

AGENDA--CITY COUNCIL MEETING  
CITY OF MARTINSVILLE, VIRGINIA

Council Chambers – Municipal Building  
**7:30 p.m. – Tuesday, December 13, 2011**

Invocation – Mayor Kim Adkins  
Pledge to the American flag

1. [Consider approval of meeting minutes of October 25, 2011, November 7, 2011 Tour, November 7, 2011 and November 8, 2011.](#) (2 minutes)
2. [Recognition of Barry Dorsey, NCI Executive Director.](#) (5 minutes)
3. [Recognition of Ercell Cowan, Voting Registrar.](#) (5 minutes)
4. [Hear monthly report from Economic Development Corporation-Mark Heath.](#) (15 minutes)
5. [Hear update on Martinsville Mustangs.](#) (15 minutes)
6. [Consider approval, on first reading, Financing Ordinance for the Building Energy Efficiency Project.](#) (10 minutes)
7. Business from the Floor

This section of the Council meeting provides citizens the opportunity to discuss matters that are not listed on the printed agenda. Since the Council meetings are broadcast on Martinsville Government Television, the City Council is responsible for the content of the programming. Thus, any person wishing to bring a matter to Council's attention under this Section of the agenda should:

  - (1) come to the podium, state name and address;**
  - (2) state the matter they wish to discuss and Council action requested;**
  - (3) limit remarks to five minutes;**
  - (4) refrain from making any personal references or accusations of a factually false and/or malicious nature.**

Persons who violate these guidelines will be ruled out of order by the presiding officer and asked to leave the podium. Persons who refuse to comply with the direction of the presiding officer may be removed from the chambers.
8. Comments by Council Members. (5 minutes)
9. Comments by City Manager. (5 minutes)
10. Items to be considered in Closed Session, in accordance with the Code of Virginia, Title 2.2, Chapter 37—Freedom of Information Act, Section 2.2-3711—Closed Meetings, the following:
  - A. Appointments to Boards and Commissions as authorized by Subsection 1.
  - B. A personnel matter as authorized by Subsection 1.



## City Council Agenda Summary

**Meeting Date:** December 13, 2011

**Item No:** 1.

**Department:** Clerk of Council

**Issue:** Consider approval of City Council meeting minutes of October 25, 2011, November 7, 2011 tour, November 7, 2011 Neighborhood Meeting and November 8, 2011.

**Summary:** None

**Attachments:** [October 25, 2011](#)  
[November 7, 2011 tour](#)  
[November 7, 2011 Neighborhood meeting](#)  
[November 8, 2011](#)

**Recommendations:** Motion to approve.

October 25, 2011

The regular meeting of the Council of the City of Martinsville, Virginia, was held on October 25, 2011, in Council Chambers, Municipal Building, at 7:30 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Mark Stroud, Sr., Danny Turner, and Gene Teague (arrived at 7:45pm). Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Leon Towarnicki, Robert Ramsey, Wayne Knox, Linda Conover, Donna Odell, Lisa Holiday, Wanda Jessup, Ted Anderson, Andy Powers and Rob Fincher.

Mayor Adkins called the Council meeting to order and Vice Mayor Kimble Reynolds gave the invocation and Pledge of Allegiance to the flag. Before beginning the meeting, Mayor Adkins recognized a Boy Scout in the audience working on his Citizenship in Community badge, Chad Monday, who is the son of Clarence and Stacie Monday.

Proclamations were presented for Extra Mile America Foundation recognizing November 1, 2011 as Extra Mile Day and National College recognizing their 125<sup>th</sup> Anniversary Year.

On a motion by Danny Turner, seconded by Kimble Reynolds, with a 4-0 vote (Teague not present), Council approved the minutes of the September 13, 2011 meeting.

Mayor Adkins and members of City Council formally recognized members of the Martinsville Finance Department for receiving the Certificate of Achievement for Excellence in Financial Reporting for the City of Martinsville by the Government Finance Officers Association of the United States and Canada (GFOA) for its FY2010 Comprehensive Annual Financial Report. Mayor Adkins and Council formally presented the award to the City Manager and Finance Department employees: Linda Conover, Lisa Holiday, Wanda Jessup, and Donna Odell. Finance Department employee Mary Kay Washington could not be in attendance. The Mayor pointed out this is a high honor to receive this award and it is a reflection of the hard work of the finance staff.

Wayne Knox reported the following background information on the proposed urban development areas: As a way to address some of the negative effects of suburban sprawl and strip development, particularly on traffic and transportation, new legislation was adopted in 2007 as Virginia Section 15.2-2223.1 of the Code of Virginia, requiring certain high-growth localities to amend their comprehensive plans to incorporate one or more Urban Development Areas (UDAs). The City of Martinsville received a grant to 1) Amend the Comprehensive Plan to reflect the addition of Urban Development Areas and 2) Amend the Zoning Ordinance to add the UDA overlay district(s). The UDA(s) must be sized to meet projected residential and commercial growth in the locality for the ensuing period of at least 10 years, but not more than 20 years. In addition, federal, state and local transportation, utility, economic development, and other public funding should, to the extent possible, be directed to the UDA(s). UDAs should be established in areas that are appropriate for higher density development due to (a) their proximity to transportation facilities, (b) the availability of public water and sewer infrastructure, and (c) their proximity to existing developed areas.

The Cox Company was retained by VDOT to be the City's Consultant for the UDA study and work. Working with the City, stakeholders, and property owners, the Cox Company identified the Baldwin Block area and the Sara Lee Property as two Urban Development Areas in the City of Martinsville. This designation will encourage mixed-use development and denser residential that is allowed in this district. A duly advertised Public Hearing was held Tuesday, August 30, 2011 during the Planning Commission meeting. One person was present and she spoke about her concerns that whatever was built on the Baldwin Block would reflect the heritage of the community and to keep in mind the national marker already installed that comments on the history. After the hearing, the Planning Commission voted unanimously (5-0) to send the recommendation to City Council to designate the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.

October 25, 2011

Mr. Todd Gordon with the Cox Company gave a brief overview of the plan noting there will be a total of 51 acres for urban development and this effort is procedural to get Martinsville in line with state legislation to put us in a position for state funding. Mayor Adkins opened the public hearing. Comments: Billy Shelton, 1214 Roundabout Rd.-pointed out there's a lot of dilapidated buildings and houses along Fayette St. at Market St. to Albert Harris; Wayne Knox reported this area will be considered for a future CDBG project. Mayor Adkins closed the public hearing. A motion was made by Gene Teague, seconded by Danny Turner, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, that Council designate the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines.

Wayne Knox briefed Council on the amendment to the zoning ordinance adding civil penalties which was approved on 1<sup>st</sup> reading at the October 11, 2011 meeting. On a motion by Kimble Reynolds, seconded by Gene Teague, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, Council approved the amendment to the Zoning Ordinance adding civil penalties, on second reading, as follows:

**PROPOSED AMENDMENTS – ZONING ORDINANCE**  
(~~Strikethrough~~ indicates deletion; **italicized bold** indicates addition)

SECTION XXII: VIOLATION AND PENALTIES

A. General.

All employees, officials and departments of the city, which are vested with the duty or authority to issue permits or licenses, shall issue permits for uses, building or purposes only when they are in harmony with the provisions of this ordinance. Any such permit, if issued in conflict with the provisions of this ordinance, shall be null and void.

B. Penalties.

*1. Any person, firm or corporation whether as principal, agent, employed or otherwise, violating, causing or permitting the violation of this ordinance, shall be guilty of a misdemeanor, punishable by a fine of not less than ten dollars (\$10.00) nor more than one thousand dollars (\$1,000.00). Failure to remove or abate a zoning violation within the specified time period set by the court upon conviction, shall constitute a separate misdemeanor offense punishable by a fine of not less than ten dollars ten dollars (\$10.00) nor more than one thousand dollars (\$1,000.00), and any such failure during any succeeding thirty-day period shall constitute a separate misdemeanor offense for each thirty-day period punishable by a fine of not less than ten dollars (\$10.00) nor more than one thousand dollars (\$1,000.00).*

*2. Any person, firm or corporation whether as principal, agent, employed or otherwise, violating, causing or permitting the violation of this ordinance, shall be assessed a civil penalty in the amount of fifty dollars (\$50.00) for the initial summons and not more than two hundred dollars (\$200.00) for each additional summons. The assessment of a civil penalty shall not preclude the institution of a civil action by the zoning administrator pursuant to this ordinance, but no such violation shall, unless it results in injury to any person, be prosecuted as a criminal misdemeanor, provided however that when such civil penalties total five thousand dollars (\$5,000.00) or more, the violation may be prosecuted as a criminal misdemeanor.*

*3. The zoning administrator or his or her designee may issue a civil summons as provided by law for a violation. Any person summoned or issued a ticket for a violation may make an appearance in person or in writing by mail to the city treasurer prior to the date fixed for trial in court. Any person so appearing may enter a waiver of trial, admit liability, and pay the civil penalty established for the offense charged. Such persons shall be informed of their right to stand trial and that a signature to an admission of liability will have the same force and effect as a judgment of court. If a person charged with a scheduled violation does not elect to enter a waiver of trial and admit liability, the violation shall be tried in the general district court in the same manner and with the same right of appeal as provided by law. In any trial for a violation, it shall be the burden of the zoning administrator or his or her designee to show the liability of the violator by a preponderance of the evidence. If the violation remains uncorrected at the time of the admission of liability or finding of liability, the court may order the violator to abate or remedy the violation in order to comply with the zoning ordinance. Except as otherwise provided by the court for good cause shown, any such violator shall abate or remedy the violation within a period of time as determined by the court, but not later than six months of the date of admission of liability or finding of liability. Each day during which the violation continues after the court-ordered abatement period has ended shall constitute a separate offense. An admission of liability or finding of liability shall not be a criminal conviction for any purpose.*

*4. Each day during which the violation is found to have existed shall constitute a separate offense. However, specified violations arising from the same operative set of facts shall not be charged more frequently than once in any ten-day period, and a series of specified violations arising from the same*

Wayne Knox briefed Council on the Neighborhood Stabilization Program. The Neighborhood Stabilization Program (NSP3), funded by the Congress in the Dodd–Frank Wall Street reform and Consumer Protection Act of 2010, utilizes the Community Development

October 25, 2011

Block Grant framework to provide the general guidelines for NSP3. This is the third round of funding under that legislation and the City of Martinsville is the only locality that is eligible for funding. This program is intended to assist localities in restoring residential properties that have been foreclosed on and are now vacant. The Housing Program for the City of Martinsville will operate under a written program design and will be managed by a team of local residents and staff, along with city council representation, local real estate related agencies, a rehab specialist and management consultant. Funding for this program will cover all costs of the program. As part of the requirements for implementing an NSP3 program, the actual program design must be approved by City Council. After lengthy discussion by Council, and with a motion by Kimble Reynolds, seconded by Mark Stroud, with a 5-0 vote, Council approved the Program Design and authorized the City Manager to execute the contract with DHCD.

Wayne Knox briefed Council on the Industrial Revitalization Fund grant for the Henry Hotel renovation project. An application for funding from the Industrial Revitalization Fund (IRF), which is administered by the Department of Housing and Community Development, was submitted to the State agency on October 13, 2011. It was understood by the representatives of DHCD that City Council would not be approving a resolution for this application until its meeting of October 25, 2011. If everything goes as planned, the Henry Hotel would be out of the City's hands in fall 2012. Council asked that Mr. Ray Gibbs be contacted and advised that City Council would like public updates from him on the status of the Henry Hotel beginning January 2012. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following resolution:

WHEREAS, the City of Martinsville is the owner of record of the historic "Henry Hotel Building," located on 50 E Church Street in Uptown Martinsville, and;  
WHEREAS, the building was purchased by the City of Martinsville to both preserve the historic structure and to make the building available for redevelopment, and to be a catalyst for new investment in the Uptown area, and;  
WHEREAS, the purchase price for the "Henry Hotel Building" was a total of \$425,000, with a cash payment of \$95,000 and the balance in the form of a loan from The Harvest Foundation (for \$330,000), and;  
WHEREAS, Phoenix Community Development Corporation (Phoenix CDC) was formed to facilitate redevelopment and new investment in distressed areas of the City of Martinsville and Henry County, and;  
WHEREAS, The Harvest Foundation has committed a \$265,000 Grant to Phoenix CDC to assist in covering Predevelopment or Soft-Cost for the initial projects it undertakes, and;  
WHEREAS, Phoenix CDC has already made considerable effort and expended significant funds to complete Environmental, Engineering, Architectural, Market Analysis and Financial Analysis into the feasibility of renovating the Henry Hotel, and;  
WHEREAS, Phoenix CDC has committed a total of \$225,000 of that Predevelopment Grant toward the Soft-Cost of the Henry Hotel Building Renovation, and;  
WHEREAS, The City of Martinsville desires to work with Phoenix CDC toward the renovation of the Henry Hotel Building and is willing to transfer the ownership of the building to Phoenix CDC, with Phoenix CDC assuming the outstanding debt on the property, and;  
WHEREAS, the analysis by Phoenix CDC shows that it is feasible to renovate the building from a physical standpoint, it would not be economically feasible without the use of both various Tax Credit programs and other Grants to fill the financial gaps caused by the local economic conditions, and;  
WHEREAS, considering the City's previous purchase of the building and Phoenix CDC committing \$225,000 of its \$265,000 Harvest Pre-Development Grant toward the renovation of the Henry Hotel Building and together bring the current local funds committed to the renovation project totaling \$650,000, and;  
WHEREAS, This amount meets the minimum required local matching funds for an "2012 Industrial Revitalization Fund (IRF) Grant" at the maximum grant amount of \$600,000, now then;  
HEREBY BE IT RESOLVED, that the City Council of City of Martinsville, does hereby authorize the City Staff to prepare and submit on behalf of the City of Martinsville a "2012 Industrial Revitalization Fund (IRF) Grant Application" to the Virginia Department of Housing and Community Development (DHDC) on behalf of the renovation of the Henry Hotel Building which is owned by the City of Martinsville. Such grant request to total \$600,000, and;  
BE IT ALSO RESOLVED, that if approved by DHCD, the IRF Grant Funds would be used to financially assist in the physical renovation of the Henry Hotel Building, the total renovation cost currently estimated at over \$4.5 million, with Phoenix Community Development Corporation (Phoenix CDC), a 501c3 Non-Profit organization, incorporated in the Commonwealth of Virginia, serving as the Project Developer.  
This Resolution was read and approved by majority vote of the City Council of the City of Martinsville, at its Council Meeting, held on the **25th Day of October in the Year 2011**, and recognized by the Authorized Signature(s) below:

October 25, 2011

Ted Anderson and Andy Powers presented information regarding the enforcement of the Property Maintenance and Nuisance Ordinance, specifically regarding back yard enforcement, explaining the process in detail, giving comparisons to other jurisdictions, options for Council's consideration, and the staff recommendation.

<h3>Property Maintenance Scope</h3> <ul style="list-style-type: none"> <li>State Code             <ul style="list-style-type: none"> <li>Open/Unsafe Structures                 <ul style="list-style-type: none"> <li>Dilapidated</li> <li>Structural collapse</li> <li>Fire damaged</li> </ul> </li> <li>Attractive nuisances</li> </ul> </li> <li>Building Maintenance             <ul style="list-style-type: none"> <li>Weather tight</li> <li>Electrical</li> <li>Plumbing</li> <li>Mechanical</li> </ul> </li> </ul>	<h3>Public Nuisance Ordinance Scope</h3> <ul style="list-style-type: none"> <li>High Grass &amp; Weeds</li> <li>Trash &amp; Debris (yard waste)</li> <li>Inoperative Vehicles on the Property (not on street)</li> <li>Public Nuisance Tree</li> <li>Noxious Odors</li> <li>Pools of Water</li> <li>"Public" is Key word, Not "Private" Nuisance Ordinance</li> </ul>	<h3>Current Responsibilities</h3> <p>One Employee Performing</p> <ul style="list-style-type: none"> <li>Property Maintenance Enforcement</li> <li>Nuisance Ordinance Enforcement</li> <li>Fire Inspections</li> <li>Fire Investigations</li> <li>Fire Public Education</li> <li>FF/EMT Fill In as Needed</li> <li>Fire Lane Enforcement</li> <li>Maintain Multiple Certifications</li> <li>Backup to Fire Marshal/Building Official &amp; Combination Inspector II</li> </ul>																																																							
<h3>Consequences of Current Staffing</h3> <ul style="list-style-type: none"> <li>Inability to be Proactive on Fire Inspections &amp; Property Maintenance/Nuisance Ordinance Inspections</li> <li>One Fire Investigation Trumps Everything for Staff Members (dozens of open arson cases presently)</li> <li>Inability to Move Forward on Goals</li> <li>No State Mandated Backflow Preventer Inspections</li> <li>No State Mandated Elevator Inspections</li> <li>Difficulty in Meeting FLSA</li> <li>Inability to Provide Programs for Contractors</li> <li>Pub Ed Suffering (FSH, Hot Shots, Community Events)</li> </ul>	<h3>Department Policies</h3> <ul style="list-style-type: none"> <li>Enforcement Performed From ROW (normal route to entrance of property in question)</li> <li>Other Areas Protected by Fourth Amendment of the United States and Virginia Constitutions             <ul style="list-style-type: none"> <li>Requires owners permission or administrative search warrant</li> <li>Complainants name and sworn statement required as PC on the affidavit to obtain search warrant</li> </ul> </li> <li>Complaint Based System as Always</li> </ul>	<h3>Department Policies (cont.)</h3> <ul style="list-style-type: none"> <li>Anonymous Complaints Not Accepted             <ul style="list-style-type: none"> <li>Vast majority of these were unfounded</li> <li>Most anonymous complaints come from adjoining properties on each other (spitting contest between neighbors)</li> <li>General assembly ruled that complainant information is confidential</li> <li>Name kept in confidence in case needed as a witness or if more information needed related to complaint</li> </ul> </li> </ul>																																																							
<h3>Backlog</h3> <ul style="list-style-type: none"> <li>Average Backlog of Nuisance Complaints             <ul style="list-style-type: none"> <li>20-40 ROW Complaints Pending</li> <li>Have seen backlog of 80+</li> </ul> </li> <li>Perfect scenario of time             <ul style="list-style-type: none"> <li>Investigate complaint on same day received, with 10 day correction period = two-three week completion period</li> </ul> </li> <li>Realistic expectation under current staffing             <ul style="list-style-type: none"> <li>Add backlog to above = greater than two months completion period</li> </ul> </li> </ul>	<h3>Process</h3> <ul style="list-style-type: none"> <li>Call Inspections Department First Verses Other Routes</li> <li>Inspection Department Receives Complaint</li> <li>Place on List in Order in Which Received             <ul style="list-style-type: none"> <li>Regardless of who the complaint is from</li> <li>Safety concerns take priority</li> </ul> </li> <li>Verify Complaint by Site Visit</li> <li>Document Findings             <ul style="list-style-type: none"> <li>Photos</li> <li>Written</li> <li>Database</li> </ul> </li> </ul>	<h3>Process (continued)</h3> <ul style="list-style-type: none"> <li>Issue Notice of Violations via First Class Mail             <ul style="list-style-type: none"> <li>Notice includes violations observed</li> <li>Abatement time limit</li> <li>Appeal rights</li> <li>Contact in formation for department and inspectors</li> <li>Penalties</li> </ul> </li> <li>Await Phone Call From Irate Citizen on Why They Received Letter When There's Worse Places All Over The City</li> <li>Revisit Property After Correction Time has Lapsed</li> <li>If Compliant             <ul style="list-style-type: none"> <li>Log into database as case closed</li> <li>File with address</li> </ul> </li> </ul>																																																							
<h3>Process (continued)</h3> <ul style="list-style-type: none"> <li>If Noncompliant             <ul style="list-style-type: none"> <li>Work order sent to Public Works to abate</li> <li>Public Works addresses as schedule allows</li> <li>Once completed by PW, invoice returned to inspections department for verification and then mailed by finance</li> </ul> </li> <li>Wait for Irate Phone Call From Property Owner Once Bill is Received</li> </ul>	<table border="1"> <thead> <tr> <th></th> <th>Martinsville</th> <th>Henry County</th> <th>Radford</th> <th>Danville</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>15,416</td> <td>54,151</td> <td>16,408</td> <td>43,055</td> </tr> <tr> <td>Square Miles</td> <td>12</td> <td>382</td> <td>9.5</td> <td>43.9</td> </tr> <tr> <td>PM/Nuisance Inspectors</td> <td>1/2</td> <td>0</td> <td>2 Rental</td> <td>3 Pm 2 Nuisance</td> </tr> <tr> <td>PM Code</td> <td>Yes</td> <td>No</td> <td>Yes (rental)</td> <td>Yes</td> </tr> <tr> <td>Nuisance Ord.</td> <td>Yes</td> <td>Not by inspections</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Full Time Atty.</td> <td>No</td> <td>Yes</td> <td>Yes</td> <td>2</td> </tr> <tr> <td>PM Inspections</td> <td>60</td> <td>0</td> <td>231</td> <td>1800</td> </tr> <tr> <td>Nuisance Insp.</td> <td>587</td> <td>0</td> <td>3</td> <td>3,800</td> </tr> <tr> <td>Backyards</td> <td>No</td> <td>No</td> <td>No</td> <td>Yes (no warrants)</td> </tr> <tr> <td>Proactive</td> <td>No</td> <td>No</td> <td>Yes (rental)</td> <td>Yes</td> </tr> </tbody> </table>		Martinsville	Henry County	Radford	Danville	Population	15,416	54,151	16,408	43,055	Square Miles	12	382	9.5	43.9	PM/Nuisance Inspectors	1/2	0	2 Rental	3 Pm 2 Nuisance	PM Code	Yes	No	Yes (rental)	Yes	Nuisance Ord.	Yes	Not by inspections	Yes	Yes	Full Time Atty.	No	Yes	Yes	2	PM Inspections	60	0	231	1800	Nuisance Insp.	587	0	3	3,800	Backyards	No	No	No	Yes (no warrants)	Proactive	No	No	Yes (rental)	Yes	<h3>Backyard Enforcement Concerns</h3> <ul style="list-style-type: none"> <li>More Likely to Contest (invasion of privacy)</li> <li>Right of Entry</li> <li>Doubling Workload</li> <li>Tripling Time per Case</li> <li>Perception of Big Government Not Addressing Higher Priorities</li> <li>Where Does it Stop             <ul style="list-style-type: none"> <li>Hoarding</li> <li>Inside Homes</li> </ul> </li> <li>Inefficient Use of Already Taxed Resources</li> <li>City Used as Vehicle to Solve (possibly add to) Personal Vendettas</li> </ul>
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<h3>If City Supervises Backyards</h3> <ul style="list-style-type: none"> <li>PM Official Cites</li> <li>City Attorney Prosecutes</li> <li>Penalties set by Ordinance</li> <li>Health &amp; Safety Issues Remain Priority</li> <li>Consider Current Responsibilities of Department</li> </ul>	<h3>Options</h3> <ol style="list-style-type: none"> <li>Abandon Property Maintenance &amp; Nuisance Ordinance Enforcement             <ul style="list-style-type: none"> <li>Place Inspections Back Under Community Development</li> <li>Return Personnel to Fire Department</li> </ul> </li> <li>Continue Current Policy             <ul style="list-style-type: none"> <li>Advise complainant of their options</li> <li>Continue with inability to fulfill present responsibilities efficiently</li> <li>Difficulty complying with FLSA</li> </ul> </li> <li>Continue Current Policy             <ul style="list-style-type: none"> <li>Unfreeze full time PM position allowing for better fulfillment of current job responsibilities (\$42k)</li> <li>Respond more timely</li> <li>Become proactive on fire inspections</li> <li>Become proactive on PM &amp; nuisance ordinance concerns</li> </ul> </li> </ol>	<h3>Options (continued)</h3> <ol style="list-style-type: none"> <li>Start Investigating Backyards With Current Staffing             <ul style="list-style-type: none"> <li>Change Policy to Include Enforcement from Neighbor's Property                 <ul style="list-style-type: none"> <li>Increased Backlog</li> <li>Required duties fall further behind</li> <li>FLSA made more difficult to comply</li> <li>More complaints on work not getting done</li> </ul> </li> </ul> </li> <li>Start Investigating Backyards With Additional Staffing             <ul style="list-style-type: none"> <li>Change Policy to Include Enforcement from Neighbor's Property                 <ul style="list-style-type: none"> <li>Would require adding at least one position (two positions optimum)</li> <li>Would realign positions to become more efficient and effective</li> <li>Would Require More Legal Consultation From City Atty.</li> </ul> </li> </ul> </li> </ol>																																																							

October 25, 2011

**Staff Recommendations**

- Continue Current Policy
  - Unfreeze Full Time PM Position Allowing for Better Fulfillment of Current Job Responsibilities (\$42k)
  - Respond More Timely
  - Become Proactive on Fire Inspections
  - Become Proactive on PM & Nuisance Ordinance Concerns
  - Easier to Comply with FLSA
  - Do a Better Job of Providing Customer Service that our Citizens Expect and Deserve

Discussion points included: liability position of city with state mandated inspections, especially elevator inspections; more efficient ways to get duties done with limited resources; asked that City Manager bring this to Council as a recommendation at budget time; asked that staff spend time looking at processes and find a home for some of the administrative duties; asked for a cost quote to add backyard inspections; asked for more research and to hear from the public; this is a policy question of priorities and will be Council's decision. No formal action was taken on this matter and Council will consider setting a public comment period for guidance and asked to see the presentation again at budget time.

**Leon Towarnicki briefed Council on the building Energy Efficiency Performance Contract.**

At the October 11 Council meeting, staff presented information on a building energy efficiency performance contract project for City buildings and facilities utilizing a combination of a \$400,000 Department of Mines, Minerals, & Energy grant and an approximate \$1.1 million financed construction loan. The project will implement building energy efficiency and improvements including new lighting, new heating and air conditioning equipment, and control upgrades resulting in guaranteed energy and maintenance savings of approximately \$93,000 per year. Council approved moving ahead with the project utilizing general obligation bond(s) to finance construction of improvements. The attached Resolution for Council's approval is a requirement to initiate the process and serves the following purposes: 1. Authorizes a Public Hearing, most likely January 10. 2. States the intended purpose of the project for issuing bond(s), energy saving improvements. 3. States a principal amount, not to exceed \$1,250,000 (specifically identified by Ordinance later). 4. Approves necessary actions related to potential bond issuance.

Tentative project timeline:

October 25, 2011 – Resolution authorizing Public Hearing and approving related actions.

November 8, 2011 – Preliminary Ordinance, 1<sup>st</sup> reading.

November 22, 2011 – Preliminary Ordinance, 2<sup>nd</sup> reading.

December 13, 2011 – Financing Ordinance, 1<sup>st</sup> reading

January 10, 2012 – Public Hearing and 2<sup>nd</sup> reading of Financing Ordinance

January TBD – Closing

On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following resolution authorizing a public hearing and related actions on the Building Energy Efficiency Performance Contract:

**RESOLUTION AUTHORIZING PUBLIC HEARING AND APPROVING RELATED ACTIONS RELATED TO POTENTIAL ISSUANCE OF BONDS**

WHEREAS, City Council (the "City Council") of the City of Martinsville, Virginia (the "City") is considering financing capital improvements, including energy saving improvements to City buildings and facilities (the "Project"), to be accomplished through the issuance by the City of its general obligation bond or bonds in a principal amount not to exceed \$1,250,000 (the "Bonds").

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

- The City Manager, in consultation with Sands Anderson PC as Bond Counsel an Davenport & Company LLC as financial advisor to the City, is authorized to issue a Request for Proposals in order to receive proposals from banks regarding the Bonds.
- The City Manager, Assistant Finance Director, City Attorney, Bond Counsel, th Financial Advisor to the City and all other officers, employees and agents of the City are hereby authorized and directed to take such further action deemed necessary or desirable to facilitate consideration of the issuance of the proposed Bonds, including but not limited to the publicatio and broadcasting, as required by the City Charter, of notice of a public hearing to be held prior t final authorization by the City Council of the issuance of the Bonds, in accordance wit applicable law. All actions of the City Manager, Assistant Finance Director, City Attorney Bond Counsel, the City's Financial Advisor and all other officers, employees and agents of th City in furtherance of the actions described above are hereby approved and ratified.
- This Resolution shall take effect immediately.

**CERTIFICATE**

The Members of the Council voted as follows on the foregoing Resolution:

<u>Ayes</u>	<u>Nays</u>
Kim Adkins Kimble Reynolds Gene Teague Mark Stroud DANNY TURNER	
<u>Absent</u>	<u>Abstentions</u>

Adopted this 25th day of October, 2011.

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 October 25, 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 Resolution, a quorum was present.

Dated this 25<sup>th</sup> day of October, 2011.

  
 Clerk, City Council of  
 City of Martinsville, Virginia

October 25, 2011

Business from the floor: City Attorney Eric Monday stated the pre-filing date for legislation is December 5 and requested Council's input be sent to him and he will obtain position statements from VML and Virginia First Cities.

Council comments: Turner-Canadian friends are in town for the race; Teague-apologies for his late arrival; Stroud-stated he read the proclamation for Ms. Estes at Blue Ridge Rehab.

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; Teague, aye; Reynolds, aye; Stroud, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (A) The condition, acquisition, use or disposition of real property as authorized by Subsection 3. (B) Appointments to boards and commissions as authorized by Subsection 1. (C) A personnel matter as authorized by Subsection 1.

Martinsville City Council then recessed as City Council and convened as Martinsville Redevelopment and Housing Authority.

Wayne Knox briefed Council on the resolution required regarding Section 8 Minimum Rent Amendment. Following the 30-day comment period, the MRHA must approve the requested Administrative Plan amendment. This change would include frequent special examinations for households indicating that they have zero income. In addition, the minimum monthly rent is to be \$50.00, rather than the previous \$25.00. There have been no written comments received at the Housing office, nor the Community Development office. Several telephone calls were received from persons requesting clarification of the amendment. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, the members of the Martinsville Redevelopment Housing Authority approved the following resolution:

**RESOLUTION--HOUSING CHOICE VOUCHER PROGRAM ADMINISTRATIVE PLAN AMENDMENT**

**Whereas**, 24CFR 982.54 requires that the administrative plan and any revisions of the plan must be formally adopted by the MRHA's Board of Commissioners after the 30 day comment period;

**Whereas**, the updated Administrative Plan must be available for public view during its regular business hours;

**Whereas**, the MRHA Plan Element Number 3, Rent Determination under Item 6.0 MRHA Plan Update, includes a minimum rent of \$50.00; now therefore,

**BE IT RESOLVED, by the Board of Commissioners of the Martinsville Redevelopment and Housing Authority,**

1. That the families reporting no income will be required to execute verification forms to determine which forms of income are not received, and be subject to frequent special examinations and;
2. That the Martinsville Redevelopment & Housing Authority has set the minimum monthly rent as \$50.00.

On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, the Martinsville Redevelopment Housing Authority adjourned.

Prior to going into Closed Session, Martinsville City Council re-convened.

At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during Session. On a motion by Gene

October 25, 2011

Teague, seconded by Mark Stroud, with the following recorded 5-0 vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council returned to Open Session.

Actions taken: On a motion by Mark Stroud, seconded by Gene Teague, with a 5-0 vote, Council appointed Colby Sarver, 364 Ferndale Drive, Collinsville, as student representative on the Transportation Safety Commission for a one year term ending 6/30/12. On a motion by Kimble Reynolds, seconded by Gene Teague, with a 5-0 vote, Council appointed Tony Jones, 612 Third St., to an unexpired term ending 6/30/12 on the Planning Commission.

On a motion by Danny Turner, seconded by Mark Stroud, with the following recorded 5-0 vote: Adkins, aye; Reynolds, aye; Teague, aye; Stroud, aye; and Turner, aye, Council agreed to sell the former DSS building located at 20 E. Church Street, Martinsville, to Steve Rucker for \$100,000 subject to the condition that said sale shall not require the City to renew, upon expiration of the lease, the lease for parking spaces located at the rear of the building.

Date: October 7, 2011

To: Mr. Summerlin, General Manager Henry County  
Henry County Administration Building  
3300 Kings Mountain Road, POB 7, Collinsville, VA 24078

Mr. Clarence Monday  
Manager - Martinsville  
55 W. Church Street, Martinsville, VA 24112

Subject: Offer to Purchase Property - 20 E. Church Street, Martinsville, VA 24112

Please find below a proposal to purchase the property located at 20 E. Church Street, Martinsville, Virginia 24112, the old social services building.

After many months of deliberation and thought, my wife and I have decided to move forward with this offer and take the risk to invest in our community.

I currently manage an engineering consulting firm that supports the telecommunication industry nationwide. My plan to grow the business has already exceeded my three year projection, in just nine months. I have created fifteen local jobs that earn between \$26,000 and \$50,000 a year, and plan on doubling that work force by year end 2012 and then growing exponentially over the next two years. I plan to move this growing professional business into the ground floor of the building. The space will be converted into office and work space for 40 plus employees and a training facility for various types of telephony services, from equipment installation to engineering. This training space could also be a shared resource to provide technical classroom facilities for the New College Institute.

On the Church Street level, my plan is to convert the front of the building back to its original 1930's retail facade, with plate glass windows. This floor will be utilized as retail space for an antique/collectables shop. This, in my opinion along with the existing historical and natural history anchors within the community, will promote tourism and bring visitors to come stroll the city streets, eat in local restaurants, visit the museums, and make purchases in local businesses.

On the Mezzanine, my plan is to convert this space into a technology museum. Here displays of technical advancement in communications and other related technologies will be displayed to demonstrate the wonderment of human creativity in technology.

Finally, the top floor, a later phase, will be converted into five to six loft apartments.

My timeline for the initial occupancy is March, 2012 for the ground floor. The Church Street retail level and the Mezzanine museum level to be completed by August, 2012 and open for use by year end 2012. This initial phase will require redesign of the electrical service for 10 meters and replacement of the existing HVAC system to create separate zones and greater efficiencies than the gas and water cooled

October 25, 2011

system that currently exists. Also much work will be required on the plumbing and to address the existing moisture problems to meet the new purposing of the building.

This is a cash offer of \$100,000, for the property in its "as is" state, with a requested acceptance date of November 1, 2011 and a closing date on or before November 14, 2011.

The only requests I have at this point, is a clear title and evidence that all liens are satisfied (including utilities), and that the City provide initial approval for my intended use of the property: residential, retail and professional/commercial space as listed above, and conveyance of parking spaces that adjoins the building and the documentation that authorizes use of the parking lot spaces in the rear of the property.

Although this may be considered a risky investment, under the current economic environment, I feel that my proposal will greatly benefit the community at large. I am focused on success and want to be a contributor in our community's future.

Thank you for your time and consideration. I look forward to working with you in the future.



Steve Rucker

306 Firestone Drive, Stanleytown, VA 24168

Phone: 276-627-1924 Cell: 276-224-3259

There being no further business, the meeting adjourned at 10:38 PM.

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Clarence Monday  
Clerk of Council

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Kim Adkins  
Mayor

November 7, 2011

Martinsville City Council Neighborhood Meeting for the Southside area was held on November 7, 2011, at Wesley Memorial United Methodist Church, 824 Starling Avenue, Martinsville, VA at 7:30 PM, with Mayor Kim Adkins presiding and Council members present including: Kimble Reynolds, Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present: Clarence Monday, Brenda Prillaman, Eric Monday, Coretha Gravely, Linda Conover, and Andy Powers.

After the invocation was given by Pastor Steve Greer, Mayor Adkins asked Andy Powers to present his property maintenance report, and she then opened the floor for public comment.

Citizen comments: Lonnie Carter, trash on Stephens St.; John Wallace, 503 Chalmers St., vehicles parking on sidewalks blocking pedestrians; Marvin Blankenship, Forest St., requested City abolish its portion of the EDC and have City Manager do economic development; Dale Handy, 1062 Graves St., requested Council address dilapidating issues in Southside. Council and staff commented on possibility of other block grant funding and the need to come up with a comprehensive strategy to improve these neighborhoods depending on how aggressive and proactive Council wants to be; suggested scheduling a neighborhood revitalization Council worksession to see what more can be done realizing that the “more” will cost money; Officer Coretha Gravely commented that people are going to have to be required to keep up their property and we have to set standards; John Wallace commented on grass being thrown into the street when yards are mowed; Martha Beam, Park St., commented on a house with 10-15 people living in it and issues with kids playing in the street and asked that city look into getting Amtrak here locally; Steve Greer, 901 Hazelwood, commented that the city needs to form an action committee similar to one in Roanoke regarding Williamson Road.

After hearing very brief comments from Council and there being no further business, Mayor Adkins adjourned the meeting at 8:30 pm.

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Clarence Monday  
Clerk of Council

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Kim E. Adkins  
Mayor

November 7, 2011

The City Council of the City of Martinsville, Virginia, assembled on November 7, 2011, at 4:30 P.M. to tour the Southside area neighborhoods prior to their quarterly Neighborhood Focus Meeting scheduled for November 7, 2011 at 7:30pm at Wesley Methodist Church, 824 Starling Avenue.

Council Members present for the tour included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Council Member Gene Teague, and Council Member Mark Stroud. Council Member Danny Turner was absent. Others present included: Clarence Monday, Andy Powers, Coretha Gravely, and Ginny Wray with the Martinsville Bulletin. Three citizens also participated in the tour.

No other business was conducted during the tour and immediately after the tour ended, Council members disbursed.

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Clarence Monday  
Clerk of Council

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Kim Adkins  
Mayor

November 8, 2011

The regular meeting of the Council of the City of Martinsville, Virginia, was held on November 8, 2011, in Council Chambers, Municipal Building, at 7:00 PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Kimble Reynolds, Gene Teague, and Danny Turner. Mark Stroud, Sr. was absent. Staff present included: Clarence Monday, City Manager, Brenda Prillaman, Eric Monday, Leon Towarnicki, Linda Conover and Wayne Knox.

Following the invocation by Council Member Gene Teague and Pledge to the American Flag, the Mayor welcomed everyone to the meeting and announced Council will hold a closed session before the regular meeting at 7:30pm.

In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Danny Turner, seconded by Gene Teague, with the following 4-0 recorded vote: (Stroud-absent) Adkins, aye, Teague, aye. Reynolds, aye, and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matter: (A) 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.

At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during Session. On a motion by Kimble Reynolds, seconded by Gene Teague, with the following recorded 4-0 vote (Stroud-absent): Adkins, aye; Teague, aye; Reynolds, aye; and Turner, aye, Council returned to Open Session.

Mayor Adkins presented a proclamation to the Martinsville Alumnae Chapter of the Delta Sigma Theta Society in honor of their 60<sup>th</sup> Anniversary Year.

On a motion by Gene Teague, seconded by Kimble Reynolds, with a 4-0 vote (Stroud-absent), Council approved the minutes of the September 27, 2011 meeting.

Mayor Adkins opened the public comment period regarding the Virginia Highway Safety Selective Enforcement Grant # K8-2012-52232-4610-20.601 (\$27,490) and having no comments, the public comment period was closed. On a motion by Kimble Reynolds, seconded by Gene Teague, with a 4-0 vote, Council approved the Virginia Highway Safety Selective Enforcement Grant # K8-2012-52232-4610-20.601 (\$27,490).

Mayor Adkins opened the public comment period regarding the Virginia Highway Safety Piedmont Regional Occupant Protection Grant # K2-2012-51432-4695-20.602 (\$28,000) and having no comments, the public comment period was closed. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 4-0 vote, Council approved the Virginia Highway Safety Piedmont Regional Occupant Protection Grant # K2-2012-51432-4695-20.602 (\$28,000).

Mayor Adkins opened the public comment period regarding the Virginia Highway Safety Piedmont Regional Occupant Protection Grant # K2-2011-51432-4694-20.602 (\$10,000) and having no comments, the public comment period was closed. On a motion by Kimble Reynolds, seconded by

November 8, 2011

Danny Turner, with a 4-0 vote, Council approved the Virginia Highway Safety Piedmont Regional Occupant Protection Grant # K2-2011-51432-4694-20.602 (\$10,000).

Leon Towarnicki briefed Council on the 2011 update of the City of Martinsville's Solid Waste Management Plan. Section 9-VAC 20-130-175.F of the Solid Waste Planning and Recycling Regulations, Amendment 2 requires that solid waste management planning units submit a plan update on a 5-year cycle. The City's last SWMP update was approved by Virginia DEQ on December 12, 2006, with the 5 year update due by December 12, 2011. The City and Henry County (including the Town of Ridgeway) have submitted joint plans previously and will do so again with the current update with the City's solid waste engineering consultant, Joyce Engineering, Inc., handling the project. The Public Hearing on November 22<sup>nd</sup> is required to fulfill the public participation element of the plan and Henry County will likewise hold their hearing on the same date. A detailed review of the plan will be presented at the November 22<sup>nd</sup> Council meeting. In the meantime, copies of the plan are being placed for public review at the Library on East Church Street, in the Martinsville Public Works office of the Municipal Building, and at the Henry County Administration Building. Additionally, a link to the plan will be posted on the City's website. On a motion by Gene Teague, seconded by Kimble Reynolds, with a 4-0 vote, Council agreed to set the public hearing for the November 22, 2011 meeting regarding the Solid Waste Management Plan.

Wayne Knox briefed Council on the urban development areas designation. As a way to address some of the negative effects of suburban sprawl and strip development, particularly on traffic and transportation, new legislation was adopted in 2007 as VA Sec.15.2-2223.1 of the Code of Virginia, requiring certain high-growth localities to amend their comprehensive plans to incorporate one or more Urban Development Areas (UDAs). The City of Martinsville received a grant to 1) Amend the Comprehensive Plan to reflect the addition of Urban Development Areas and 2) Amend the Zoning Ordinance to add the UDA overlay district(s). The UDA(s) must be sized to meet projected residential and commercial growth in the locality for the ensuing period of at least 10 years, but not more than 20 years. In addition, federal, state and local transportation, utility, economic development, and other public funding should, to the extent possible, be directed to the UDA(s). UDAs should be established in areas that are appropriate for higher density development due to (a) their proximity to transportation facilities, (b) the availability of public water and sewer infrastructure, and (c) their proximity to existing developed areas. The Cox Company was retained by VDOT to be the City's Consultant for the UDA study and work. Working with the City, stakeholders, and property owners, the Cox Company identified the Baldwin Block area and the Sara Lee Property as two Urban Development Areas in the City of Martinsville. This designation will encourage mixed-use development and denser residential that is allowed in this district. A duly advertised Public Hearing was held Tuesday, August 30, 2011 during the Planning Commission meeting. One person was present and she spoke about her concerns that whatever was built on the Baldwin Block would reflect the heritage of the community and to keep in mind the national marker already installed that comments on the history. After the hearing, the Planning Commission voted unanimously (5-0) to send the recommendation to City Council to designate

November 8, 2011

the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines. A duly advertised public hearing was held by City Council on October 25, 2011, and no one spoke for or against the Urban Development Areas. Community Development staff has received one request to add a parcel near the Sara Lee property to the UDA from a developer, and the developer was told that this could go through the process at a later date. Both the Sara Lee property and the Baldwin Block are still excellent candidates for this overlay and stakeholders still agree with this. On a motion by Gene Teague, seconded by Kimble Reynolds, with the following 4-0 recorded vote: (Stroud-not present) Adkins, aye, Teague, aye. Reynolds, aye, and Turner, aye, Council approved designating the former Sara Lee property and the Baldwin Block as urban development areas and to amend the Land Use Map, Comprehensive Plan and Zoning Ordinance to reflect urban development area guidelines. Due to the length of these documents, only the signature page is included in the minutes.



Wayne Knox briefed Council on the proposed amendments to the Zoning Ordinance related to pawnshops. At present, the City of Martinsville allows pawnshops as a use permitted by right in the C-1A, C-2, C-3, M-1 and M-2 Districts. Planning Commission submitted a recommendation in July to remove pawnshops as a use permitted by right, which would have banned them from operating in the City. City Council reviewed the amendment and sent it back to the Planning Commission with a suggestion to look at regulating pawnshops through a special use permit. Planning Commission took that suggestion and began to work on conditions for a special use permit. After several work sessions, the Planning Commission has finalized their recommendation on this issue. The new recommendation would remove pawnshops as a use permitted by right in the C-1A, C-2, C-3, M-1, and M-2 Districts and would add pawnshops as a use permitted by special use permit in the C-1, C-1A, C-2, C-3, M-1, and M-2 Districts. It should be noted that the C-1 Commercial District currently does not allow pawnshops as a use permitted by right. However, to establish uniformity in the commercial districts; it is included in the recommendation to add pawnshops as a use permitted by special use permit. Planning Commission held a duly advertised public hearing on October 4, 2011 and no one spoke for or against the issue

November 8, 2011

during the public hearing. Planning Commission voted unanimously (4-0) to send this amendment to City Council for their consideration. City staff recommends amending the Zoning Ordinance to remove pawnshops as a use permitted by right and to include it as a use permitted by special use permit. On a motion by Gene Teague, seconded by Danny Turner, with a 4-0 vote, Council agreed to set a public hearing for the December 13, 2011 Council meeting to allow time for required advertising.

Clarence Monday briefed Council on the Preliminary Ordinance for the Building Energy Efficiency Project. At the October 25 Council meeting, Council approved a Resolution authorizing a Public Hearing and directing necessary actions related to potential bond issuance. The next step in this process is to consider an Ordinance on first reading that serves the following purposes:

1. Reciting the expediency of the issuance of up to \$1,250,000 of General Obligation Bonds (expediency does not mean that the Council declares this as a matter of emergency). Instead, expediency means that the most efficient, effective, and expedient way to provide for such acquisition is by the issuance of General Obligation Bonds.
2. The intended use of the Bonds is for municipal purposes, specifically for energy saving improvements to City buildings and facilities.
3. Issuance of the Bonds is within the power of the City.
4. The issuance of the bonds is in the best interest of the City and its citizens.

Second reading of the same Ordinance will occur on November 22, if adopted on first reading.

On a motion by Kimble Reynolds, seconded by Danny Turner, with the following 4-0 recorded vote: (Stroud-not present) Adkins, aye, Teague, aye. Reynolds, aye, and Turner, aye, Council approved the preliminary ordinance, on first reading, regarding the Building Energy Efficiency project.

#### **CITY OF MARTINSVILLE, VIRGINIA**

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

**Adopted on November 8, 2011**

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

#### **Section 1 - Findings and Determinations**

The City Council ("City Council") of the City of Martinsville, Virginia (the "City") proposes to issue bonds for the purpose of assisting in the acquisition, construction, expansion, renovation and equipping of energy saving improvements to City buildings and facilities, all for municipal purposes (together, the "Project") and hereby finds and determines that: (i) the City is in need of funds to be used by the City for such construction and equipment needs brought to the attention of the City Council by the Martinsville City Manager, specifically for the Project, for costs of issuance of the Bonds (defined below) and for payment of interest on the Bonds; (ii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for the City's buildings and facilities used for municipal purposes; (iii) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of general obligation bonds in an original principal amount not to exceed \$1,250,000 to be issued by the City as further described herein (the "Bonds") to be used for the acquisition, construction and equipping of the Project and for certain costs of issuance of the Bonds; (iv) the issuance of the Bonds is within the power of the City to contract debts, borrow money and make and issue evidence of indebtedness; and, (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 TWO HUNDRED FIFTY THOUSAND DOLLARS (\$1,250,000). The maximum length of time that the Bonds will be outstanding is twenty years from the date of issuance of the Bonds. The form and details of the Bonds which are proposed to be issued will be more specifically set forth in a City Ordinance to be entitled "AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$1,250,000 MAXIMUM PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, which will be introduced before the Council and considered for final passage following a public hearing on the issuance of the Bonds, as required by law.

#### **Section 3 - Further Actions Authorized**

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

#### **Section 4 - Invalidity of Sections**

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

November 8, 2011

**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.

Mayor Adkins gave an overview of citizen issues discussed at the November 7, 2011 Southside Neighborhood Meeting.

On a motion by Gene Teague, seconded by Kimble Reynolds, with a 4-0 vote, Council approved the following consent agenda:

BUDGET ADDITIONS FOR 11/08/11				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<b>FY12</b>				
<b>GENERAL FUND</b>				
01100908	480410	Miscellaneous - Donations/Fire Department		300
01321102	505500	Fire Dept - Travel & Training designated donation through United Way	300	
01100909	490801	Recovered Costs - Senior Citizens		1,050
01714212	501300	Senior Services - Part-Time & Temporary Wages	571	
01714212	502100	Senior Services - Social Security	35	
01714212	502110	Senior Services - Medicare	9	
01714212	506049	Senior Services - Vehicle Fuel in support of Senior services	435	
01101917	442810	Categorical Other State -Highway Projects		2,320
01413151	508234	Thoroughfare Construction - Utility Relocation DOT Reimbursement/Liberty St-Phase II	2,320	
<b>Total General Fund:</b>			3,670	3,670
<b>ELECTRIC FUND</b>				
14101917	442810	Categorical Other State - Liberty St Elec Utility Costs		115,096
14564339	503191	Electric Construction - Prof. Services-Contract Labor DOT Reimbursement/Liberty St-Phase II	115,096	
<b>Total Electric Fund:</b>			115,096	115,096

Mayor Adkins explained the payroll deduction employee computer purchase program. The Martinsville City and School Administrations are taking preliminary steps in offering a payroll deduction employee computer purchase program. Under this program, the City and School will front-fund the cost and employees will have the opportunity to purchase an Apple iPad 2 or an HP ProBook with the cost, including applicable sales tax, recovered through six monthly payroll deductions from January through June 2012. The benefit to employees will be the cost savings realized through a bulk purchase program with six-month no-interest financing through payroll deduction payments. The City will not provide a warranty for any units purchased; any warranty, software, or other issues will be strictly between the purchaser and Apple or HP. Linda Conover reported 41 units are being purchased at this point. On a motion by Danny Turner, seconded by Kimble Reynolds, with a 4-0 vote, Council approved the employee computer purchase program as outlined.

Business from the floor: Glenda Stone with Friends of the Library commented on perceived misconduct at the Blue Ridge Regional Library. Due to allegations being made, Mayor Adkins asked Ms. Stone to discontinue her remarks. Ural Harris, 217 Stuart St., comments regarding budget issues, capital funding, and recent hiring of city employees and compensation. City Attorney Eric Monday clarified that he has not requested any extra compensation.

Council comments: Turner-reminder about Veterans Day, November 19 Uptown Christmas Parade and Bulldogs game. Adkins-requested Council to endorse a letter regarding homelessness. On a motion by Gene Teague, seconded by Danny Turner, with a 4-0 vote, Council agreed to endorse the following letter:

November 8, 2011

November 8, 2011

Mr. Bob Sledd  
Senior Economic Advisor  
Office of the Governor  
Patrick Henry Building, 3<sup>rd</sup> Floor  
1111 East Broad Street  
Richmond, VA 23219

Dear Mr. Sledd:

The City of Martinsville supports for the creation of a Virginia Housing Trust Fund (VHTF), which will support Governor McDonnell's initiative to reduce homelessness by 15 percent by 2013. To meet this goal, we must house over 1,400 households permanently. Communities across the Commonwealth are jumping at the chance to meet this goal but we must have the resources to create affordable housing.

The Campaign for a Virginia Housing Trust Fund supports a 20 percent set-aside dedicated to serving individuals and families experiencing homelessness. This set-aside would fund a flexible array of new construction, rehab, rental assistance and supportive services designed to assist families and individuals in achieving housing stability. This set-aside is critical to ensuring that homeless households are served and afforded the opportunity for affordable housing.

The City of Martinsville has long supported the West Piedmont Better Housing Coalition and its efforts to reduce homelessness in our area. Our Department of Community Development has been very active with various groups in our community to increase housing for homeless and disadvantaged populations.

It is imperative that all efforts be made to identify dedicated and reliable funding sources to address housing and homelessness, such as the VHTF. Localities throughout the state need Virginia's help to increase successful housing initiatives that provide much needed services to individuals and families experiencing homelessness. Organizations like STEP, Inc., and the Community Dream Center are ready to access these funds to build or develop SRO and Permanent Supportive Housing options in our city and would go a long way to help their efforts and allow them to leverage other funds as well.

On behalf of the Martinsville City Council, I offer the City of Martinsville's support for the creation of the Virginia Housing Trust Fund.

Sincerely,



Kim Adkins  
Mayor

There being no further business, the meeting adjourned at 8:20 PM.

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Clarence Monday  
Clerk of Council

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Kim Adkins  
Mayor



## City Council Agenda Summary

**Meeting Date:** December 13, 2011

**Item No:** 2.

**Department:** City Council

**Issue:** Recognition of Dr. Barry M. Dorsey, NCI Executive Director.

**Summary:** City Council will recognize Dr. Dorsey who is retiring December 31, 2011.

**Attachments:** [Resolution](#)

**Recommendations:** Motion to approve resolution.



## RESOLUTION

**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.

\* \* \* \* \*

ATTEST:

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

December 13, 2011  
Date Adopted



## City Council Agenda Summary

**Meeting Date:** December 13, 2011

**Item No:** 3.

**Department:** City Council

**Issue:** Recognition of Ercell Cowan, Voting Registrar.

**Summary:** City Council will recognize Ercell Cowan who is retiring mid December, 2011.

**Attachments:** [Proclamation](#)

**Recommendations:**



## **P R O C L A M A T I O N**

**WHEREAS**, General Registrar Ercell W. Cowan has since 1988, served as the Martinsville Electoral Board General Registrar; and

**WHEREAS**, prior to her appointment as General Registrar, she was employed at a bank, a brokerage firm and a supermarket; and

**WHEREAS**, for 23 years, residents of the City of Martinsville have been able to depend on Ercell Cowan, Registrar, providing professional non-partisan voter registration, and maintaining purity in the election process ; and

**WHEREAS**, her reputation as a wonderful mother, wife and friend make Ercell W. Cowan a valuable example for all in our community; and

**WHEREAS**, General Registrar Cowan will retire as active Registrar having served the city and its citizens with the utmost of integrity, leaving this position on Friday, December 16, 2011; now, therefore,

I, Kim Adkins, Mayor of the City of Martinsville, do hereby proclaim **Friday, December 16, 2011** as **General Registrar Ercell E. Cowan Day** in the City of Martinsville in honor of her dedicated service to the purity of the election process and the community, and wishes her good health and happiness in her retirement.

Kim Adkins  
Mayor



## **City Council Agenda Summary**

**Meeting Date:** December 13, 2011

**Item No:** 4.

**Department:** City Manager

**Issue:** Hear a monthly update from the Martinsville-Henry County Economic Development Corporation.

**Summary:** Mark Heath of the EDC will give this update and answer any questions.

**Attachments:** None

**Recommendations:** No action required



## **City Council Agenda Summary**

**Meeting Date:** December 13, 2011

**Item No:** 5.

**Department:** Public Works

**Issue:** Hear an update on the Martinsville Mustangs.

**Summary:** Staff will present information at the meeting regarding status of preparations for the upcoming 2012 Martinsville Mustangs baseball season.

**Attachments:** None

**Recommendations:** None

**Meeting Date:** December 13, 2011

**Item No:** 6.

**Department:** Finance and Public Works

**Issue:** Consider adoption of the Financing Ordinance, on first reading, for the Building Energy Efficiency Project.

**Summary:** The City 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 reading, authorizing the issuance of bonds and providing the form, details, and payments thereof as stated on page three of the Ordinance. The 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.

December 13, 2011 – 1<sup>st</sup> reading of Financing Ordinance

January 10, 2012 – Public Hearing and 2<sup>nd</sup> reading of Financing Ordinance

January TBD – Closing

**Attachments:** [Ordinance](#)  
[Financing Agreement](#)

**Recommendations:** Staff recommends adoption of the Financing Ordinance on first reading

**CITY OF MARTINSVILLE, VIRGINIA**

**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**

**Adopted on December 13, 2011 (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, \_\_\_\_\_, \_\_\_\_\_.

**"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.

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

**"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 Bond is 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 Bond shall mean as of a particular date, the Bond 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 Bond 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 capital improvements, including energy saving improvements to City buildings and facilities, all for municipal purposes (**together, the "Project"**) including payment of costs of issuance 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 expedient 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.

**Section 3 Authorization, Form and Details of the Bond**

(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.

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.

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.

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.

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.

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.

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.

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

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.

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 presentment for registration of transfer for the Bond, 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 Bond 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 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 or on account of said CUSIP numbers.

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:

## **"FORM OF BOND"**

No. R-1

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA, CITY OF MARTINSVILLE  
GENERAL OBLIGATION BOND,  
SERIES 2012**

**Dated: \_\_\_\_\_, 2012**

**Registered Holder:**  
\_\_\_\_\_ **BANK**

**Maturity Date: \_\_\_\_\_, 20\_\_**

**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 November 22, 2011 and January 10, 2012 (**together, the "Ordinance"**) and the Financing Agreement between the City and \_\_\_\_\_ Bank dated as of January 1, 2012 (**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 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.

**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

**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:** \_\_\_\_\_

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**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 2012."

**Section 5      Payments into Proceeds Fund**

(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 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 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:

- (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
- (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 Bond 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 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 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 Bond, 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 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.

## **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 Bond**

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.

**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 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.

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 NonArbitrage Certificate and Tax Covenants document, to comply with such requirements and covenants therein that it will not breach the terms thereof.

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)(D)(vii) of the Code, as the City is a governmental unit with general taxing powers, no bond which is a part of the Bond will be 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

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).

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 Projects costs, or which may be so advanced, may be reimbursed from Bond Proceeds.

### **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 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 thereunder. 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.

### **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.

The Members of the Council voted as follows:

Ayes

Nays

Absent

Abstentions

Adopted this \_\_\_\_ day of December, 2011.

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 \_\_\_\_\_, 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.

Dated this \_\_\_ day of \_\_\_\_\_, 2011.

---

Clerk, City Council of  
City of Martinsville, Virginia

## TABLE OF CONTENTS

	<u>Page</u>
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	Defeasance .....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

**FINANCING AGREEMENT**

**BETWEEN**

**[Bank]**

**AND**

**CITY OF MARTINSVILLE, VIRGINIA**

Dated as of January 1, 2012

**TABLE OF CONTENTS**

<b>ARTICLE I</b> .....	1
<b>DEFINITIONS</b> .....	1
Section 1.1    Definitions.....	1
Section 1.2.    Rules of Construction .....	2
<b>ARTICLE II</b> .....	2
<b>REPRESENTATIONS</b> .....	2
Section 2.1.    Representations by Borrower.....	2
Section 2.2.    Representations by Bank.....	3
<b>ARTICLE III</b> .....	4
<b>ISSUANCE AND DELIVERY OF THE NOTE AND THE BOND</b> .....	4
Section 3.1.    Loans to Borrower and Purchase of the Note and the Bond.....	4
Section 3.2.    Conditions Precedent to Purchase of the Note and the Bond. 4	
<b>ARTICLE IV</b> .....	4
<b>USE OF NOTE PROCEEDS AND BOND PROCEEDS</b> .....	4
Section 4.2.    Application of Bond Proceeds. ....	4
<b>ARTICLE V</b> .....	5
<b>PLEDGE OF FULL FAITH AND CREDIT</b> .....	5
Section 5.1.    Pledge of Full Faith and Credit.....	5
<b>ARTICLE VI</b> .....	5
<b>PAYMENTS</b> .....	5
Section 6.2.    Payment of Bond.....	5
<b>ARTICLE VII</b> .....	5
<b>PREPAYMENT</b> .....	5
Section 7.2.    Prepayment of Bond. ....	5
<b>ARTICLE VIII</b> .....	6
<b>SPECIAL COVENANTS</b> .....	6
Section 8.1.    Financial Records and Statements. ....	6
Section 8.2.    Arbitrage and Private Activity Covenants. ....	6
Section 8.3.    Further Assurances.....	6
<b>ARTICLE IX</b> .....	7
<b>DEFAULTS AND REMEDIES</b> .....	7

Section 9.1.	Events of Default.....	7
<b>ARTICLE X</b>	.....	7
<b>MISCELLANEOUS</b>	.....	7
Section 10.1.	Successors and Assigns.....	7
Section 10.2.	Amendments. ....	7
Section 10.3.	Liability of Officials, etc.....	7
Section 10.4.	Applicable Law. ....	7
Section 10.5.	Severability. ....	7
Section 10.6.	Notices. ....	7
Section 10.7.	Headings. ....	8
Section 10.8.	Term of Agreement.....	8
Section 10.9.	Counterparts.....	8
<b>EXHIBIT A</b>		
	Project Description	
<b>EXHIBIT B</b>		
	Debt Service Schedule	

## FINANCING AGREEMENT

**THIS FINANCING AGREEMENT** is dated as of the 1st day of January, 2012, between \_\_\_\_\_, \_\_\_\_\_ (**the “Bank”**), and the **CITY OF MARTINSVILLE, VIRGINIA**, a body politic and corporate of the Commonwealth of Virginia (**the “Borrower”**).

The Borrower intends to issue and sell to the Bank its general obligation bond, in the maximum principal amount of \$1,250,000 (**the “Bond”**), authorized to be issued under the Ordinance (as defined herein), to provide for the payment of a portion of the Project Costs, and financing certain costs of issuing the Bond.

In this Agreement, the Borrower and the Bank desire to set forth certain terms and conditions with respect to the issuance of the Bond by the Borrower to the Bank and the purchase of the Bond by the Bank.

### ARTICLE I

#### DEFINITIONS

**Section 1.1 Definitions.** The capitalized terms contained in this Agreement and not defined above shall have the meanings set forth below unless the context requires otherwise and any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Act:

“Act” means the Virginia Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended.

“Agreement” means this Financing Agreement between the Bank and the Borrower, together with any amendments or supplements hereto.

“Authorized Representative” means any member, official or employee of the Borrower authorized by resolution, ordinance or other official act of the governing body of the Borrower to perform the act or sign the document in question.

“Bond” means the Bond in substantially the form set forth in the Ordinance and issued by the Borrower to the Bank pursuant to the Ordinance and this Agreement.

“Bond Proceeds” means the proceeds of the sale of the Bond to the Bank pursuant to this Agreement.

“Closing Date” means the date of the delivery of the Bond to the Bank.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable regulations, procedures and rulings thereunder.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

“Event of Default” shall have the meaning set forth in Section 9.1.

“Fiscal Year” means the period of twelve months established by the Borrower as its annual accounting period.

“Ordinance” means all resolutions or ordinances adopted by the governing body of the Borrower approving the transactions contemplated by and authorizing the execution and delivery of this Agreement and the execution, issuance and delivery of the Bond.

“Project” means the capital project described in Exhibit A, the costs of the construction, acquisition or equipping of which are to be financed in whole or in part with the Bond Proceeds.

“Project Costs” means the costs of the construction, acquisition or equipping of the Project, provided such costs are permitted by the Act.

**Section 1.2. Rules of Construction.** The following rules shall apply to the construction of this Agreement unless the context requires otherwise.

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) All references in this Agreement to particular Sections or Exhibits are references to Sections or Exhibits of this Agreement unless otherwise indicated.

(c) The headings and table of contents as used in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

## ARTICLE II

### **REPRESENTATIONS**

**Section 2.1. Representations by Borrower.** The Borrower makes the following representations as the basis for its undertakings under this Agreement:

(a) The Borrower is a duly created and validly existing “locality” within the meaning of the Act and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Borrower has full right, power and authority to (i) adopt the Ordinance and execute and deliver this Agreement and the other documents related thereto, (ii) issue, sell and deliver the Bond to the Bank, (iii) finance the Project by borrowing money for such purpose pursuant to this Agreement and the issuance of the Bond, and (iv) carry out and consummate all of the transactions contemplated by the Ordinance, this Agreement, and the Bond.

(c) This Agreement and the Bond were duly authorized by the Ordinance and are in substantially the same form as presented to the governing body of the Borrower at its meeting at which the Ordinance was adopted.

(d) All permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of the delivery of this Agreement have been obtained for (i) the Borrower's adoption of the Ordinance, (ii) the execution and delivery by the Borrower of this Agreement, and the Bond, (iii) the performance and enforcement of the obligations of the Borrower thereunder, and (iv) the acquisition, construction, equipping, occupation, operation and use of the Project. The Borrower knows of no reason why any such required permits or approvals not obtained as of the date hereof cannot be obtained as needed.

(e) This Agreement and the Bond have been executed and delivered by duly authorized officials of the Borrower and constitute the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms.

(f) There are not pending nor, to the best of the Borrower's knowledge, threatened, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, in which a judgment, order or resolution may have a materially adverse effect on the Borrower in its business, assets, condition (financial or otherwise), operations or prospects or in its ability to perform its obligations under this Agreement or the Bond.

(g) No material adverse change has occurred in the financial condition of the Borrower as indicated in the financial statements, applications and other information furnished to the Bank.

## **Section 2.2. Representations by Bank.**

The Bank makes the following representations:

(a) The Bank is a banking corporation having its principal place of business in [City, State].

(b) The Bank is duly empowered and authorized pursuant to its charter and the laws of the Commonwealth of Virginia, to enter into this Agreement and the transactions contemplated hereby, and to carry out its obligations hereunder and by proper action has duly authorized the execution and delivery of, and performance under, this Agreement.

(c) The Bank acknowledges that it has experience and expertise in the purchase and

ownership of obligations similar to those arising under this Agreement and that it is capable of evaluating the merits and risks of this Agreement.

(d) The Bank acknowledges that no offering statement, prospectus or other comprehensive disclosure document containing material information with respect to the City and this Agreement has been provided to it in connection with entering into this Agreement; however, it has been provided with such information concerning the operations and financial condition of the City as it has requested. The Bank has had an opportunity to make inquiries of such officers, employees, agents and attorneys of the City as it considers appropriate in connection with entering into this Agreement.

(e) The Bank has no present intention of further reselling or disposing and will not further sell or dispose of its interest in the Agreement or the Bond in transactions constituting a “distribution” thereof (as that term is used in the Securities Act of 1933, as amended, and the regulations promulgated by the Securities and Exchange Commission thereunder).

### ARTICLE III

#### **ISSUANCE AND DELIVERY OF THE BOND**

##### **Section 3.1. Loans to Borrower and Purchase of the Bond.**

Contemporaneously with the execution and delivery of the Bond, the Bank shall make available to the Borrower the maximum principal amount of \$1,25,000, which is expected to be sufficient to finance the Project Costs. The Borrower shall use such moneys only to pay, or for the reimbursement to the Borrower of, Project Costs. The Borrower’s repayment obligations to the Bank shall be evidenced by the Bond, which shall be in substantially the form set forth in the Ordinance and delivered to the Bank on the Closing Date.

**Section 3.2. Conditions Precedent to Purchase of the Bond.** The Bank shall not be required to make the loans to Borrower and purchase the Bond unless the conditions precedent to Closing set forth in this Agreement have been fulfilled.

### ARTICLE IV

#### **USE OF BOND PROCEEDS**

##### **Section 4.1. Application of Bond Proceeds.**

On the closing Date, the Bank shall (i) disburse Bond Proceeds to the Bond Proceeds Fund established by the Ordinance in the amount of \$\_\_\_\_\_ and (ii) disburse Bond

Proceeds for payment of certain costs of issuance of the Bond in the amount of \$\_\_\_\_\_ as set forth in a closing memorandum of the Borrower's financial advisor.

## ARTICLE V

### PLEDGE OF FULL FAITH AND CREDIT

**Section 5.1. Pledge of Full Faith and Credit.** Under the Ordinance, the Borrower has pledged its full faith and credit to secure the payment of the principal of and premium, if any and interest on the Bond. The Borrower agrees, unless other funds are lawfully available and appropriated for timely payment of the Bond, to levy an annual tax upon all property subject to local taxation in its jurisdiction sufficient to pay when due the principal of and premium, if any and interest on the Bond.

## ARTICLE VI

### PAYMENTS

**Section 6.1. Payment of Bond.**

The Bond shall be dated the date of its delivery to the Bank and shall bear interest on the outstanding principal balance at the rate of \_\_\_\_\_% per annum. Interest on the Bond will be computed on the basis of a year of 360 days and twelve 30-day months. Commencing on \_\_\_\_\_, 2012 and continuing thereafter on each \_\_\_\_\_ until \_\_\_\_\_, 20\_\_ (the "Maturity Date"), interest on the Bond shall be due and payable as set forth above, and commencing on \_\_\_\_\_, 2012, and continuing thereafter on each \_\_\_\_\_ until the Maturity Date, principal amounts of the Bond shall be due as set forth in the debt service schedule for the Bond produced by the City's financial advisor attached hereto as Exhibit B.

## ARTICLE VII

### PREPAYMENT

**Section 7.1. Prepayment of Bond.** At its option, the Borrower may prepay the Bond 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.

## ARTICLE VIII

### SPECIAL COVENANTS

**Section 8.1. Financial Records and Statements.** The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs related to the Project including all funds and accounts created under the Ordinance. The Borrower shall have an annual audit of the financial condition of the Borrower made by an independent certified public accountant, within one hundred and eighty (180) days after the end of each Fiscal Year. The Borrower shall furnish to the Bank copies of such report immediately after it is submitted to the Borrower. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the Borrower's financial position as of the end of such Fiscal Year and the results of the operations of the Borrower and changes in the financial position of its funds for the Fiscal Year.

**Section 8.2. Arbitrage and Private Activity Covenants.** The Borrower shall not take any action, or approve any investment or use of the proceeds of this Financing Agreement (including failure to spend the same with due diligence) or taking any other action, which would cause the Bond to be "arbitrage bonds" within the meaning of Section 148 of the Code, or otherwise cause the interest on the Bond to be includable in the gross income of the Bank under existing statutes. Without limiting the generality of the foregoing, the Borrower shall comply with any provision of law that may require the Borrower at any time to rebate to the United States any part of the earnings derived from the investment of the funds received under this Agreement, unless the Borrower and the Bank receive an opinion of nationally recognized bond counsel that such compliance is not required to prevent the interest on the Bond from being includable in the gross income for federal income tax purposes of the Bank under existing law. The Borrower covenants that it shall not permit the proceeds derived from this Agreement to be used in any manner that would result in (a) 10% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, provided that no more than 5% of such proceeds may be used in a trade or business unrelated to the Borrower's use of the Project, (b) 5% or more of such proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Borrower and the Bank receive an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bond from being includable in the gross income for Federal income tax purposes of the Bank under existing law, the Borrower need not comply with such covenants.

**Section 8.3. Further Assurances.** The Borrower shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the

better assuring, conveying, granting, assigning and confirming the rights granted or assigned by this Agreement, or as may be required to carry out the purposes of this Agreement. The Borrower shall at all times, to the fullest extent permitted by law, defend, preserve and protect all rights of the Bank under this Agreement against all claims and demands of all persons.

## ARTICLE IX

### DEFAULTS AND REMEDIES

**Section 9.1. Events of Default.** An Event of Default as to the Bond, and remedies for any such Event of Default, are set forth in the Ordinance.

## ARTICLE X

### MISCELLANEOUS

**Section 10.1. Successors and Assigns.** This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 10.2. Amendments.** The Bank and the Borrower shall have the right to amend from time to time any of the terms and conditions of this Agreement, provided that all amendments shall be in a writing and shall be signed by or on behalf of the Bank and the Borrower.

**Section 10.3. Liability of Officials, etc.** In the absence of fraud, no present or future director, official, officer, employee or agent of the Borrower shall be liable personally in respect of this Agreement or the Bond or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement or the Bond.

**Section 10.4. Applicable Law.** This Agreement shall be governed by the applicable laws of Virginia.

**Section 10.5. Severability.** If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or Section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Bank and the Borrower, as the case may be, only to the extent permitted by law.

**Section 10.6. Notices.** Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under the Bond or this

Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

**Bank:** [Bank]  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

**Borrower:** City of Martinsville, Virginia  
P.O. Box 1112  
55 West Church  
Martinsville, Virginia 24114  
Attention: Finance Director

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. The Bank and the Borrower may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

**Section 10.7. Headings.** The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

**Section 10.8. Term of Agreement.** This Agreement shall be effective upon its execution and delivery, provided that the Bond previously or simultaneously shall have been executed and delivered. Except as otherwise specified, the Borrower's obligations under this Agreement shall expire upon payment in full of the Bond.

**Section 10.9. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

*[Signature Page Follows]*

**WITNESS** the following signatures, all duly authorized.

**[BANK]**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**CITY OF MARTINSVILLE, VIRGINIA**

By: \_\_\_\_\_

Its: Mayor \_\_\_\_\_

## **EXHIBIT A**

### **PROJECT DESCRIPTION**

The financing of capital improvements, including energy saving improvements to City buildings and facilities, the costs of the construction, acquisition or equipping of which are to be financed in whole or in part with the Bond Proceeds.

**EXHIBIT B**  
**DEBT SERVICE SCHEDULE**