

May 8, 2012

The regular meeting of the Council of the City of Martinsville, Virginia, was held on May 8, 2012, 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 Kimble Reynolds, Mark Stroud and Danny Turner. Gene Teague was absent. Staff present included: Leon Towarnicki, Interim City Manager, Brenda Prillaman, Eric Monday, Linda Conover, and Dennis Bowles.

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 Kimble Reynolds, with the following 4-0 recorded vote: Adkins, aye; Reynolds, aye; Stroud, aye; and Turner, aye, (Teague-absent) Council convened in Closed Session, for the purpose of discussing the following matters: (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, (B) Appointments to boards and commissions 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 Kimble Reynolds, seconded by Mark Stroud, with the following recorded 4-0 vote: Adkins, aye; Reynolds, aye; Stroud, aye; and Turner, aye, Council returned to Open Session. Action taken: On a motion by Kimble Reynolds, seconded by Danny Turner, Council re-appointed Jennifer Gregory, 1528 Mulberry Rd., to a four-year term on the Planning Commission ending 6/30/16.

Following the invocation by Mayor Kim Adkins and Pledge to the American Flag, the Mayor welcomed everyone to the meeting and noted adjustments to the agenda that the Westside report will be postponed to a later agenda and there will be no closed session at the end of the meeting.

Minutes: On a motion by Mark Stroud, seconded by Kimble Reynolds, Council approved the minutes of the March 27, 2012 meeting.

Recognitions: Mayor Adkins presented a proclamation recognizing Public Service Recognition Week 2012.

Setting public hearing for school board appointments: On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 4-0 vote, Council agreed to set the public hearing for May 22, 2012 for the purpose of receiving/interviewing citizens interested in appointments for two 3-year positions beginning July 1, 2012 and ending June 30, 2015 to the City's School Board.

Electric Projects update: Utilities Director Dennis Bowles presented information on the Prairie State Project in response to questions as well as information regarding the AMP Iberdrola Renewables Blue Creek Wind project for Council's consideration. After discussion, Council agreed that the Blue Creek Wind Project be placed on the May 22, 2012 agenda for further consideration and an AMP representative will be asked to attend that meeting to provide more information.

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VIA ELECTRONIC AND REGULAR MAIL

TO: Dennis Bowles/Director of Utilities
City of Martinsville, Virginia
dbowles@ci.martinsville.va.us

Eric Monday/Legal Advisor
City of Martinsville, Virginia
emondy@ci.martinsville.va.us

FROM: John W. Bentine
AMP Senior Vice President and General Counsel

RE: Response to Your May 3, 2012 Email Regarding Prairie State Project

DATE: May 8, 2012

While the information following will answer the direct questions in your email, I have also included our response to a *Columbus Dispatch* Reporter regarding Prairie State (Attachment A) as well as a copy of our April 27, 2012 update to Participants (Attachment B), which Martinsville should have received, to assist you in answering other potential questions regarding the Project's status.

Your questions concerned the following report:

On March 27 Unit 2 experienced a failure of one of the unit's large induced draft fans. These fans move exhaust gas from the boiler through the air quality control equipment. The extent of damage and root cause analysis is under way as well as a determination of the applicability to Unit 1. Recovery plans and schedule impact are in development for both Units 1 and 2.

Before answering your specific questions, it is very important to understand that both Units 1 and 2 are still under the care, custody and control of the EPC contractor, Bechtel. And, as a result of a contract change with that contractor spearheaded by AMP with the input and support of the Participants, the responsibility for the Unit 2 "fix", both financially and from a technical perspective, is borne by the EPC contractor and the equipment suppliers. This responsibility includes the potential for millions of dollars in liquidated damages for delay. The Owners, including AMP, will not accept the care, custody and control of the Units until the contractually required operating parameters are met, including resolving the Unit 2 issues noted. The analysis of root cause and remedies are being finalized by the contractor and equipment supplier. With that background, information is provided below on your specific questions.

Q1. What is the extent of damage?

A1. One of the Unit 2 induced draft fans received significant damage. The EPC Contractor has begun procurement of parts and is finalizing repair plans at its expense.

Q2. What is the estimated cost of repair?

A2. Since this is a contractor/equipment supplier issue, they are not obligated to provide the Owners with estimates of the cost of repair. The important part here, as noted above, is that the cost will not be borne by AMP or its participating members.

Q3. Who is paying for the repairs and will this affect the final power cost to participants?

A3. Please see above. At present, we see little or no effect on the participants' power supply costs.

Q4. When will the plant be operational?

A4. Unit 1 is currently "operational" and has achieved full load output of 877 MW. However, it has not yet passed all tests to be declared complete and turned over to the Owners, as defined by care, custody and control, for commercial operation. Unit 2's completion date is dependent upon the "fix" as well as completion of other normal work items.

Q5. If the plant is not operational at what date will the contractor be charged liquidated damages and will these funds help offset participants replacement power cost expense?

A5. Liquidated Damages are currently accruing on Unit 1. Unit 2 Liquidated Damages will begin accruing on August 1, 2012 based on the revised contract.

Q6. Why are we paying demand charges when we are not receiving power from the plant and how long will this go on?

A6. In a joint meeting of the AMP Board of Trustees and Prairie State Participants Committee on March 21, 2012, the Participants Committee and AMP Board unanimously voted to begin collecting debt service on one unit in order to generate sufficient revenues to make the debt and interest payment on August 15, 2012. Replacement energy was purchased for some Participants that had a need. Due to reduced energy requirements, it was not necessary to purchase replacement power for Martinsville.

We hope this information is helpful but please contact Pam Sullivan at (614) 562-5733 should you need further information.

Attachments

Attachment A - 4833-4402-2799
Attachment B - 4838-9760-5391

4845-4916-4303, v. 9

PART bus funding commitment: Leon Towarnicki presented the following information: the Piedmont Area Regional Transit system has been in operation in Martinsville and Henry County since January 2009. PART is funded by federal, state, and local money, and Martinsville-Henry County's share of the funding was \$22,742 (each) in FY12 as part of an overall budget of about \$220,000. However, funding from the Commonwealth's Department of Rail and Public Transportation for FY 2013 is being reduced. Taking into consideration the reduction in State funding and other PART budget adjustments, the projected local funding for FY13 is \$64,440 to be split equally (\$32,220 each) between Henry County and Martinsville. DRPT has requested a letter from the City indicating a commitment of local funding for FY13. Ridership numbers have increased significantly. On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 4-0 vote, Council approved city funding FY13 for PART. There was discussion as to the company approaching businesses to contribute funding that are benefitting from the bus traffic and that will be presented to RADAR.

Resolution regarding Line of Duty: Leon Towarnicki presented the following information: During a review of the City's insurance program for liability, workers' compensation, property loss, and Line of Duty Act coverage, quotes for coverage were obtained and VACoRP was determined to be the best option for the City. In order to change providers and to include the recently required Line of Duty Act coverage, it is necessary for Council to adopt a resolution opting out of coverage automatically provided through the Virginia Retirement System and to adopt a resolution to join the Virginia Association of Counties Self-Insurance Risk Pool. The second resolution also authorizes the City Manager to execute such agreements as may be necessary for workers' compensation and LODA coverage. In its 2010 session, the Virginia General Assembly established a new Line of Duty Act Fund with VRS as the investment manager. Localities that have eligible hazardous duty professionals on a paid or voluntary basis may choose to

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participate in this fund or choose to self-fund. Due to the proposed increases from the VRS plan, staff recommends the City opt-out of the VRS fund and join VACoRP to self-fund claims at significant cost savings. On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 4-0 vote, Council adopted the two resolutions and authorized the City Manager to execute the necessary documents.

RESOLUTION	RESOLUTION TO ADOPT THE MEMBER AGREEMENT TO JOIN THE VIRGINIA ASSOCIATION OF COUNTIES GROUP SELF INSURANCE RISK POOL
<p style="text-align: center;">Irrevocable Election Not to Participate in Line of Duty Act Fund</p> <p>WHEREAS, pursuant to Item 258 of the 2010 Appropriation Act, paragraph B, the Virginia General Assembly has established the Line of Duty Act Fund (the "Fund") for the payment of benefits prescribed by and administered under the Line of Duty Act (Va. Code § 9.1-400 et seq.); and</p> <p>WHEREAS, for purposes of administration of the Fund, a political subdivision with covered employees (including volunteers pursuant to paragraph B2 of Item 258 of the 2010 Appropriation Act) may make an irrevocable election on or before July 1, 2012, to be deemed non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and</p> <p>WHEREAS, it is the intent of City of Martinsville to make this irrevocable election to be a non-participating employer with respect to the Fund;</p> <p>NOW, THEREFORE, IT IS HEREBY RESOLVED that City of Martinsville irrevocably elects to be deemed non-participating employer fully responsible for self-funding all benefits relating to its past and present covered employees under the Line of Duty Act from its own funds; and it is further</p> <p>RESOLVED that the following entities:</p> <p>Martinsville Police Department, Fire Department, Sheriff's Office, and the Regional E-911,</p> <p>to the best of the knowledge of City of Martinsville, constitute the population of its past and present covered employees under the Line of Duty Act; and it is further</p> <p>RESOLVED that, as a non-participating employer, City of Martinsville agrees that it will be responsible for, and reimburse the State Comptroller for, all Line of Duty Act benefit payments (relating to existing, pending or prospective claims) approved and made by the State Comptroller on behalf of City of Martinsville on or after July 1, 2010 except for benefits paid on your behalf for FY 2012; and it is further</p> <p>RESOLVED that, as a non-participating employer, City of Martinsville agrees that it will reimburse the State Comptroller an amount representing reasonable costs incurred and associated, directly and indirectly, with the administration, management and investment of the Fund; and it is further</p> <p>RESOLVED that, City of Martinsville shall reimburse the State Comptroller no more frequently than on a monthly basis for amounts invoiced by the State Comptroller.</p> <p>Adopted in <u>MARTINSVILLE</u>, Virginia this <u>8th</u> day of <u>MAY</u>, 2012.</p> <p style="text-align: right;"><i>Kim Reynolds</i> City Manager</p>	<p>WHEREAS, City of Martinsville desires to protect against liability claims, workers' compensation and property losses and to provide for payment of claims or losses for which the city may be liable; and</p> <p>WHEREAS, the Virginia Association of Counties Group Self Insurance Risk Pool, aka VACoRP, has been established pursuant to Chapter 27 (§ 15.2-2700 et seq.) and Title 15.2 of the code of Virginia; and</p> <p>WHEREAS, it is desirable for City of Martinsville to join the Virginia Association of Counties Group Self Insurance Risk Pool in order to provide a method of risk sharing for liability claims, workers' compensation and property losses;</p> <p>NOW, THEREFORE, BE IT RESOLVED that the governing body of City of Martinsville hereby agrees to the member agreement entitled "Member Agreement for Virginia Association of Counties Group Self Insurance Risk Pool" which creates a group fund to pay liability and workers' compensation claims and property losses of the counties, towns, cities and other local agencies joining the Group, and we acknowledge we have received a copy of the pertinent Plan and supporting documents.</p> <p>BE IT FURTHER RESOLVED that the City Manager is authorized to execute the member agreement to join the Virginia Association of Counties Group Self Insurance Risk Pool and to act on behalf of City of Martinsville in any other matter relative to the Group.</p> <p>This the <u>8th</u> day of <u>May</u>, 2012</p> <p>ATTEST: <i>Brenda Pullaman</i> Clerk</p> <p style="text-align: right;"><i>Kim E. Davis</i> Mayor</p>

Update on addressing littering issues: Leon Towarnicki briefed Council on procedures in the city to handle litter issues and introduced Liz Stanley of Gateway Streetscape Foundation. Ms. Stanley reported on numerous projects underway to assist in cleaning up the community and grants being pursued to assist in getting cameras. After Council discussion, Council asked that the City Attorney re-draft the city littering ordinance making it a Class I misdemeanor for Council's consideration at a future meeting.

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

ORG	OBJECT	DESCRIPTION	BUDGET ADDITIONS FOR 5/08/12	
			DEBIT	CREDIT
<u>FY12</u>				
<u>General Fund:</u>				
01102926	436443	Federal Grant - ARRA - Efficiency Retrofit Grant		-65,858
01431162	508220	City Hall Maintenance/Physical Plant Expansion Correction from previous month - Grant Reimb.	-65,858	
1101917	442402	Categorical Other State - Confiscated Assets - C Atty		163
1221082	506105	Comm Atty - Conf Assets State	163	
1101917	442401	Categorical Other State - Confiscated Assets - Police		471
1311085	506078	Police Dept - Conf Assets State	471	
01100909	490801	appropriation of state asset forfeitures		1,604
01714212	501300	Recovered Costs - Senior Citizens		
01714212	501300	Senior Citizens - Part-time Wages	1,056	
01714212	502100	Senior Citizens - Social Security	66	
01714212	502110	Senior citizens - Medicare	15	
01714212	506049	Senior Citizens - Vehicle Fuel	467	
01100908	480420	Transportation Grant & Class Fees		
01714212	506016	Donations - Senior Citizens		850
		Senior Citizens - Program Supplies	850	
		Health Fair Donations		
Total General Fund:			-62,770	-62,770

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<u>Capital Reserve Fund:</u>				
16102926	436443	Federal Grant - ARRA - Efficiency Retrofit Grant		65,858
16577367	508140	City Hall Maintenance/Physical Plant Expansion Energy Efficiency Grant Reimbursement	65,858	
16102926	436443	Federal Grant - ARRA - Efficiency Retrofit Grant		334,142
16577367	508140	City Hall Maintenance/Physical Plant Expansion Energy Efficiency Grant Reimbursement	334,142	
<u>Total Capital Reserve Fund:</u>			<u>400,000</u>	<u>400,000</u>
<u>Refuse Fund</u>				
09100909	490104	Recovered Costs		8,750
09425302	503140	Landfill - Professional Services - Engineering HC share of Solid Waste Management Plan Cost	8,750	
<u>Total Electric Fund:</u>			<u>8,750</u>	<u>8,750</u>
<u>Electric Fund</u>				
14102926	436440	Federal Grant - ARRA - Energy Efficiency Grant		143,545
14565340	503140	Electric - General Exp. - Prof. Serv.-Eng & Arch Hydro Plant Efficiency Grant Reimbursement	143,545	
<u>Total Electric Fund:</u>			<u>143,545</u>	<u>143,545</u>

Business from floor: Ural Harris, 217 Stuart St.-budget comments; Tiffani Lory, 816 Mulberry-asked that Council not rezone Spruce St.; Eric Monday, Mulberry-announced that VA Living Magazine named Carlisle School the best private school in southwest VA.

There being no further business, the meeting adjourned at 9.25 pm.

Brenda Prillaman
Clerk of Council

Kim Adkins
Mayor