> <p>Section 1 Definitions</p> <p>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 hereon mentioned, have the following meanings:</p> <p>"Act" shall mean the Public Finance Act, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended.</p> <p>"Bank" shall mean _____ Bank, _____.</p> <p>"Bond" shall mean the City's General Obligation Bond, Series 2012, in the aggregate principal amount of up to \$1,250,000, authorized to be issued hereunder.</p> <p>"Bondholder" or "Bondholders" shall mean the registered holder or holders of the Bond.</p> <p>"Bond Counsel" shall mean Sandra Anderson PC or another attorney or firm of attorneys nationally recognized on the subject of municipal bonds selected by the City.</p> <p>"Bond Fund" shall mean the Bond Fund established by Section 6.</p> <p>"Bond Maturity Date" shall mean _____, 20____.</p> <p>"Bond Payment Date" shall mean the _____ day of each _____ and _____, beginning _____, 20____ up to and including the Bond Maturity Date.</p> <p>"Bond Proceeds Fund" shall mean the Bond Proceeds Fund established by Section 4.</p> <p>"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.</p> <p>"City" shall mean the City of Martinsville, Virginia.</p> <p>"City Charter" shall mean the City Charter of the City of Martinsville, Virginia, as amended.</p> <p>"Clerk" shall mean the Clerk of the Council or the Deputy Clerk of the Council.</p>	<p>"Closing Date" shall mean the date on which the Bond is issued and delivered to the Bondholder.</p> <p>"Code" shall mean the Internal Revenue Code of 1986, as amended, and applicable regulations, procedures and rulings thereunder.</p> <p>"Commonwealth" shall mean the Commonwealth of Virginia.</p> <p>"Council" shall mean the City Council of the City of Martinsville.</p> <p>"Interest Account" shall mean the Interest Account in the Bond Fund established by Section 6.</p> <p>"Mayor" shall mean the Mayor or Vice Mayor of the City.</p> <p>"Outstanding" when used in reference to the Bond shall mean as of a particular date, the Bond authenticated and delivered under this Ordinance except:</p> <p>(i) If a Bond is canceled by the City at or before such date;</p> <p>(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, with notice of redemption or purchase shall have been given in accordance with the Ordinance;</p> <p>(iii) A Bond in lieu of, or in substitution for which, another Bond shall have been authenticated and delivered pursuant to this Ordinance; and</p> <p>(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.</p> <p>"Paying Agent" shall mean the City Treasurer acting as Paying Agent for the Bond hereunder or the successors or assigns serving as such hereunder.</p> <p>"Principal Account" shall mean the Principal Account in the Bond Fund established by Section 6.</p> <p>"Registrar" shall mean the Paying Agent, or the successors or assigns serving as such hereunder.</p>
<p>Section 2 Findings and Determinations</p> <p>The Council hereby finds and determines that (i) the City is in need of funds to be used for the purposes of financing capital improvements, including energy saving improvements to City buildings and facilities, all for municipal purposes (together, the "Project") including payment of costs of insurance of the Bond and interest on the Bond; (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 expeditious manner in which to provide such funds to the City is through the issuance of a general obligation Bond, Series 2012, in an aggregate original principal amount not to exceed \$1,250,000 to be issued by the City as further described herein (the "Bond"); 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 (as defined herein); (iv) the issuance of the Bond 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 Bond is in the best interests of the City and its citizens. The maximum length of time that the Bond will be outstanding is twenty years from the date of issuance of the Bond. The Council further hereby finds and determines that the average probable useful life of the Project financed by the Bond exceeds twenty years and that the Bond is payable and shall mature within the average probable useful life of that portion of the Project.</p> <p>Section 3 Authorization, Form and Details of the Bond</p> <p>(a) There is hereby authorized to be issued a general obligation bond of the City in the aggregate principal amount of _____ for municipal purposes as described in Section 2 above. The Bond authorized herein shall be designated "General Obligation Bond, Series 2012." The Bond 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 Bond shall mature on the Bond Maturity Date. Commencing on _____, 2012, and continuing on each _____ and _____ thereafter, interest on the outstanding principal amount of the Bond shall be due and payable as set forth above, and commencing on _____, 20____, and continuing on each _____ thereafter, principal amounts of the Bond shall be due in accordance with the Bank's written proposal to purchase the Bond until the Bond Maturity Date. The Bond is 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 _____ % of the principal amount of the Bond to be redeemed, plus interest accrued to the redemption date.</p>	<p>The Bond is hereby authorized to be issued under the City Charter and the Act. The Bond shall bear interest from the date on which it is authenticated. Interest on the Bond shall be computed on the basis of 30-day months and a 360-day year.</p> <p>Principal of, and interest on, the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond shall be payable by check or draft mailed to the registered owner thereof at its address.</p> <p>The Bond 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 Bond 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 Bond 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.</p> <p>If any principal of, or interest on, the Bond 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 Bond.</p> <p>The Bond 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 Bond 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 Bond although on the date of delivery of the Bond such persons may not have been such officers.</p> <p>The Bond shall bear a certificate of authentication, in the form set forth below, duly executed by the Registrar. The Registrar shall authenticate the Bond with the signature of an authorized officer of the Registrar. Only authenticated Bond shall be entitled to any right or benefit under this Ordinance, and such certificate on the Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof.</p> <p>The Paying Agent shall act as Registrar and shall maintain Registration Books for the registration and the registration of transfer of the Bond. The City Treasurer is hereby designated and authorized to act as Paying Agent and Registrar hereunder. The transfer of the Bond may be registered only on the books kept for the registration and registration of transfer of the Bond upon surrender thereof to the Registrar together with an assignment duly executed by the</p>	<p>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 transfer, the City shall execute and the Registrar shall authenticate and deliver, in exchange of the Bond, 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.</p> <p>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.</p> <p>Prior to due presentment for registration of transfer of the Bond, the Registrar shall treat the registered Bondholders as the persons exclusively entitled to payment of principal of, premium, if any, and interest on, the Bond and the exercise of all other rights and powers of the Bondholder.</p> <p>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 Registrar 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.</p> <p>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, create, shred or otherwise dispose of the Bond. The Registrar shall deliver to the City a certificate of any such creation, shredding or other disposition of the Bond.</p> <p>CUSIP identification numbers may be printed on the Bond, but such numbers shall not be deemed to be a part of the Bond 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 of or on account of said CUSIP numbers.</p> <p>The Bond, the Certificate of Authentication and the provision for the assignment to be inserted in the Bond shall be substantially in the following form, to-wit:</p> <p style="text-align: center;">"FORM OF BOND"</p>
<p>No. R-1</p> <p style="text-align: center;">UNITED STATES OF AMERICA COMMONWEALTH OF VIRGINIA, CITY OF MARTINSVILLE</p> <p style="text-align: center;">GENERAL OBLIGATION BOND, SERIES 2012</p> <p>Date: _____, 2012</p> <p>Registered Holder: _____ BANK</p> <p>Maturity Date: _____, 20____</p> <p>Principal Sum: \$ _____ Interest Rate: _____ %</p> <p>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.</p> <p>Both principal 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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>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 November 22, 2011 and January 10, 2012 (together, the "Ordinance") and the Financing Agreement.</p> <p>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.</p> <p>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 from 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.</p> <p>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 the Bond to be redeemed, plus interest accrued to the redemption date. The records of the Holder hereof shall be prima facie evidence of the amount of principal and interest owed hereunder.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>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 impinged hereon, and this Bond to be dated as set forth above.</p> <p>(SEAL)</p> <p>Clerk of the City Council _____ Mayor of the City of Martinsville _____</p> <p style="text-align: center;">CERTIFICATE OF AUTHENTICATION</p> <p>This Bond is the Bond described in the within-mentioned Ordinance.</p> <p style="text-align: center;">REGISTRAR - CITY OF MARTINSVILLE TREASURER</p> <p>By: _____ Martinsville City Treasurer</p> <p>DATE OF AUTHENTICATION: _____</p>

<p style="text-align: center;">(FORM OF ASSIGNMENT)</p> <p>For value received, the undersigned hereby sells, assigns, and transfers unto _____</p> <p>Please insert social security number or other tax identification number of assignee: _____</p> <p>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.</p> <p>DATED: _____</p> <p>BOVD. 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.</p> <p style="text-align: center;">Signature Guaranteed _____</p> <p style="text-align: center;">NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.</p>	<p>Section 4 Creation of Proceeds Fund</p> <p>There is hereby established a trust fund to be designated the "Bond Proceeds Fund, City of Martinsville General Obligation Bond, Series 2012."</p> <p>Section 5 Payments into Proceeds Fund</p> <p>(a) All funds received from the proceeds of the sale of the Bond after payment of certain costs of issuance of the Bond shall be deposited into the Proceeds Fund to pay costs of the Project in accordance with the Financing Agreement and applicable laws.</p> <p>Section 6 Creation of Bond Fund</p> <p>There is hereby established a trust fund to be designated the "Bond Fund, City of Martinsville General Obligation Bond, Series 2012" 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:</p> <p>(i) to the Interest Account in the Bond Fund, subject to credit, if any, for proceeds of the Bond 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 Bond on the next succeeding Bond Payment Date; and</p> <p>(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.</p> <p>Section 7 Accounts Within Funds</p> <p>Any fund or account created by this Ordinance may contain such accounts or subaccounts as may be necessary for the orderly administration thereof.</p> <p>Section 8 Investment of Funds</p> <p>(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 Bond can be paid when due at maturity thereof.</p>	<p>(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 15.2-2019 of the Act.</p> <p>Section 9 Defiance</p> <p>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 Bond and the Bond shall no longer be deemed to be Outstanding thereunder when the Bond shall have been purchased by the City and canceled or destroyed, when the payment of principal of the Bond, 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 Bond, money sufficient to make such payment, or direct and general obligations of, or obligations of 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.</p> <p>Section 10 General Obligation</p> <p>The Council, in accordance with Section 7 of Chapter 11 of the City Charter and Section 15.2-2024 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 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.</p> <p>Section 11 Event of Default</p> <p>Each of the following shall constitute an event of default hereunder as to any particular Bond:</p> <p>(a) Failure to pay the principal of the Bond when due;</p> <p>(b) Failure to pay interest on the Bond when due;</p> <p>(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</p>																																																						
<p>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;</p> <p>(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</p> <p>(e) If the City for any reason shall be rendered incapable of fulfilling its obligations under this Ordinance as to the Bond.</p> <p>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.</p> <p>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.</p> <p>Section 12 Enforcement by Bondholders</p> <p>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 Bond, 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 Bond.</p> <p>Section 13 Modification of Bond Ordinance</p> <p>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 hereby, 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</p>	<p>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.</p> <p>Section 14 Application of Proceeds; Sale of Bond</p> <p>Proceeds derived from the sale of the Bond 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 Bond 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 Bond during the acquisition, construction, improvement and equipping of the Project.</p> <p>Section 15 No Arbitrage Covenant and Covenants and Designations as to the Code</p> <p>The City hereby covenants that it will not use or invest, or permit the use or investment of any proceeds of the Bond in a manner that would cause the Bond 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.</p> <p>The City covenants to comply with the subject 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 Non-Arbitrage Certificate and Tax Covenants document, to comply with such requirements and covenants therein that it will not breach the terms thereof.</p> <p>The Council, on behalf of the City, hereby designates such Bond 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 \$10,000,000 in "qualified tax-exempt obligations" during the calendar year 2012 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 2012 which would cause the \$10,000,000 limitation of Section 265(b)(3)(D) of the Code to be violated. Additionally, the Council on behalf of the City designates the Bond as eligible for the "small issuer exception" to the rebate requirements of Section 148(f)(2) and (3) of the Code pursuant to Section 148(f)(7)(vii) of the Code, as the City is a governmental unit with general taxing powers, no bond which is a part of the Bond is a private activity bond, 95% or more of the net proceeds of the Bond are to be used for local governmental activities of the City, and the aggregate face</p>	<p>amount of all tax-exempt bonds, excluding private activity bonds to be issued by the City during the calendar year 2012 is not reasonably expected to exceed \$5,000,000 increased by the lesser of \$10,000,000 or so much of the aggregate face amount of bonds as are attributable to financing the construction of public school facilities within the meaning of Section 148(f)(D)(vii).</p> <p>The City intends that the adoption of this Ordinance will be a declaration of the City's official intent in accordance with U.S. Treasury Regulation Section 1.150-2 to reimburse Project expenditures made on or after 60 days prior to the date hereof from Bond proceeds. The City intends that funds that have been advanced for Project costs, or which may be so advanced, may be reimbursed from Bond Proceeds.</p> <p>Section 16 Further Actions Authorized; Approval of Documents</p> <p>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 Bond, all in accordance with the Ordinance, including but not limited to the execution and delivery of form 8038-G as determined necessary by bond counsel and a Non-Arbitrage Certificate and Tax Covenants document and the making of any elections such officers, employees and agents deem desirable regarding any provision of the Code or regulations promulgated thereafter. The City Manager is hereby authorized to make any additional designations and irrevocable elections for the issuance of the Bond. 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.</p> <p>Section 17 Invalidity of Sections</p> <p>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.</p>																																																						
<p>Section 18 Headings of Sections, Table of Contents</p> <p>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.</p> <p>Section 19 Effectiveness and Filing of Ordinance</p> <p>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.</p>	<p>The Members of the Council voted as follows:</p> <table border="0"> <tr> <td>Absent</td> <td>Yes</td> </tr> <tr> <td>Kim Adkins</td> <td></td> </tr> <tr> <td>Kimble Reynolds</td> <td></td> </tr> <tr> <td>Gene Teague</td> <td></td> </tr> <tr> <td>Mark Stroud</td> <td></td> </tr> <tr> <td>Danney Turner</td> <td></td> </tr> <tr> <td>Absent</td> <td>Abstentions</td> </tr> </table> <p>Adopted this 13th day of December, 2011.</p> <p>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 City Council held on December 13, 2011, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing ordinance, a quorum was present.</p> <p>Dated this 13th day of December, 2011.</p> <p style="text-align: center;"> Clerk, City Council of City of Martinsville, Virginia</p>	Absent	Yes	Kim Adkins		Kimble Reynolds		Gene Teague		Mark Stroud		Danney Turner		Absent	Abstentions	<p style="text-align: center;">TABLE OF CONTENTS</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;">Page</th> </tr> </thead> <tbody> <tr> <td>Section 1 Definitions.....</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Section 2 Findings and Determinations.....</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Section 3 Authorization, Form and Details of the Bond.....</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Section 4 Creation of Proceeds Funds.....</td> <td style="text-align: right;">11</td> </tr> <tr> <td>Section 5 Payments into Proceeds Funds.....</td> <td style="text-align: right;">11</td> </tr> <tr> <td>Section 6 Creation of Bond Fund.....</td> <td style="text-align: right;">19</td> </tr> <tr> <td>Section 7 Accounts Within Funds.....</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Section 8 Investment of Funds.....</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Section 9 Defiance.....</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Section 10 General Obligation.....</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Section 11 Event of Default.....</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Section 12 Enforcement by Noteholder.....</td> <td style="text-align: right;">13</td> </tr> <tr> <td>Section 13 Modification of Bond Ordinance.....</td> <td style="text-align: right;">13</td> </tr> <tr> <td>Section 14 Application of Proceeds; Sale of Bond.....</td> <td style="text-align: right;">14</td> </tr> <tr> <td>Section 15 No Arbitrage Covenant and Covenants and Designations as to the Code.....</td> <td style="text-align: right;">14</td> </tr> <tr> <td>Section 16 Further Actions Authorized.....</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Section 17 Invalidity of Sections.....</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Section 18 Headings of Sections, Table of Contents.....</td> <td style="text-align: right;">16</td> </tr> <tr> <td>Section 19 Effectiveness and Filing of Ordinance.....</td> <td style="text-align: right;">16</td> </tr> </tbody> </table>		Page	Section 1 Definitions.....	1	Section 2 Findings and Determinations.....	3	Section 3 Authorization, Form and Details of the Bond.....	3	Section 4 Creation of Proceeds Funds.....	11	Section 5 Payments into Proceeds Funds.....	11	Section 6 Creation of Bond Fund.....	19	Section 7 Accounts Within Funds.....	12	Section 8 Investment of Funds.....	12	Section 9 Defiance.....	12	Section 10 General Obligation.....	12	Section 11 Event of Default.....	12	Section 12 Enforcement by Noteholder.....	13	Section 13 Modification of Bond Ordinance.....	13	Section 14 Application of Proceeds; Sale of Bond.....	14	Section 15 No Arbitrage Covenant and Covenants and Designations as to the Code.....	14	Section 16 Further Actions Authorized.....	15	Section 17 Invalidity of Sections.....	15	Section 18 Headings of Sections, Table of Contents.....	16	Section 19 Effectiveness and Filing of Ordinance.....	16
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Business from the Floor: Ural Harris, 217 Stuart St., comments regarding compensation for Finance Director and AMP costs. Chris Morris, City Engineer, comments regarding vendors selling food in Uptown Martinsville taking business away from established businesses there. He reported that in October a food vendor approached the city about setting up an operation in Uptown. A questionnaire was distributed and there were no objections to it, so the business was licensed and it was in good standing with the health department. Also, the operation fit with city goals and objectives for a vibrant Uptown area. This vendor issue

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was also referred to the Planning Commission and they felt it was good for free enterprise and would not recommend changing the ordinance. Chad Martin, 6 Molly Circle, commented regarding the KKK rally planned for this area on December 17 and pointed out he is concerned that the community is silent and that this is 6th time this year the KKK has come to our area. He asked Council to make a statement disagreeing with the positions of the KKK. All Council members, as well as City Manager, and City Attorney, said they do not agree with the KKK.

Comments from Council: Stroud-holiday wishes for all, encouraged blood donations, and noted there is no need for discrimination and hatred. Reynolds-condolences to family of Pastor Randy Stevens, noting that he served on the City's Human Relations Committee. Turner-holiday wishes to all, condolences to family of William Williams, questioned if the vendor policy is changing and after brief Council comments, Mayor Adkins stated each vendor will continue to be looked at on a case by case basis and policy will not change at this time. Ernie Harr, the vendor in question, advised he is a family owned business and their goal is to hire others and grow their business into a restaurant. Adkins—encouraged local shopping and noted the Artisan Center has a wide selection for gift giving during the holiday season. Mayor Adkins also noted the adjustment in the agenda advising there would be no closed session.

There being no further business, the meeting adjourned at 8:50 PM.

Clarence Monday
Clerk of Council

Kim Adkins
Mayor