

January 29, 2014

The regular meeting of the Council of the City of Martinsville, Virginia, was held on January 29, 2014, in Council Chambers, Municipal Building, at 7:30 PM, Closed Session beginning at 7:00PM, with Mayor Kim Adkins presiding. Council Members present included: Mayor Kim Adkins, Vice Mayor Gene Teague, Sharon Brooks Hodge, Mark Stroud and Danny Turner. Staff present included: Leon Towarnicki, City Manager, , Eric Monday, Eddie Cassady, Durwin Joyce, Andy Lash and Dennis Bowles. The meeting was originally scheduled for January 28, 2014 and was postponed to the January 29, 2014 due to inclement weather.

Mayor Adkins called the meeting to order and advised Council will go into Closed Session. 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 Sharon Brooks Hodge, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Hodge, aye; Stroud, aye; and Turner, aye, Council convened in Closed Session, for the purpose of discussing the following matters: (A) Appointments to Boards and Commissions as authorized by Subsection 1. Addendum closed session items: (B) A prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community as authorized by Subsection 5. (C) A personnel matter as authorized by Subsection 1.

At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during Session. On a motion by Gene Teague, seconded by Sharon Brooks Hodge, with the following recorded 5-0 vote: Adkins, aye; Teague, aye; Hodge, aye; Stroud, aye; and Turner, aye, Council returned to Open Session.

Following the invocation by Vice Mayor Teague and Pledge to the American Flag, the Mayor welcomed everyone to the meeting and announced one addendum has been added to the agenda and will be considered before the finance report..

Board appointment: On a motion by Mark Stroud, seconded by Danny Turner, with a 5-0 vote, Council appointed Imogene Draper, 1035 Mulberry, to the Arts & Cultural Committee as the citizen representative for a term ending 12/31/16.

Minutes: On a motion Gene Teague, seconded by Sharon Brooks Hodge, with a 5-0 vote, Council approved the minutes of the November 25, 2013 tour and November 25, 2013 meetings.

Staff update on city utilities: Dennis Bowles briefed Council on the 2nd quarter FY14 Utilities Report and introduced Andy Lash and Durwin Joyce.

Water/Wastewater Summary Production: Average flow at the Sewage Treatment Plant was 4.173 MGD for the first half of FY' 14 Plant Capacity 8 MGD Water production was 1.579 MGD for the same period Plant Capacity 7.5 MGD	Revenue/Expenditures Total Water Revenue = \$1,660,858 Total Water Expense = \$1,516,633 Net Revenue = \$144,224 Total WW Revenue = \$1,882,587 Total WW Expense = \$2,055,633 Net Revenue = \$(173,046)
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January 29, 2014

Resolution regarding Rt. 58 funding: Mr. Towarnicki briefed Council on the resolution in support of funding for the remainder of the Route 58 project. On a motion by Mark Stroud, seconded by Danny Turner, with a 5-0 vote, Council approved the following resolution:

RESOLUTION

WHEREAS, In 1989, with the passage of the U.S. Route 58 Corridor project, the Virginia General Assembly envisioned "Super 58," a four-lane divided highway connecting communities along the southern border of Virginia from Virginia Beach to the western end of Virginia; and

WHEREAS, the project was and continues to be recognized as vital to provide viable commercial access, expand development opportunities, and create a seamless east-west freeway for the traveling public; and

WHEREAS, constructing the segments between Stuart and Hillsville will complete "Super 58" from Virginia Beach to I-77; and

WHEREAS, completing the connection of the Route 58 corridor to I-77 will provide new incentive and opportunity for development in the local region, including the City of Martinsville; and

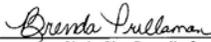
WHEREAS, completing the connection of the Route 58 corridor to I-77 will provide a less-congested alternative route to the Hampton Roads regions and resort destinations; and

WHEREAS, the City of Martinsville believes completing the connection of the Route 58 corridor to I-77 will be beneficial to the prosperity of the City of Martinsville and to all of the Commonwealth;

NOW, THEREFORE, BE IT RESOLVED, on this 29th day of January 2014 that the Martinsville City Council hereby expresses its support of the completion of the Route 58 corridor to I-77 and encourages the Commonwealth of Virginia to authorize and fund its completion.


Kim Adkins, Mayor
Martinsville City Council

Resolution setting public hearing regarding refinancing bonds: Finance Director Linda Conover briefed Council on the resolution setting a public hearing and directing necessary actions related to potential issuance of refunding bonds. Carter Bank & Trust, as holder of the 2009 Bonds, has agreed to refinance these bonds at a savings of over \$100,000 in debt service over the life of the financing. The time period covered by the refinancing matches the original and does not extend the length of debt service. On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the following resolution setting a public hearing and authorizing staff to continue with actions as necessary to finalize the refinancing of bonds as described:

<p style="text-align: center;">RESOLUTION SETTING PUBLIC HEARING AND APPROVING RELATED ACTIONS RELATED TO POTENTIAL ISSUANCE OF REFUNDING BONDS</p> <p>WHEREAS, the City of Martinsville, Virginia (the "City") has previously issued its (a) General Obligation Bond (Capital Project), Series 2009A (the "2009A Bond") in order to finance the costs of the acquisition and equipping of an electric utility truck, (b) its General Obligation Bond (Capital Project), Series 2009B (the "2009B Bond") in order to finance certain City landfill improvements and (c) its General Obligation Refunding Bond, Series 2009A (the "2009A Refunding Bond") and, together with the 2009A Bond and the 2009B Bond, the "2009 Bonds") in order to refinance school and redevelopment projects in the City; and</p> <p>WHEREAS, Carter Bank & Trust, as holder of the 2009 Bonds, has agreed to refinance the 2009 Bonds, and such refinancing, including the costs of issuance to be incurred in connection with such refinancing, will result in debt service savings to the City (the "2014 Refinancing"); and</p> <p>WHEREAS, the 2014 Refinancing would be accomplished through the issuance by the City of its general obligation bonds, Series 2014 in a principal amount not to exceed \$2,650,000 (the "2014 Bonds").</p> <p>NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:</p> <p>1. The City Manager, Finance Director, City Attorney, bond counsel 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 2014 Bonds, including but not limited to the publication and broadcasting, as required by the City Charter, of notice of a public hearing to be held prior to final authorization by the City Council of the issuance of the 2014 Bonds. The public hearing shall be held on February 25, 2014 at 7:30p.m. at the City Council Chambers, Second Floor, City of Martinsville Municipal Building, 55 West Church Street, Martinsville, Virginia 24112. All actions of the City Manager, Finance Director, City Attorney, bond counsel and all other officers, employees and agents of the City in furtherance of the issuance of the 2014 Bonds are hereby approved and ratified.</p> <p>2. This Resolution shall take effect immediately.</p>	<p style="text-align: center;">CERTIFICATE</p> <p>The Members of the Council voted as follows on the foregoing Resolution:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><u>Ayes</u></p> <p>Kim Adkins Gene Teague Mark Stroud Sharon Brooks Hodge Danny Turner</p> </td> <td style="width: 50%; vertical-align: top;"> <p><u>Nays</u></p> </td> </tr> <tr> <td style="vertical-align: top;"> <p><u>Absent</u></p> </td> <td style="vertical-align: top;"> <p><u>Abstentions</u></p> </td> </tr> </table> <p style="text-align: center;">29th Adopted this 28th day of January, 2014.</p> <hr style="width: 20%; margin: 10px auto;"/> <p>The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on January 28, 2014 January 29, 2014, 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.</p> <p style="text-align: right;">Dated this 29th day of January, 2014.</p> <p style="text-align: center;"> Clerk, City Council of City of Martinsville, Virginia</p>	<p><u>Ayes</u></p> <p>Kim Adkins Gene Teague Mark Stroud Sharon Brooks Hodge Danny Turner</p>	<p><u>Nays</u></p>	<p><u>Absent</u></p>	<p><u>Abstentions</u></p>
<p><u>Ayes</u></p> <p>Kim Adkins Gene Teague Mark Stroud Sharon Brooks Hodge Danny Turner</p>	<p><u>Nays</u></p>				
<p><u>Absent</u></p>	<p><u>Abstentions</u></p>				

January 29, 2014

Preliminary Ordinance on first reading regarding refinancing bonds: Council approved the Resolution authorizing a Public Hearing and directing necessary actions related to potential issuance of refunding bonds and adoption of this preliminary ordinance on first reading is the next step.

Adoption of the preliminary ordinance serves the following purposes:

1. Recites the expediency of the issuance of up to \$2,650,000 in principal amount of general obligation bonds. (Expediency does not mean that the Council declares this as a matter of emergency but instead means that the most efficient, effective, and expedient way to provide for such acquisition is by the issuance of refunding general obligation bonds.)
2. Declares the intended use of the Bonds are for municipal purposes.
3. Declares issuance of the Bonds is within the power of the City.
4. Declares the issuance of the Bonds is in the best interest of the City and its citizens.

Second reading and adoption of the preliminary ordinance will occur on February 11, along with adoption on first reading of the final ordinance. Three of the City's outstanding bond obligations, with interest rates somewhat higher than current markets, can be refinanced, saving over \$100,000 over the life of the loans. After speaking with the current holder of these particular loans, it was determined that they were willing to reduce the current rates being charged, producing savings to the City without extending the life of the loans. This ordinance authorizes staff to participate in the refunding process.

Tentative project timeline:

1. January 28, 2014 – Adoption of Resolution to set public hearing, and of Preliminary Ordinance on first reading.
2. February 11, 2014 – Adoption of Preliminary Ordinance on second reading, and of Final Ordinance on first reading.
3. February 25, 2014 – Public hearing on bonds, adoption of Final Ordinance on second reading.
4. February 28, 2014 - Closing

On a motion by Gene Teague, seconded by Mark Stroud, with the following 5-0 recorded vote: Adkins, aye; Teague, aye; Hodge, aye; Stroud, aye; and Turner, aye, Council approved the following preliminary ordinance on first reading:

<p>CITY OF MARTINSVILLE, VIRGINIA AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$2,650,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING 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</p> <p>January 29, 2014 Adopted on (First reading)</p>	<p>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 refunding all or some of the outstanding balances of the City's General Obligation Bond (Capital Project), Series 2009A (the "2009A Bond"), General Obligation Bond (Capital Project), Series 2009B (the "2009B Bond") and General Obligation Refunding Bond, Series 2009A (the "2009A Refunding Bond, and together with the 2009A Bond and 2009B Bond, the "2009 Bonds"), all for municipal purposes, specifically for the original purposes of the 2009 Bonds described herein and for debt service savings. The 2009A Bond financed the costs of the acquisition and equipping of an electric utility truck, the 2009B Bond financed certain City landfill improvements and the 2009A Refunding Bond refinanced school and redevelopment projects in the City. The City Council hereby finds and determines that: (i) the City is in need of funds to be used by the City for the refunding of the 2009 Bonds and for costs of issuance of the Bonds (defined below); (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 equipment 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 refunding bonds in an original principal amount not to exceed \$2,650,000 to be issued by the City as further described herein (the "Bonds") to be used for the refunding of the 2009 Bonds 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.</p> <p>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 refunding of the 2009A Bond in a maximum principal amount of \$118,250, the refunding of the 2009B Bond in a maximum principal amount of \$706,250 and the refunding of the 2009A Refunding Bond in a maximum principal amount of \$1,825,500. The maximum length of time that the Bonds will be outstanding is seventeen 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 \$2,650,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING 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.</p>
<p>Section 3 - Further Actions Authorized The City Manager, City Finance Director, Clerk of the Council, City Treasurer, City Attorney, Sands Anderson PC as bond counsel to the City, 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, including but not limited to the publication and broadcasting of a notice of public hearing to be held prior to final authorization by the City Council of the issuance of the Bonds. All actions of the City Manager, City Finance Director, Clerk of the Council, City Treasurer, City Attorney, bond counsel to the City, 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 refunding of the 2009 Bonds are hereby approved and ratified.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>The Members of the Council voted as follows on the foregoing Ordinance: Ayes: Kim Adkins Gene Teague Mark Stroud Sharon Brooks Hodge Danny Turner</p> <p>Abstentions Adopted this 29th day of January, 2014 (first reading). 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 January 29, 2014, 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 29th day of January, 2014. Clerk, City Council of City of Martinsville, Virginia</p>
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January 29, 2014

Addendum: Set public hearing regarding grant for replacement emergency generator: Mr. Towarnicki briefed Council on the need to set a public hearing regarding the City's intent to file an application for grant funding with USDA, Rural Development for assistance in the replacement of the emergency generator for the City's Shop/Warehouse Complex located at 300 Fishel Street. After a review of recent mechanical problems with the emergency power generator at the City Shop/Warehouse complex, it has been determined that the best option for the City is to consider replacing the unit with a new larger, natural gas-powered unit. Total cost of the generator and related equipment for connection to the Shop/Warehouse complex is estimated to be \$55,000. The generator powers the entire Shop/Warehouse complex during outages and is essential to the ability to provide reliable emergency services for the citizens of Martinsville. There is an opportunity to apply for partial grant funding of the project through the United States Department of Agriculture Rural Development and a public hearing is a required component of the application process. Any funding needed in addition to the grant will be covered by City Electric and/or the City's Capital budget. On a motion by Mark Stroud, seconded by Danny Turner, with a 5-0 vote, a public hearing was set for February 11, 2014.

Finance Report: Linda Conover briefed Council on the finance report: FY14 – Revenues & Expenditures through Dec. 31, 2013; Combined Balance Sheet; Projected Fund Balance--exclusive of School and Special Revenue funds, actual revenues were \$29,465,151, representing 100.9% of the anticipated \$29,188,229 through the second quarter, ending December 31st. Receiving five months proceeds, Local Sales/Use Taxes collected through December 31st are ahead of anticipated by \$18,294, for total receipts of \$759,294. For information purposes, collections of these taxes through the same time period in FY13 were \$753,420. Utility revenues were mixed with Refuse and Water Fund's receipts being greater than anticipated, and Minet/Fiber Optic, Sewer, Electric Funds' receipts being less than anticipated, although not by great amounts. Actual expenditures were \$31,582,689, which is greater than the anticipated amount by \$98,503. The "actual" figures include all outstanding encumbrances of \$1,164,353. As of the end of the FY14 second quarter, the current total combined Fund Balance and Net Position is \$17,825,081, a decrease from FY13 of \$3,301,196. Available cash-on-hand December 31st for City Funds was \$12,448,421. If all budgeted and re-appropriated funds for FY14 are realized and expended, the year-end Fund Balance and Net Position is projected to be \$15,989,306 – a decrease from FY13 year-end of \$5,136,971. Exclusive of Utility Funds and based upon this projection, the unassigned Fund Balance would be \$3,009,379, 9.6% of the budgeted General Fund expenditures for FY14. On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the finance report.

Business from floor: Interim Police Chief Eddie Cassady reminded citizens to drive carefully with the dangerous road conditions due to winter weather.

Council comments: Stroud-reported he was absent from last Council meeting due to sickness; Tuner-expressed condolences to the John Redd Smith family.

City Manager comments: reminded Council of February 10, 2014 Neighborhood tour and meeting. There being no further business, the meeting adjourned at 8:55pm.

Brenda Prillaman
Clerk of Council

Kim Adkins
Mayor