

AGENDA--CITY COUNCIL
CITY OF MARTINSVILLE, VIRGINIA
Council Chambers – Municipal Building

7:00 p.m.-CLOSED SESSION prior to 7:30 p.m. regular session
Tuesday, May 8, 2012

Invocation – Vice Mayor Kimble Reynolds
Pledge to the American Flag

1. 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. 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.
2. [Consider approval of Council meeting minutes of March 27, 2012.](#) (2 mins.)
3. [Presentation of proclamation recognizing Public Service Recognition Week.](#) (2 mins.)
4. [Consider setting a public hearing for May 22, 2012 regarding two school board vacancies occurring June 30, 2012.](#) (3 mins.)
5. [Hear an update on Electric projects from Dennis Bowles.](#) (15 mins.)
6. [Consider PART bus funding commitment.](#) (10 mins.)
7. [Consider approval of resolutions to \(1\) opt out of the Line of Duty Act \(LODA\) Fund with the Virginia Retirement System; and \(2\) join the Virginia Association of Counties Self Insurance Risk Pool \(VACoRP\).](#) (10 mins.)
8. [Hear update from Community Development regarding city's improvement projects in Westside area.](#) (5 mins.)
9. [Hear update on city's efforts to address litter issues.](#) (10 mins.)
10. [Consider approval of consent agenda.](#) (2 minutes)
 - A. Accept & appropriate budget adjustments.
11. Business from the Floor

This section of the Council meeting provides citizens the opportunity to discuss matters, which are not listed on the printed agenda. In that 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 and state their name and address; (2) state the matter that they wish to discuss and what action they would like for Council to take; (3) limit their remarks to five minutes; and (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 will be asked to leave the podium. Persons who

refuse to comply with the direction of the presiding officer may be removed from the chambers

12. Comments by members of City Council. (5 minutes)
13. Comments by City Manager. (5 minutes)
14. 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(A)—Closed Meetings, the following:
 - A. Appointments to boards and commissions as authorized by Subsection 1.



City Council Agenda Summary

Meeting Date: May 8, 2012

Item No: 2.

Department: Clerk of Council

Issue: Consider approval of minutes of City Council meeting March 27, 2012.

Summary: None

Attachments: [March 27, 2012](#)

Recommendations: Motion to approve minutes as presented

March 27, 2012

The regular meeting of the Council of the City of Martinsville, Virginia, was held on March 27, 2012, 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 and Danny Turner. Gene Teague was absent. Staff present included: Leon Towarnicki, Interim City Manager, Brenda Prillaman, Eric Monday, Linda Conover, Wayne Knox, Bobby Phillips, Eddie Cassady, Marshall Thomas, Mike Rogers and Ruth Easley.

Following the invocation by Mayor Kim Adkins and Pledge to the American Flag, the Mayor welcomed everyone to the meeting.

Minutes: On a motion by Danny Turner, seconded by Kimble Reynolds, Council approved, with a 4-0 vote, the minutes of the February 28, 2012 and February 29, 2012 meetings.

Recognitions: Police Chief Mike Rogers reported that each year the Martinsville Police Department presents its "Outstanding Citizen of the year" award to a citizen for outstanding contributions to the community. Employees of the department submit nominations for the award to a Selection Committee of 5 members of the department, who review the applications and then present their recommendation to the Chief of Police. Nominees for the award must be someone of good moral character with a good attitude towards law enforcement and the person must have shown support and/or concern for the police department in its efforts to better serve our citizens. Co-recipients of the 2012 Citizen of the Year Award, Dr. Mervyn King and Mrs. Virginia King, were recognized and Captain Eddie Cassady and Captain Marshall Thomas assisted the Police Chief in the presentation.

Mayor Adkins read and presented a proclamation to Sandy Dawson of Citizens Against Family Violence recognizing Sexual Assault Awareness Month.

Mayor Adkins read and presented a proclamation to Ralph Lawson and Nancy Kennett of the Martinsville Exchange Club recognizing Child Abuse Prevention Awareness Month.

Mayor Adkins read and reported on a proclamation which was previously presented on March 14, 2012 at Albert Harris School recognizing March 2012 as Kindergarten Month.

FEMA Hazard Mitigation Grant opportunities: Bob Phillips reported the following:

As directed at the June 28, 2011 Council meeting, staff has continued to pursue grant opportunities to improve the City's ability to alert citizens of emergency situations such as severe weather. Tropical storm Lee, and the magnitude 5.8 earthquake in Mineral, VA, both received Presidential Declarations for portions of Virginia in 2011. These disasters have resulted in significant funding of the Hazardous Mitigation Grant Program. Council's adoption of the updated Hazardous Mitigation Plan at the November 22, 2011 Council meeting has positioned the City well so that funds can be applied for under this program. A pre-application has been submitted and approved allowing the City to prepare grant applications for two projects to: (1) enhance the City's ability to notify citizens of acute emergencies, such as a tornado. This project would involve the installation of eight sirens, strategically placed for maximum coverage. The project is estimated to cost approximately \$155,000, and; (2) install a generator providing emergency backup power to the Middle School located on Cleveland Ave. This school has been identified as the City's emergency shelter, but does not have the needed backup power capability. This project would cost approximately \$225,000. Funding for each of these grants would be 75% federal and 25% state and local funds. In-kind services can be utilized to make up most, if not all, of the local match obligation. He asked that Council authorize staff to proceed with the application process for the two HMGP grants described above; announce a public comment period to run through April 10, 2012. Public Comment can be addressed to the Feedback portion of the City's Webpage or emailed directly to the Emergency Management Coordinator and provide an opportunity at the April 10, 2012 Council meeting for public comment.

On a motion by Mark Stroud, seconded by Kimble Reynolds, with a 4-0 vote, Council authorized staff to move forward with the application process for the sirens and generator.

Littering presentation: Students from Mr. Greg Hackenberg's class at Albert Harris were recognized and Sue Ella Ramos read her letter to Council regarding the littering issue.

March 27, 2012

Dr. Noel Boaz report to Council regarding medical school: Dr. Noel Boaz reported on his current efforts to establish a medical school in the area. He pointed out the school is needed to help train doctors to prevent a shortage expected in the next 20 years and the school would encourage pupils to remain in Southside to launch their medical practices. This school would be different from other medical schools in that it will focus on students learning through clinical activities and their goal is to educate 300 per year and open in the fall of 2013 once a site is found and faculty is hired. The following document was distributing outlining the project:

INTEGRATIVE CENTERS FOR SCIENCE AND MEDICINE

College of Henricopolis School of Medicine

Reincarnation of America's First Hospital, "Mount Malady," in Virginia

Re-incorporating Sir Francis Bacon's Plan for a Research University in the New World (1620)

The College of Henricopolis was America's first institution of higher education, founded in 1618-19 at the City of Henricus in Virginia. It was dedicated to educating all ethnic groups, was tied to a school (also America's first, the "East India School") to prepare students for college, was adjacent to America's first hospital (nicknamed "Mount Malady"), and was planned to grow into a university along lines laid out by one of its founders, Sir Francis Bacon, architect of the Scientific Revolution. The College of Henricopolis has now been re-founded and incorporated as part of a nonprofit Virginia corporation, the Integrative Centers for Science and Medicine, based in Martinsville/Henry County, Virginia.

The modern College of Henricopolis will start out as an allopathic medical school educating M.D. physicians. It will follow in the academic footsteps of its predecessor in its adherence to Baconian evidence-based science, cultural competency, and an "educational pipeline" preparing K-12 and undergraduate students for its exacting and integrative medical curriculum. Its programs and activities will subserve the three well-established core functions of American medical education: training, research, and service. The College's programs will begin in the summer of 2012, with the first medical school class projected to matriculate in fall, 2013. Responding to local, state, regional, and national health care needs, the school will concentrate on educating primary care physicians dedicated to serving rural and historically disadvantaged populations in America.

Possible Sites for Future College of Henricopolis School of Medicine

Martinsville Medical Center - an 8.5-acre site adjacent to Memorial Hospital of M-HC

- Two existing structures:
- Two-story 22,000 s.f. medical office building w/ basement
- One-story 2,000 s.f. former pharmacy building w/ basement
- Proximity to MHMHC and MHS
- Room for expansion but constraints of site grade

Baldwin Block - a 5-acre site adjacent to Central Business District of M-HC

- No existing structures
- Proximity to NCI and thoroughfares; 1.2 miles from MHMHC
- High-visibility site w/ level grade
- Room for expansion

Monthly Finance Report: Finance Director, Linda Conover, presented the following information related to the monthly finance report:

FY12 – Revenues & Expenditures through February 2012

Exclusive of School and Special Revenue funds, actual revenues were \$36,585,943, representing 63.5% of budget.

Highlights:

- Local Sales/Use Taxes (7mos) – received 58.1% of budget
 - Meals Taxes – received 67.1% of budget
 - Refuse Fund – ARRA & loan proceeds reimbursements rec'd to date inflate revenues until appropriated through consent agenda
 - Sewer Fund – sewer service surcharge revenues greater than budget
- Actual expenditures were \$37,670,262, representing 61.1% of budget.

- Refuse Fund – expenditures vs. budget inflated until appropriated through consent agenda

On a motion by Kimble Reynolds, seconded by Mark Stroud, with a 4-0 vote, Council approved the monthly finance report.

FY13 budget process review: Interim City Manager, Leon Towarnicki, presented the following information related to the FY13 budget review process:

Budget work sessions are anticipated for schools, capital needs, and city departments/constitutional offices. Administration will poll Council members for suitable dates for worksessions.

March 27, 2012

- April 25th or April 26th-City Manager FY13 budget presentation to City Council.
- May 1st-May 3rd- Two budget work sessions – schools & capital (afternoon or evening)
- May 8-regular Council meeting date
- May 7th-May 11-schedule one or two budget work sessions (afternoon or evening)
- May 22th-regular Council meeting date to conduct FY13 budget public hearing and approve budget ordinance on first reading.
- June 12th-regular Council meeting date to approve FY13 budget on second reading

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

ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY12</u>				
<u>General Fund:</u>				
01100909	490104	Advance/Recovered Costs		67,528
01129290	508220	Purchasing - Physical Plant Expansion	67,528	
		appropriation of insurance funds for replacement HVAC		
01102926	443157	Categorical Federal - Safe Routes to School		5,956
01413146	503140	Street Marking - Prof. Services - Engineering	5,956	
		Reimbursement		
01101917	442810	Categorical Other State - Highway Projects		20,208
01413151	503140	Thoroughfare Constr - Prof. Services - Eng & Arch	20,208	
		Liberty Street Reimbursement		
<u>Total General Fund:</u>			<u>93,692</u>	<u>93,692</u>
<u>Electric Fund:</u>				
14101917	442810	Categorical State - Liberty St Utility Cost		133,928
14564339	503191	Electric Construction - Prof. Serv. Labor	133,928	
		Liberty Street Reimbursement		
<u>Total Electric Fund:</u>			<u>133,928</u>	<u>133,928</u>

VML 2012 Policy Committee nominations: After Council discussion of the Virginia Municipal League’s request for 2012 Policy Committee nominations, Council agreed to submit the following names to VML for membership on the VML 2012 Policy Committees:

Community & Economic Development—Kim Adkins, Mayor

Environmental Quality—Eric Monday, City Attorney

Finance—Leon Towarnicki, Interim City Manager

General Laws—Gene Teague, Council Member

Human Development & Education-Mark Stroud, Sr., Council Member

Transportation—Kimble Reynolds, Vice Mayor

Outside Agency reports review: No comments were made by Council regarding agency reports which were included in agenda packets.

Business from floor: Laura Bowles, 1607 Sam Lions Tr. and Exec. Dir. of MURA-- requested that Council terminate the \$50 itinerant merchant vending fee for the Farmer’s Market. She pointed out that the Farmer’s Market accomplishes many of Council’s goals for Uptown and this is a unique situation since the City owns the Farmer’s Market and it is open fewer hours than regular businesses Uptown. Commissioner of Revenue Ruth Easley--commented on Council’s options and cautioned Council to tread carefully as there should be a fair and consistent policy and there may be ramifications from other itinerant merchants. Council asked that the City Attorney prepare a draft ordinance related to the Farmer’s Market fee for consideration at the next Council meeting along with recommendations from administration after consultation with MURA and legal counsel. Ural Harris—commented that city budget should be cut and there should be no more increases in fees.

March 27, 2012

Council comments: Adkins-reminder about public hearing to be held by VDOT on April 24 and reported City Manager search process is progressing with the online survey and staff will be interviewed this week; Stroud-pleased with information about siren warning systems; Turner—expressed condolences at loss of Dr. Irby and reported MHS band did an excellent job; Reynolds-commented that MHS jazz band did an excellent job and advised that the Human Relations Advisory Committee met and has been officially dissolved and their work will be used to move forward.

Interim City Manager comments: Mr. Towarnicki reported (1) long range transportation priorities will be presented to Council at the next meeting (2) Lanier Rd. water line project is moving forward with construction anticipated to begin mid to late April (3) littering issue will be on next agenda.

City Attorney Eric Monday emphasized the importance of citizens having a power of attorney prepared.

There being no further business, the meeting adjourned at 9:05pm.

Brenda Prillaman
Clerk of Council

Kim Adkins
Mayor



City Council Agenda Summary

Meeting Date: May 8, 2012

Item No: 3.

Department: Human Resources

Issue: Presentation of proclamation – Public Service Recognition Week
May 6 – 12, 2012

Summary: Human Resources Department representative will be in attendance to accept the proclamation to recognize and celebrate the contributions of the public servants in our community who provide diverse services daily with efficiency and integrity.

Attachments: [Proclamation](#)

Recommendations: Presentation only



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

WHEREAS, Americans are served every single day by public servants at the federal, state, county, and city levels. These unsung heroes do the work that keep our nation working; and

WHEREAS, public service is a noble and essential profession, filled with competent, ethical and hardworking individuals that provide services which improve our daily lives, contribute to the enrichment of our community and make the City of Martinsville a better place to live; and

WHEREAS, without these public servants at every level, continuity would be impossible in a democracy that regularly changes its leaders and elected officials; and

WHEREAS, Public Service Recognition Week has been celebrated since 1985; and

WHEREAS, the Martinsville City Council extends sincere appreciation to City of Martinsville employees for their years of devoted service;

NOW, THEREFORE BE IT RESOLVED that the Martinsville City Council does hereby proclaim May 6th through May 12th, 2012 as

PUBLIC SERVICE RECOGNITION WEEK

in the City of Martinsville and encourage all citizens to recognize the accomplishments and contributions of government employees at all levels, who help improve our lives and safeguard our country.

Kim Adkins
Mayor

Meeting Date: May 8, 2012
Item No: 4.
Department: City Manager

Issue: Consider setting a 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.

Summary: None

Attachments: [Martinsville School Board current listing 2012](#)

Recommendations: Set the public hearing for May 22, 2012 and interview applicants in closed session following the conclusion of the May 22, 2012 Council meeting.

According to State Law, only those citizens interviewed by Council or whose names were brought up during the Public Hearing can be considered for appointment, and appointments cannot be made until seven days after the Public Hearing, thus this item will be on Council's June 12, 2012 agenda.

City of Martinsville
SCHOOL BOARD

SCHOOL BOARD – The School Board is declared a body corporate. In its corporate capacity, it is vested with all the powers and charged with all the duties, obligations, and responsibilities upon school boards by law. It may sue, be sued, contract, be contracted with, and in accordance with the provisions of this title, purchase, take, hold, lease, and convey school property both real and personal. The School Board has the following powers and duties: 1 – to make rules for the governance of the schools within its jurisdiction; 2 – to determine the curriculum, methods of teaching, methods of administration and governance, and the length of the school term; 3 – to employ and dismiss teachers upon the recommendation of the superintendent; 4 – to suspend or expel pupils when necessary; 5 – to establish such schools as are necessary in the judgment of the Board to so constitute a complete and efficient system; 6 – to control and manage funds made available to the Board for the purpose of conducting free public schools; 7 – examine all claims for payment and authorize payment; and 8 – to submit annually to City Council a budget request.

The Board consists of five members serving **three-year** terms appointed by City Council. **School Board members can serve a maximum of three 3-year consecutive terms.**

Meetings are held on the second Monday of each month.

Contact: Ms. Pam Heath, Superintendent, 403-5700 P. O. Box 5548, Martinsville, VA 24115.

NAME ADDRESS	INITIAL APPOINTMENT	TERM EXPIRES	FULL TERM
Bill R. Manning, 1118 Knollwood Pl.	06/08/04	06/30/13	3
Craig B. Dietrich, 1227 Lanier Rd.	06/14/11	06/30/14	1
J. C. Richardson, Jr., 115 Melody Court	06/14/11	06/30/14	1
Carolyn McCraw, 1724 Meadowview Lane	06/09/09	06/30/12	1
Robert Williams, 1017 Country Club Drive	06/21/06	06/30/12	2



City Council Agenda Summary

Meeting Date: May 8, 2012

Item No: 5.

Department: Electric

Issue: Hear an update on Electric projects from Dennis Bowles.

Summary: Dennis Bowles will present information to Council.

Attachments: [AMP Wind Project 042312 BRPA Aggregate](#)
[AMP Wind PPA project memo 041012](#)
[Blue Creek Wind Schedule-Martinsville](#)
[Ordinance-Blue Creek Wind-Martinsville](#)
[Contract-Blue Creek Wind-Martinsville](#)
[AMP Wind PPA Overview 3-2012](#)

Recommendations: For information.



AMP - Iberdrola Renewables Blue Creek Wind Farm

April 23, 2012



Types of Electricity Generating Wind Turbines



Small (≤ 10 kW)

- Homes
- Farms
- Remote Applications



Intermediate
(10 - 250 kW)

- Village Power
- Hybrid Systems
- Distributed Power



Large (250 kW - 2+MW)

- Central Station Wind Farms
 - Distributed Power
- (e.g. Blue Creek Wind Farm)

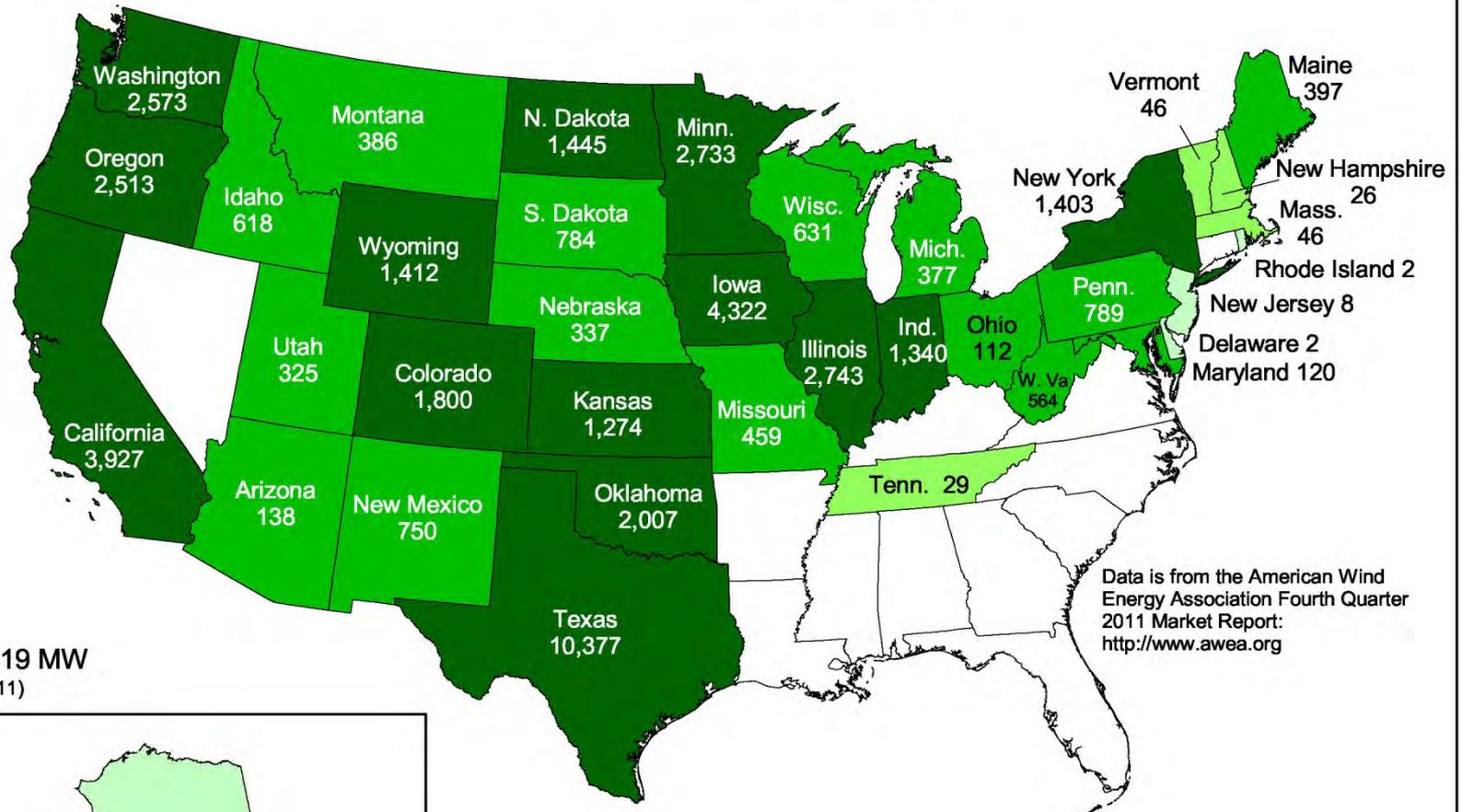


Parts of a Wind Turbine



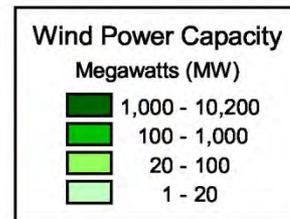
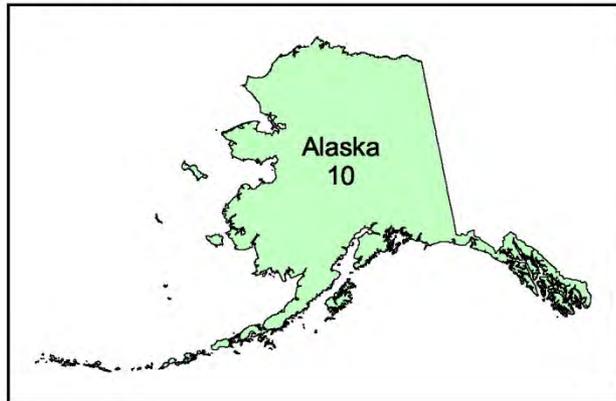
1. Rotor Blade
2. Rotor Hub
3. Nacelle (which contains the electrical switch boxes, generator, gearbox, rotor brakes & controls)
4. Yaw System (component responsible for the orientation of the rotors toward the wind)
5. Tower

2011 Year End Wind Power Capacity (MW)

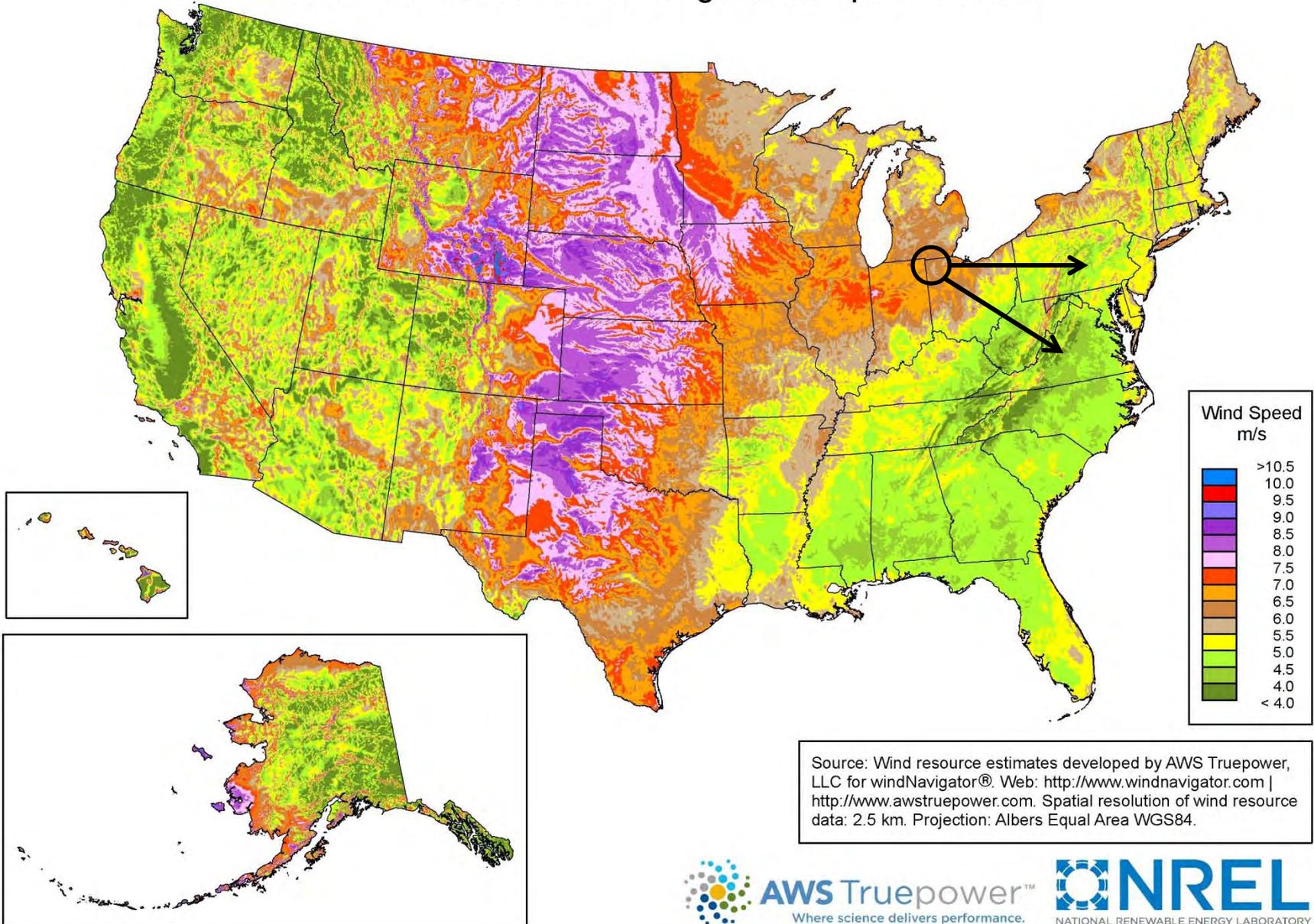


Total: 46,919 MW
(As of 12/31/2011)

Data is from the American Wind Energy Association Fourth Quarter 2011 Market Report: <http://www.awea.org>



United States - Annual Average Wind Speed at 80 m



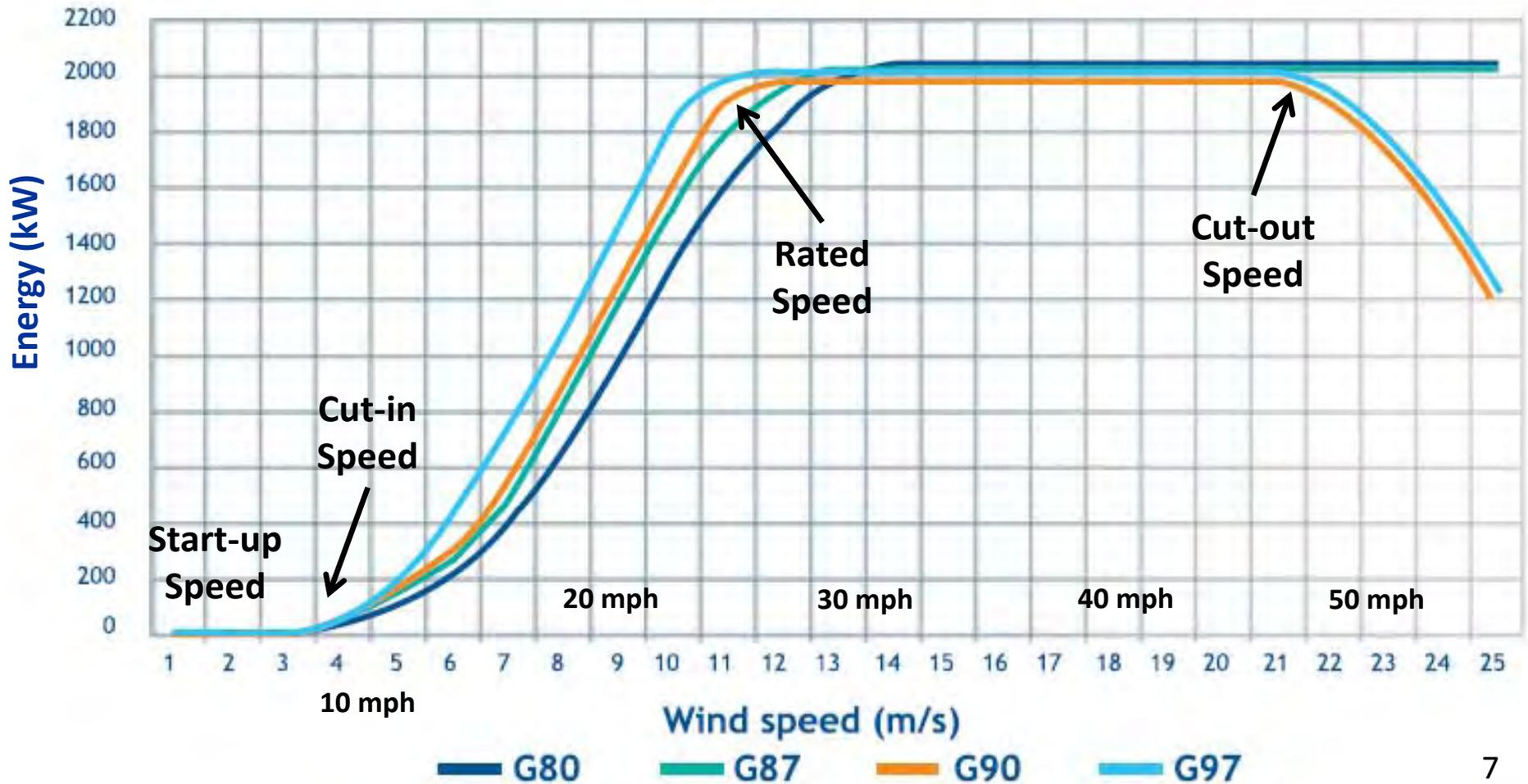
Gamesa G90 - 2.0 MW Turbines

- **Gamesa Corporation (headquartered in Spain)**
 - 24,143 MW wind generation installed worldwide
 - 3,915 MW in US
- **Operating Characteristics**
 - G9X product line launched in 2010
 - Blades made from reinforced carbon fiber
 - Aerodynamic blade tip design to maximize output and minimize noise emissions
 - Active yaw system ensures ideal wind capture
 - Gamesa WindNet offers remote control and web monitoring



Gamesa 2 MW Turbine Power Curve

The most important factors to the amount of energy available is the speed and duration of the wind. Energy is a cubic function of wind speed. In other words, if you double the wind speed, you get 8 times the energy (until you reach the rated output).



Iberdrola Renewables, LLC

- **IBERDROLA, S.A. (headquartered in Spain)**

- Multi-national company with offices in 40 countries
- the world's leading wind energy company in terms of installed capacity – 13,690 MW

- **Iberdrola Renewables (US subsidiary)**



- Headquartered in Portland, Oregon
- Second largest wind operator in U.S. with a presence in 18 states with over 40 wind projects with a total capacity of 5,200 MW



AMP - Iberdrola Renewables Wind Project

- **Blue Creek Wind Farm Facts**

- Currently, **Ohio's largest wind farm**
- 304 MW project in Van Wert and Paulding counties in NW Ohio
- Gamesa G90 - 2.0 MW turbines
- 328 foot tower height
- Total height of 476 feet when a 148 foot long blade is straight up
- Projected Capacity Factor = 34.6%
- PJM Interconnection @ 345 kV
- **Construction Completed:** March 2012
- **Expected Commercial Operation Date (COD):** July 1, 2012
- 100 MW 20-year PPA executed with First Energy Solutions
- No other publicly known PPAs



AMP - Iberdrola Renewables Wind Project

PPA Contract Terms

- **Participation:** Up to 54 MW available through to AMP
 - Contingent on minimum of 30 MW participation
- **Term:** 10-year term (expected, 7/1/12 – 6/30/22)
- **Initial Rate:** \$35.00/MWh
 - Variable escalation ranging from 5-10%
 - If AMP contracts for more than 50 MW, AMP will pay Iberdrola \$1/MWh less, through 2018, and apply the difference to due diligence costs incurred by AMP (verbal from AMP)
- **10-yr Average Rate:** \$44.62/MWh
- **Imbalance Energy:** Difference in day-ahead schedule and real time generation



AMP - Iberdrola Renewables Wind Project

PPA Contract Terms

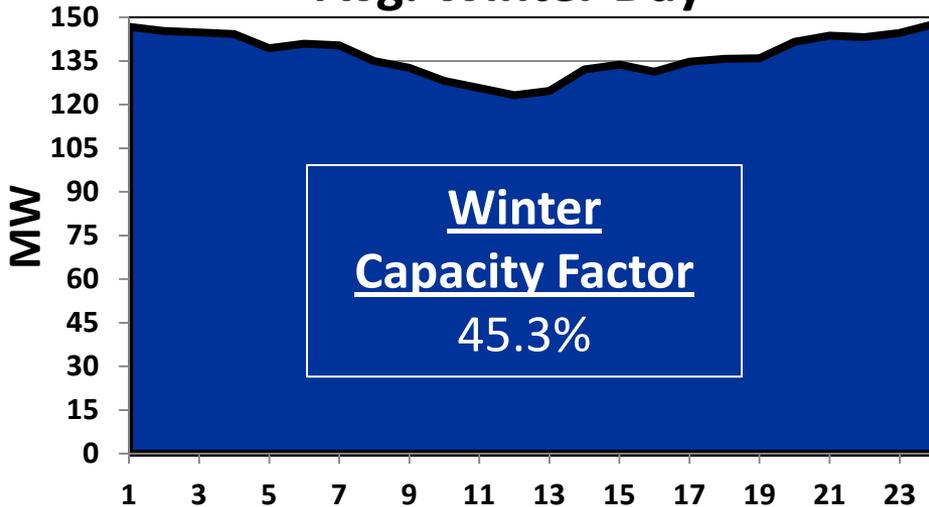
- **Pricing:** Take and pay (as available) agreement at fixed rates; no construction, O&M, fuel or emissions cost risks
- **RECs:** AMP will sell RECs or credit at participant's direction
 - 100% of RECs all years other than 50% in 2013-2016
 - Analysis uses AMP's projection of REC value
- **RPM:** Installed capacity value is approx. 15% of contract
 - Iberdrola may pay limited damages if availability falls below guarantee level
- **Deadline for Participation:** June 1, 2012



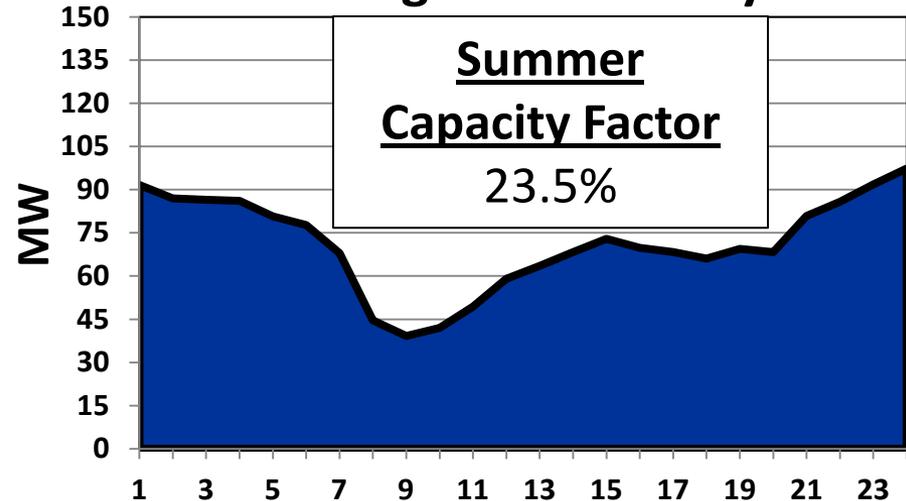
AMP - Iberdrola Renewables Wind Project

Expected Load Shape

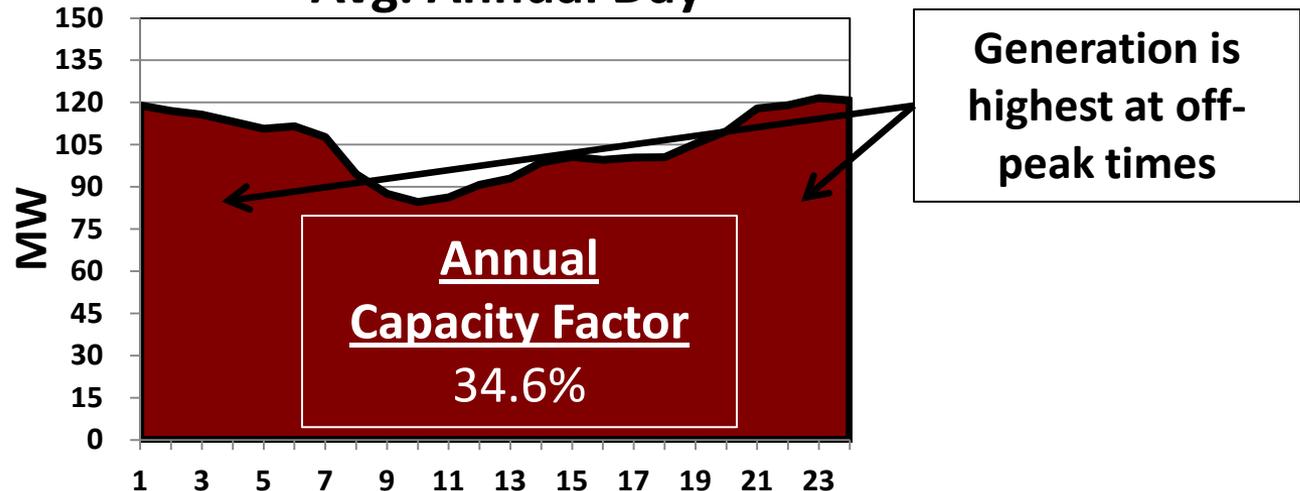
Avg. Winter Day



Avg. Summer Day



Avg. Annual Day



Total Project Capacity
304 MW



AMP - Iberdrola Renewables Wind Project Feasibility Screening

- GDS projected market power prices (LMPs) for feasibility and congestion to load
- In the material provided by AMP, they compare PPA rates to a projection of 7x24 power prices but a better comparison is based on on- and off-peak production estimates
 - PROMOD model runs were completed projecting hourly LMPs for Blue Creek Wind Farm substation
 - Also, PP&L Zone, Blue Ridge Aggregate, AEP Zone and Dominion Zone LMPs were projected to project congestion costs



Wind PPA Rate Screening

Year	Wind PPA Rate (\$/MWh)	Annual Escalation (%)	Estimated REC Value (\$/MWh)	AMP-Projected RPM Auction (\$/kW-yr.)	15% Estimated Capacity Value (\$/MWh)	Total Value of Wind (\$/MWh)
Jul-Dec 2012	35.00		(6.00)	6.11	(0.30)	28.70
2013	35.00	0.0%	(4.00)	8.48	(0.42)	30.58
2014	37.00	5.7%	(2.00)	31.05	(1.53)	33.47
2015	39.00	5.4%	(1.00)	46.81	(2.31)	35.69
2016	41.00	5.1%	(1.00)	51.88	(2.56)	37.44
2017	43.00	4.9%	(1.00)	54.31	(2.68)	39.32
2018	46.00	7.0%	(1.00)	54.31	(2.68)	42.32
2019	49.00	6.5%	(1.00)	54.31	(2.68)	45.32
2020	52.00	6.1%	(1.00)	54.31	(2.68)	48.32
2021	56.00	7.7%	(1.00)	54.31	(2.68)	52.32
Jan-Jun 2022	61.43	9.7%	(1.00)	54.31	(2.68)	57.75
Weighted Avg.	44.62	5.8%	(1.65)		(2.17)	40.80

* REC values based on AMP projections; capacity value through May 2015 based on current AEP Zone RPM Rates; capacity value for Jun 2015-Jun 2022 based on AMP projections

Wind PPA Rate Screening

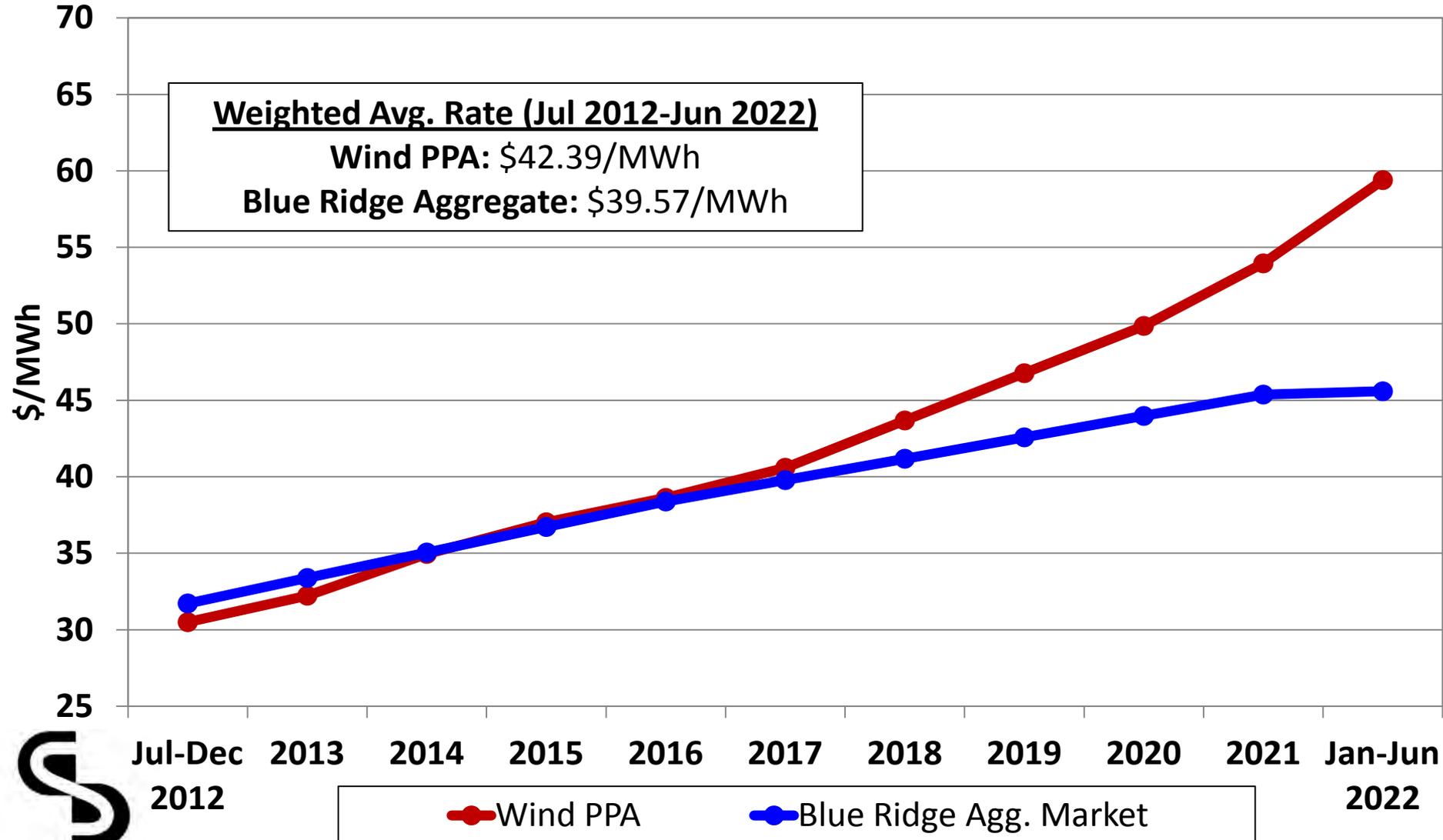
Blue Ridge Aggregate Congestion

Year	Wind PPA Rate (\$/MWh)	Estimated REC Value (\$/MWh)	Estimated Capacity Value (\$/MWh)	Blue Ridge Agg Congestion Costs (\$/MWh)	Total Value of Wind (\$/MWh)
Jul-Dec 2012	35.00	(6.00)	(0.30)	1.80	30.50
2013	35.00	(4.00)	(0.42)	1.64	32.22
2014	37.00	(2.00)	(1.53)	1.49	34.96
2015	39.00	(1.00)	(2.31)	1.34	37.03
2016	41.00	(1.00)	(2.56)	1.18	38.62
2017	43.00	(1.00)	(2.68)	1.27	40.59
2018	46.00	(1.00)	(2.68)	1.36	43.68
2019	49.00	(1.00)	(2.68)	1.45	46.77
2020	52.00	(1.00)	(2.68)	1.54	49.86
2021	56.00	(1.00)	(2.68)	1.63	53.95
Jan-Jun 2022	61.43	(1.00)	(2.68)	1.65	59.40
Weighted Avg.	44.62	(1.65)	(2.17)	1.59	42.39

* REC values based on AMP projections; capacity value through May 2015 based on current AEP Zone RPM Rates; capacity value for Jun 2015-Jun 2022 based on AMP projections

Wind PPA Rate Screening

Blue Ridge Aggregate



Conclusions & Recommendation

- Economics of Wind PPA is are marginal with the short-term market prices at such low levels
- Contract could be used as a 10-year hedge against a rising market
- Adding wind to any portfolio adds risk to a future full or partial requirements deal
 - Due to the unpredictable nature of wind, a unit-contingent risk premium would be incurred

Recommendation:

The Blue Creek Wind Farm represents a good opportunity for renewable power. While the economics are marginal, this project is significantly better than other renewable opportunities recently reviewed.



Next Steps

- Determine participation level
- Perform legal review of contracts
- Schedule approval process





DATE: APRIL 11, 2012

TO: AMP MEMBERS

FROM: PAMALA M. SULLIVAN, SR. VP OF MARKETING & OPERATIONS

SUBJECT: BLUE CREEK WIND FARM PPA UPDATE

The Agreement between AMP and Iberdrola for the Blue Creek Wind Farm project that was executed on February 27, 2012 was contingent upon AMP members subscribing a minimum of 30 MW, as well as final approval by Iberdrola's Board. Through the final approval process the term length of the Agreement has been revised from 20 years to 10 years. The pricing and terms for the first 10 years remains as was previously presented. To date, Member interest appears to be in excess of the required 30 MW minimum.

Revised sample Ordinance/Resolutions and updated Exhibits to the Power Schedule will be e-mailed to the Members by the end of this week. The deadline for execution of the Power Schedule is still June 1, 2012.

If you have any questions about the Wind PPA, please feel free to contact me at (614) 540-1111 or by E-mail at psullivan@amppartners.org. If you are interested in having AMP attend a Council Meeting to discuss the Wind PPA, please contact Eric Lloyd (elloyd@amppartners.org) to schedule a presentation.

cc: Marc Gerken/AMP – President/CEO
Robert Trippe/AMP – Sr. VP of Finance/CFO
Jolene Thompson/AMP – Sr. VP of Member Services & External Affairs
John Bentine/AMP – Sr. VP & General Counsel
Mike Migliore/AMP - Asst. VP of Power Supply Planning & Transmission
Eric Lloyd/AMP – Director of Marketing & Member Relations

Ohio, Virginia, Kentucky, Michigan & West Virginia Participants Only

Pertaining to AMP Contract No. C-2-2012-9039-R

CITY OF MARTINSVILLE, VIRGINIA

[ORDINANCE/RESOLUTION] NO. _____

**TO APPROVE THE FORM AND
AUTHORIZE THE EXECUTION OF BLUE CREEK WIND ENERGY SCHEDULE
WITH
AMERICAN MUNICIPAL POWER, INC. AND TAKING OF OTHER ACTIONS IN
CONNECTION THEREWITH REGARDING WIND GENERATED ENERGY
PURCHASES**

WHEREAS, the City of Martinsville, Virginia, (“Municipality”) owns and operates an electric utility system for the sale of electric capacity and associated energy for the benefit of its citizens and taxpayers; and

WHEREAS, in order to satisfy the electric capacity and energy requirements of its electric utility system, Municipality has heretofore purchased, or desires to purchase in the future, economical, reliable and environmentally sound capacity and energy and related services from, or arranged by, American Municipal Power, Inc. (“AMP”), of which Municipality is a member; and

WHEREAS, AMP is an Ohio nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric capacity and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of AMP members (“Members”), such Members, including Municipality, being political subdivisions that operate municipal electric utility systems in Ohio, Kentucky, Michigan, Pennsylvania, Virginia and West Virginia; and

WHEREAS, Municipality, acting individually and through AMP with other political subdivisions of this and other states that own and operate electric utility systems, jointly, endeavors to arrange for reliable, environmentally sound and reasonably priced supplies of electric capacity and energy and related services for ultimate delivery to its customers; and

WHEREAS, it is efficient and economical to act jointly in such regard; and

WHEREAS, Municipality has previously entered into a Master Services Agreement with AMP, AMP Contract No. C-3-2006-4989, which contemplates that Municipality shall enter into various schedules for the provision of capacity and associated energy and related services from AMP to Municipality; and

WHEREAS, certain Members, including the Municipality have determined that they can utilize additional sources of reliable and economical wind generated electric capacity and energy on a long term basis at reasonable costs, and have requested that AMP arrange for the same by developing or otherwise acquiring interests in certain wind energy facilities (“Wind Facilities”); and

WHEREAS, in furtherance of this purpose, AMP and Blue Creek Wind Farms, LLC (“Blue Creek”), have entered into an agreement (the “Blue Creek Wind Energy Agreement”) under the terms of which AMP is to purchase and Blue Creek is to supply and sell up to 54 MW of capacity and associated energy from Wind Facilities in Van Wert, Ohio for a period of ten (10) years; and

WHEREAS, it is necessary and desirable for Municipality to enter into the Blue Creek Wind Energy Schedule to Municipality’s Master Services Agreement with AMP to provide for an additional source of capacity and energy; and

WHEREAS, Members now have the right, but not the obligation by the enactment of this [Ordinance/Resolution] to authorize and request AMP to acquire capacity and energy from Wind Facilities by approval and execution of the Blue Creek Wind Energy Schedule authorized below; and

WHEREAS, prior to the adoption of this [Ordinance/Resolution] AMP has (i) informed the Municipality of the terms of the Blue Creek Wind Energy Agreement; (ii) provided the Municipality the opportunity to review the Blue Creek Wind Energy Agreement; and (iii) offered representatives of the Municipality the opportunity to ask such questions, review data and reports, conduct inspections and otherwise perform such investigations with respect to, as applicable, the acquisition of capacity and energy and the terms and conditions of the Blue Creek Wind Energy Schedule authorized below as Municipality deems necessary or appropriate in connection herewith; and

WHEREAS, after due consideration, the Municipality has determined it is reasonable and in its best interests to proceed as authorized herein below and requests and authorizes AMP to acquire capacity and energy from Blue Creek upon those terms and conditions set forth in the Blue Creek Wind Energy Agreement.

NOW, THEREFORE, BE IT [ORDAINED/RESOLVED] BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:

SECTION 1. That the Blue Creek Wind Energy Schedule between Municipality and AMP, substantially in the form attached hereto or on file with the Clerk, including Exhibits thereto, are approved, and the City Manager of Municipality is hereby authorized to execute and deliver the Blue Creek Wind Energy Schedule with such changes as the City Manager may approve as neither inconsistent with this [Ordinance/Resolution] nor materially detrimental to the Municipality, his or her execution of the Blue Creek Wind Energy Schedule to be conclusive evidence of such approval.

SECTION 2. That the City Manager is hereby authorized to (i) acquire under the Blue Creek Wind Energy Schedule, authorized above, a Contract Amount as defined in that Schedule of up to 1000 kW without bid, and (ii) make any determinations and approvals required thereunder, if any, as the City Manager shall deem necessary and advisable.

SECTION 3. If any section, subsection, paragraph, clause or provision or any part thereof of this [Ordinance/Resolution] shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this [Ordinance/Resolution] shall be unaffected by such adjudication and all the remaining provisions of this [Ordinance/Resolution] shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

SECTION 4. That this [Ordinance/Resolution] shall take effect at the earliest date allowed by law.

SECTION 5. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this [Ordinance/Resolution] were taken in conformance with applicable open meetings laws and that all deliberations of this [Council/Board of Public Affairs] and of any committees that resulted in those formal actions were in compliance with all legal requirements including any applicable open meetings requirements. **(This section, or its equivalent, is mandatory in Ohio and may or may not be in other states. Please consult with your legal counsel.)**

(Please contact AMP's General Counsel, John Bentine, at 614-334-6121 or via email at jbentine@taftlaw.com to discuss any changes to this draft.)

(Virginia Participants may be required to notice and hold a public hearing pursuant to the provisions of Va. Code §15.2-2606.A and should specifically check with Virginia Counsel.)

**CITY OF MARTINSVILLE, VIRGINIA
BLUE CREEK WIND ENERGY SCHEDULE
TO
AMERICAN MUNICIPAL POWER, INC.
AND
CITY OF MARTINSVILLE, VIRGINIA

MASTER SERVICES AGREEMENT
AMP CONTRACT NO. C-3-2006-4989**

WHEREAS, the City of Martinsville, Virginia (“Municipality”) and American Municipal Power, Inc., formerly American Municipal Power-Ohio, Inc. (“AMP”) have entered into a Master Services Agreement (“MSA”) under which certain services may be provided, pursuant to schedules entered into between Municipality and AMP; and

WHEREAS, AMP has negotiated and executed a Renewable Wind Energy Power Purchase Agreement, (AMP Contract No. C-2-2012-8956) between AMP and Blue Creek Wind Farm, LLC (“Blue Creek”), for the purchase of up to 54 MW of wind generated renewable electric capacity and associated energy (the “Blue Creek Wind Energy Agreement”) from wind electric facilities to be located near Van Wert, Ohio (“Wind Facilities”) a copy of which has been made available to the Municipality; and

WHEREAS, the Blue Creek Wind Energy Agreement provides, among other things, significant opportunities for the Municipality to receive from AMP reliable, economic, wind generated renewable, capacity and energy through this schedule to the MSA (the “ Blue Creek Wind Energy Schedule”).

SECTION 1 - TERM

The term of this Blue Creek Wind Energy Schedule shall be effective as of the Delivery Date of the Blue Creek Wind Energy Agreement (expected to be July 1, 2012) as defined therein and shall thereafter be coterminous with the same; provided, however, that Municipality’s obligation to purchase and AMP’s obligation to deliver capacity and energy pursuant to this Blue Creek Wind Energy Schedule are both contingent on Blue Creek’s performance pursuant to the Blue Creek Wind Energy Agreement.

SECTION 2 - SERVICES

AMP agrees to procure as Seller, pursuant to (and its obligations hereunder are specifically dependent upon) the Blue Creek Wind Energy Agreement, all output up to 54 megawatts (“MW”) of capacity and associated energy (“MWh”) for the benefit of the Municipality (the “Contract Amount”). Municipality agrees to take and pay for such capacity and energy on a *pro rata* basis where and as available pursuant to the Blue Creek Wind Energy Agreement. Such *pro rata* amounts to be determined by multiplying the Municipality’s percentage Contract Amount, as set forth on Exhibit B hereto, times the actual capacity and energy available from time to time under the Blue Creek Wind Energy Agreement.

SECTION 3 - DELIVERY POINTS

The Delivery Point(s) for this Wind Schedule shall be the “Point of Delivery” as defined in the Blue Creek Wind Energy Agreement – the high-side of the facility’s interconnection transformer with AEP Ohio unless the same is modified in writing by the parties. There may also be a Secondary Delivery Point, or Points of Delivery. Municipality may change the Secondary Delivery Point(s) set forth on Exhibit D with AMP’s consent, such consent not to be unreasonably withheld, provided that transmission to any modified Secondary Delivery Point shall be pursuant to appropriate FERC tariffs at Municipality’s expense, including the costs of any/all required ancillary services.

SECTION 4 - SCHEDULING

A. AMP shall cooperate with the Municipality to schedule the capacity and energy to a delivery point as directed by the Municipality.

B. Notwithstanding any other provision of this Blue Creek Wind Energy Schedule and the MSA, Municipality shall, when available, take and pay for the wind generated capacity and energy.

SECTION 5 - DEPENDENCE ON BLUE CREEK WIND ENERGY AGREEMENT

Municipality recognizes that AMP’s ability to supply wind generated capacity and energy under this Blue Creek Wind Energy Schedule is dependent upon AMP’s ability to arrange for the same pursuant to the Blue Creek Wind Energy Agreement. Additionally, Municipality recognizes that AMP entered into the Blue Creek Wind Energy Agreement primarily for the benefit of Municipality and the other Members of AMP and that AMP, pursuant to the Blue Creek Wind Energy Agreement, has certain rights as well as certain obligations. Accordingly, Municipality warrants to cooperate with AMP in such a manner as to facilitate AMP’s performance of its obligations thereunder and releases AMP from any liability due to Blue Creek’s failure to perform.

SECTION 6 - RATES, CHARGES AND BILLING

A. Capacity and energy made available pursuant to this Blue Creek Wind Energy Schedule shall be charged for at the base rates specified in the Blue Creek Wind Energy Agreement as shown on Exhibit A and as the same may be modified under such Agreement and shall include an adder for an appropriate allocation of all costs incurred hereunder, including an appropriate allocation of AMP’s wind power development expenditures and the costs set forth in Sections 6 B and C hereof, and the Capacity and Energy Rate Schedule as the same may be modified by AMP from time to time and pursuant to the billing provisions herein and in the MSA;

B. The net of the following costs shall be included as a component of a uniform rate adjustment to be charged hereunder for energy delivered or made available to Municipality (i) any ancillary service, congestion and marginal loss charges by PJM or any other applicable Regional Transmission Organization (“RTO”), (ii) any costs or credits associated with differences between day ahead schedule and actual output, and (iii) as well as any costs incurred by AMP under the Blue Creek Wind Energy Agreement not included in the rates set forth on Exhibit A (“Project Energy Rate Adjustment”). This creates a Project Energy Rate for the Wind Schedule consisting of the charges in Exhibit A as adjusted as set forth in this Section 6 (see Exhibit E – Example Project Energy Rate

Calculation). The Municipality shall also be responsible for any additional ancillary service, congestion or marginal loss charges to its Secondary Delivery Point.

C. In addition to the other compensation to be paid to AMP pursuant to this Blue Creek Wind Energy Schedule, Municipality shall also pay AMP the Service Fee specified in the MSA.

SECTION 7 – INSTALLED CAPACITY CREDIT

Municipality will receive a pro-rata share of the net available Installed Capacity / RPM credits/charges (if any) from the RTO where the Wind Facilities are located.

SECTION 8 – RENEWABLE ENERGY CREDITS

All renewable energy credits or like Environmental Credits (Blue Creek Wind Energy Agreement, Sections 8.6 and 8.7) available to AMP under the Blue Creek Wind Energy Agreement may be monetized by AMP at Municipality’s direction and credited *pro rata*, to the Municipality. Such *pro rata* amounts to be determined by multiplying the Municipality’s percentage Contract Amount times the actual Environmental Credits available to AMP from time to time under the Blue Creek Wind Energy Agreement. Renewable energy credits or like environmental credits may also be directly credited to an appropriate account of a Municipality at the direction of Municipality.

Municipality’s election of actions to be taken in regard to Municipality’s pro rata share of the Environmental Credits shall be shown on Exhibit C.

CITY OF MARTINSVILLE, VIRGINIA

AMERICAN MUNICIPAL POWER, INC.

BY: _____

By: _____

TITLE: _____

**Marc S. Gerken, P.E.
President/CEO**

DATE: _____

DATE: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Municipality’s Legal Counsel

By: _____
**John W. Bentine
General Counsel**

EXHIBIT A

RATE SCHEDULE for BLUE CREEK WIND POWER*

<u>Start Date</u>	<u>End Date</u>	<u>Price (\$/MWh)</u>
July 1, 2012	December 31, 2013	\$35.00
January 1, 2014 *	December 31, 2014*	\$37.00
January 1, 2015 *	December 31, 2015*	\$39.00
January 1, 2016 *	December 31, 2016*	\$41.00
January 1, 2017 *	December 31, 2017*	\$43.00
January 1, 2018 *	December 31, 2018*	\$46.00
January 1, 2019 *	December 31, 2019*	\$49.00
January 1, 2020 *	December 31, 2020*	\$52.00
January 1, 2021 *	December 31, 2021*	\$56.00
January 1, 2022 *	December 31, 2022*	\$61.43
Average Contract Price (simple average)		\$45.94

- * To the extent the Delivery Start Date is later than January 1, 2013, these dates shall be similarly tolled.
- * Reflects only those amounts that AMP will pay to Blue Creek. Service fees, or other applicable charges will have to be supplied and added.

EXHIBIT B
SERVICES

	<u>kW</u>	<u>%</u>
Amount Of Total Capacity Under Blue Creek Wind Farm Agreement (up to)	Up to 54,000	100%
Contract Amount Of Municipality's Capacity (up to)	1,000	1.85% %

EXHIBIT C

For the years 2012 and 2013, Municipality elects the following actions be taken in regard of the Municipality's pro-rata share of Environmental Credits available under the Blue Creek Wind Energy Agreement:

_____ Municipality requests that AMP sell Municipality's pro-rata share of Environmental Credits and return proceeds of sale to Municipality.

_____ Municipality requests that AMP credit Municipality's pro-rata share of Environmental Credits to Municipality's account.

EXHIBIT D

SECONDARY DELIVERY POINTS

[TO COME]

EXHIBIT E

EXAMPLE PROJECT ENERGY RATE CALCULATION

2013 Example Rate

Base Energy Rate = \$35.00/MWh

PJM Operating Reserves = \$0.10/MWh

PJM Market difference between Day Ahead schedule and Real Time output = (\$0.20/MWh)

Costs incurred by AMP associated with Blue Creek agreement = \$0.25/MWh

Final Project Energy Rate (example) - \$35.15/MWh



March 8, 2012

Dennis Bowles
55 West Church Street
Martinsville, Virginia 24114

Subject: AMP Wind PPA Project Subscription Package

Dear AMP Member:

AMP has negotiated a twenty year Power Purchase Agreement (PPA) with Iberdrola for up to 54 MW of output from the Blue Creek Wind Farm located in both Van Wert and Paulding Counties in Northwest Ohio.

The Wind PPA is contingent upon successfully subscribing a minimum of 30 MW share of the project to the AMP membership. Iberdrola has set a June 1, 2012 deadline for AMP to specify the amount of capacity the AMP membership has subscribed through the Wind PPA. The term of the PPA is expected to be July 1, 2012 through June 30, 2032 (although these dates may both move back if commercial operation is later than July 1, 2012).

Enclosed is a sample Ordinance/Resolution, Power Sale Schedule and brief Power Point presentation on the project. The deadline for passing legislation and returning the executed Power sale Schedule to AMP is June 1, 2012.

The pricing and terms of the PPA are sensitive, so if possible, please use discretion when discussing in a public forum.

If you have any questions about the Wind PPA, please feel free to contact Pam Sullivan at (614) 540-1111 or by E-mail at psullivan@amppartners.org. If you are interested in having AMP attend a Council Meeting to discuss the Wind PPA, please contact Eric Lloyd (elloyd@amppartners.org) to schedule a presentation.

DELAWARE • DELAWARE • WILMINGTON • FLETCHER • HARRINGTON

KENTUCKY • PADUCAH • PRINCETON • WINDYBROOK

MICHIGAN • CANTON • CANTONVILLE • HILLDALE • MARSHBURG • DUNN CITY • WYANDOTT

OHIO • AMHERST • ARLING • ARCADIA • BIRCH CREEK • BIRCH CREEK • BIRCH CREEK • BOWLING GREEN • BRADNER • BREWSTER • BRASS • CARY • CILINA • CLEVELAND
CLYDE • COLUMBIANA • COLUMBUS • CUNTER • CUYAHOGA FALLS • CYCLOP • DESHER • DOWER • EDGEMONT • ELDERADO • FARMER • GALLON • GENOA • GLOBSTER
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American Municipal Power Inc.

1111 Schrock Road, Suite 100 • Columbus, OH 43229 • www.amppartners.org

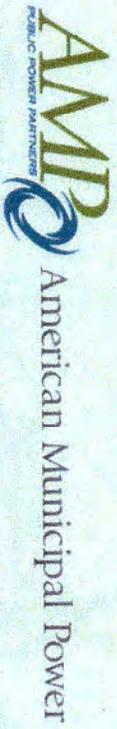
Tel 614.540.1111 • Fax 614.540.1113

On Behalf of the Members,



Marc S. Gerken, P.E.
CEO/President
American Municipal Power, Inc.

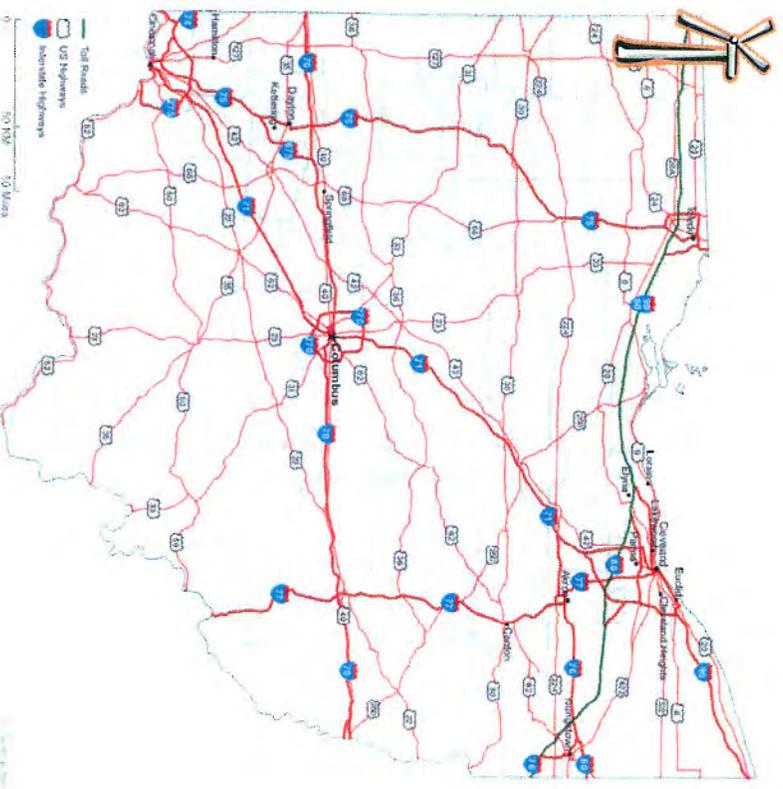
cc: Pamala M. Sullivan, Sr. VP of Marketing & Operations
Mike Migliore, Asst. VP of Power Supply Planning and Transmission
Eric Lloyd, Director of Marketing / Member Relations
Alice Walker, Manager of Smart Grid and Alternative Generation



AMMP Wind PPA Overview March 2012

IBERDROLA WIND PROJECT

- Blue Creek Wind Farm
 - 300 MW wind project in Van Wert/Paulding Counties in Northwest Ohio
 - Projected Capacity Factor = 34.7%
 - Gamesa G90 2.0 MW turbines
 - PJM Interconnection



IBERDROLA PPA PROVISIONS

- AMP entered into PPA with Blue Creek Wind Farm LLC (Iberdrola) on February 27, 2012
 - Up-to 54 MW available to AMP
 - Contingent upon minimum subscription of 30 MW
 - Includes energy, installed capacity and Renewable Energy Credits (RECs)
 - 100% of Energy produced
 - Installed Capacity (RPM) value is approximately 15% of contract (i.e. 7.5 MW of RPM for 50 MW subscription)
 - 100% of RECS in all years other than 50% in 2013-2017

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IBERDROLA PPA TERM

- Contract term is for 20 years in length, regardless of the start date
- Power supply starts the later of Commercial Operation Date (COD) or July 1, 2012
- Expected COD is March 2012
- AMMP can terminate the agreement if Iberdrola fails to achieve Commercial Operation by the “Guaranteed Commercial Operation date” – March 1, 2013

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RENEWABLE ENERGY CREDITS

- AMP Members retain RECs as follows:
 - 100% of RECs for 2012
 - 50% of RECs for 2013 – 2016
 - 100% of RECs for 2017 – 2032
- Each Participating Member to decide whether to retain or monetize their pro-rata share of RECs

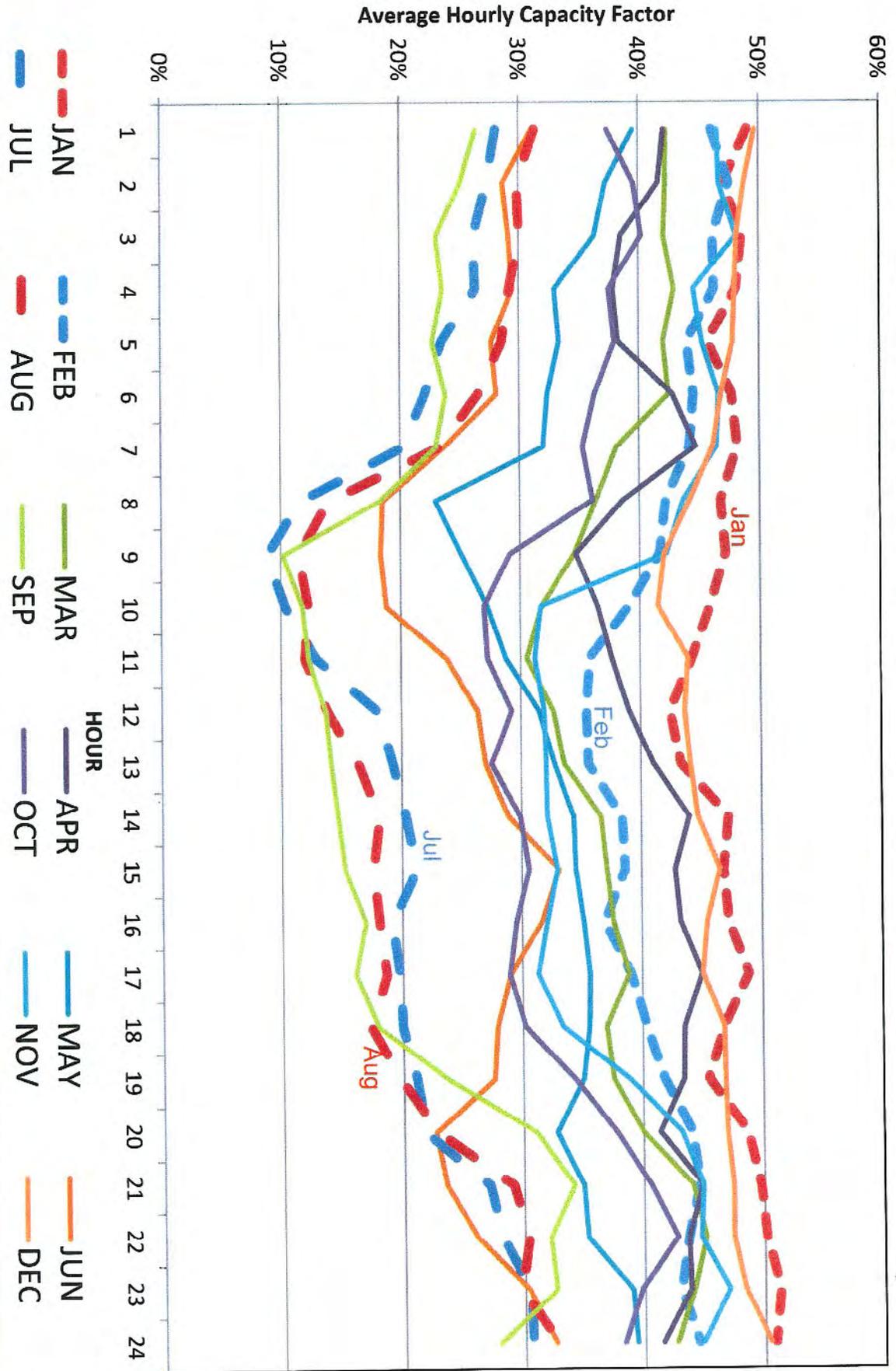
WIND RESOURCE

- AMMP kW amount recommendation for Member based on maximum 2.5% energy from wind resource in 2016, adjusted based on latest SAIC (formerly RW Beck) Long Term Power Supply Plan
- Each 1 MW from wind project will generate approximately 3,040 MWh per year
 - *(1 MW x 8,760 hours x 34.7% capacity factor)*
- A member with 121,000 MWh of annual load would have a recommendation of 1 MW from wind project
 - *(121,000 x 2.5% = 3,025 MWh from wind)*

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IBERDROLA Blue Creek Wind Farm Expected Hourly Output





American Municipal Power

WIND PRICING

Start Date*	End Date*	Price (\$/MWh)
Delivery Start Date	December 31, 2013	\$35.00
January 1, 2014	December 31, 2014	\$37.00
January 1, 2015	December 31, 2015	\$39.00
January 1, 2016	December 31, 2016	\$41.00
January 1, 2017	December 31, 2017	\$43.00
January 1, 2018	December 31, 2018	\$46.00
January 1, 2019	December 31, 2019	\$49.00
January 1, 2020	December 31, 2020	\$52.00
January 1, 2021	December 31, 2021	\$56.00
January 1, 2022	December 31, 2022	\$61.43
January 1, 2023	December 31, 2023	\$62.66
January 1, 2024	December 31, 2024	\$63.91
January 1, 2025	December 31, 2025	\$65.19
January 1, 2026	December 31, 2026	\$66.49
January 1, 2027	December 31, 2027	\$67.82
January 1, 2028	December 31, 2028	\$69.18
January 1, 2029	December 31, 2029	\$70.56
January 1, 2030	December 31, 2030	\$71.97
January 1, 2031	December 31, 2031	\$73.41
January 1, 2032	June 30, 2032	\$74.88

***DATES ANTICIPATED BASED ON EXPECTED
COMMERCIAL OPERATIONAL DATE OF FACILITY**

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WIND PRICING

- Take and pay agreement - only pay for energy that is generated^{*}
 - Fixed price for energy plus
 - any PJM ancillary services attributed to wind generation
 - net costs from the real time power market accounting for the difference between the actual output and the day ahead scheduled output
- ^{*} in the event that real time LMPs are less than zero, units will be shut down to avoid receiving negative rate for wind output. AMMP and member would pay Iberdrola for the amount of energy that would have been produced during that period

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REC AND CAPACITY BENEFITS

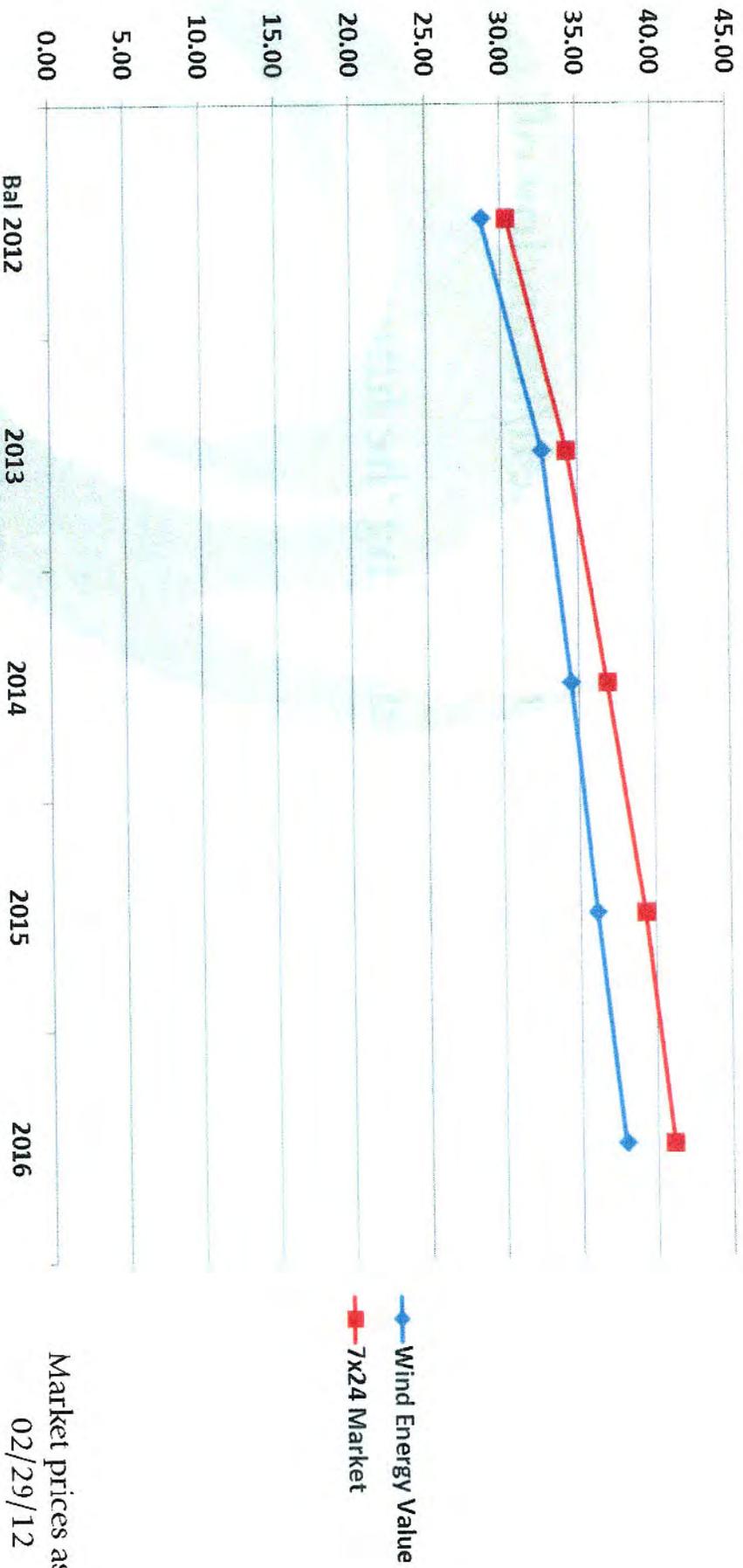
	Wind PPA Rate (\$/MWh)	Estimated REC Value	Estimated Capacity Value (15%) in \$/MWh	New Price After RPM & RECs
Jul-Dec 2012	\$ 35.00	\$ 6.00	\$ 0.24	\$ 28.76
2013	\$ 35.00	\$ 4.00	\$ 0.31	\$ 32.69
2014	\$ 37.00	\$ 2.00	\$ 1.48	\$ 34.52
2015	\$ 39.00	\$ 1.00	\$ 2.34	\$ 36.16
2016	\$ 41.00	\$ 1.00	\$ 2.56	\$ 37.94
2017	\$ 43.00	\$ 1.00	\$ 2.68	\$ 39.32
2018	\$ 46.00	\$ 1.00	\$ 2.68	\$ 42.32
2019	\$ 49.00	\$ 1.00	\$ 2.68	\$ 45.32
2020	\$ 52.00	\$ 1.00	\$ 2.68	\$ 48.32
2021	\$ 56.00	\$ 1.00	\$ 2.68	\$ 52.32
2022	\$ 61.43	\$ 1.00	\$ 2.68	\$ 57.75
2023	\$ 62.66	\$ 1.00	\$ 2.68	\$ 58.98
2024	\$ 63.91	\$ 1.00	\$ 2.68	\$ 60.23
2025	\$ 65.19	\$ 1.00	\$ 2.68	\$ 61.51
2026	\$ 66.49	\$ 1.00	\$ 2.68	\$ 62.81
2027	\$ 67.82	\$ 1.00	\$ 2.68	\$ 64.14
2028	\$ 69.18	\$ 1.00	\$ 2.68	\$ 65.50
2029	\$ 70.56	\$ 1.00	\$ 2.68	\$ 66.88
2030	\$ 71.97	\$ 1.00	\$ 2.68	\$ 68.29
2031	\$ 73.41	\$ 1.00	\$ 2.68	\$ 69.73
Jan - June 2032	\$ 74.88	\$ 1.00	\$ 2.68	\$ 71.20

*** DATES ANTICIPATED BASED ON EXPECTED
COMMERCIAL OPERATIONAL DATE OF FACILITY**



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MARKET COMPARISON (2012 – 2016)



Market prices as of
02/29/12

WIND PPA BENEFITS

- Take and pay agreement at fixed \$/MWh per year
- No Construction risk, or Operations & Maintenance risk
 - Iberdrola is responsible for construction/financing of the facility
 - Iberdrola is responsible maintaining the future operation of the turbines
- No Fuel Cost risk
- No Emissions Cost risk

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Ohio, Virginia, Kentucky, Michigan & West Virginia Participants Only

Pertaining to AMP Contract No. C-2-2012-9039

CITY OF MARTINSVILLE, VIRGINIA

[ORDINANCE/RESOLUTION] NO. _____

**TO APPROVE THE FORM AND
AUTHORIZE THE EXECUTION OF BLUE CREEK WIND ENERGY SCHEDULE
WITH
AMERICAN MUNICIPAL POWER, INC. AND TAKING OF OTHER ACTIONS IN
CONNECTION THEREWITH REGARDING WIND GENERATED ENERGY
PURCHASES**

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WHEREAS, AMP is an Ohio nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric capacity and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of AMP members ("Members"), such Members, including Municipality, being political subdivisions that operate municipal electric utility systems in Ohio, Kentucky, Michigan, Pennsylvania, Virginia and West Virginia; and

WHEREAS, Municipality, acting individually and through AMP with other political subdivisions of this and other states that own and operate electric utility systems, jointly, endeavors to arrange for reliable, environmentally sound and reasonably priced supplies of electric capacity and energy and related services for ultimate delivery to its customers; and

WHEREAS, it is efficient and economical to act jointly in such regard; and

WHEREAS, Municipality has previously entered into a Master Services Agreement with AMP, AMP Contract No. C-3-2006-4989, which contemplates that Municipality shall enter into various schedules for the provision of capacity and associated energy and related services from AMP to Municipality; and

WHEREAS, certain Members, including the Municipality have determined that they can utilize additional sources of reliable and economical wind generated electric capacity and energy on a long term basis at reasonable costs, and have requested that AMP arrange for the same by developing or otherwise acquiring interests in certain wind energy facilities (“Wind Facilities”); and

WHEREAS, in furtherance of this purpose, AMP and Blue Creek Wind Farms, LLC (“Blue Creek”), have entered into an agreement (the “Blue Creek Wind Energy Agreement”) under the terms of which AMP is to purchase and Blue Creek is to supply and sell up to 54 MW of capacity and associated energy from Wind Facilities in Van Wert, Ohio for a period of twenty (20) years; and

WHEREAS, it is necessary and desirable for Municipality to enter into the Blue Creek Wind Energy Schedule to Municipality’s Master Services Agreement with AMP to provide for an additional source of capacity and energy; and

WHEREAS, Members now have the right, but not the obligation by the enactment of this [Ordinance/Resolution] to authorize and request AMP to acquire capacity and energy from Wind Facilities by approval and execution of the Blue Creek Wind Energy Schedule authorized below; and

WHEREAS, prior to the adoption of this [Ordinance/Resolution] AMP has (i) informed the Municipality of the terms of the Blue Creek Wind Energy Agreement; (ii) provided the Municipality the opportunity to review the Blue Creek Wind Energy Agreement; and (iii) offered representatives of the Municipality the opportunity to ask such questions, review data and reports, conduct inspections and otherwise perform such investigations with respect to, as applicable, the acquisition of capacity and energy and the terms and conditions of the Blue Creek Wind Energy Schedule authorized below as Municipality deems necessary or appropriate in connection herewith; and

WHEREAS, after due consideration, the Municipality has determined it is reasonable and in its best interests to proceed as authorized herein below and requests and authorizes AMP to acquire capacity and energy from Blue Creek upon those terms and conditions set forth in the Blue Creek Wind Energy Agreement.

NOW, THEREFORE, BE IT [ORDAINED/RESOLVED] BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:

SECTION 1. That the Blue Creek Wind Energy Schedule between Municipality and AMP, substantially in the form attached hereto or on file with the Clerk, including Exhibits thereto, are approved, and the City Manager of Municipality is hereby authorized to execute and deliver the Blue Creek Wind Energy Schedule with such changes as the City Manager may approve as neither inconsistent with this [Ordinance/Resolution] nor materially detrimental to the Municipality, his or her execution of the Blue Creek Wind Energy Schedule to be conclusive evidence of such approval.

SECTION 2. That the City Manager is hereby authorized to (i) acquire under the Blue Creek Wind Energy Schedule, authorized above, a Contract Amount as defined in that Schedule of up to 1000 kW without bid, and (ii) make any determinations and approvals required thereunder, if any, as the City Manager shall deem necessary and advisable.

SECTION 3. If any section, subsection, paragraph, clause or provision or any part thereof of this [Ordinance/Resolution] shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this [Ordinance/Resolution] shall be unaffected by such adjudication and all the remaining provisions of this [Ordinance/Resolution] shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

SECTION 4. That this [Ordinance/Resolution] shall take effect at the earliest date allowed by law.

SECTION 5. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this [Ordinance/Resolution] were taken in conformance with applicable open meetings laws and that all deliberations of this [Council/Board of Public Affairs] and of any committees that resulted in those formal actions were in compliance with all legal requirements including any applicable open meetings requirements. **(This section, or its equivalent, is mandatory in Ohio and may or may not be in other states. Please consult with your legal counsel.)**

(Please contact AMP's General Counsel, John Bentine, at 614-334-6121 or via email at jbentine@taftlaw.com to discuss any changes to this draft.)

(Virginia Participants may be required to notice and hold a public hearing pursuant to the provisions of Va. Code §15.2-2606.A and should specifically check with Virginia Counsel.)

Ohio, Virginia, Kentucky, Michigan & West Virginia Participants Only

Pertaining to AMP Contract No. C-2-2012-9039

CITY OF MARTINSVILLE, VIRGINIA

[ORDINANCE/RESOLUTION] NO. _____

**TO APPROVE THE FORM AND
AUTHORIZE THE EXECUTION OF BLUE CREEK WIND ENERGY SCHEDULE
WITH
AMERICAN MUNICIPAL POWER, INC. AND TAKING OF OTHER ACTIONS IN
CONNECTION THEREWITH REGARDING WIND GENERATED ENERGY
PURCHASES**

WHEREAS, the City of Martinsville, Virginia, (“Municipality”) owns and operates an electric utility system for the sale of electric capacity and associated energy for the benefit of its citizens and taxpayers; and

WHEREAS, in order to satisfy the electric capacity and energy requirements of its electric utility system, Municipality has heretofore purchased, or desires to purchase in the future, economical, reliable and environmentally sound capacity and energy and related services from, or arranged by, American Municipal Power, Inc. (“AMP”), of which Municipality is a member; and

WHEREAS, AMP is an Ohio nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric capacity and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of AMP members (“Members”), such Members, including Municipality, being political subdivisions that operate municipal electric utility systems in Ohio, Kentucky, Michigan, Pennsylvania, Virginia and West Virginia; and

WHEREAS, Municipality, acting individually and through AMP with other political subdivisions of this and other states that own and operate electric utility systems, jointly, endeavors to arrange for reliable, environmentally sound and reasonably priced supplies of electric capacity and energy and related services for ultimate delivery to its customers; and

WHEREAS, it is efficient and economical to act jointly in such regard; and

WHEREAS, Municipality has previously entered into a Master Services Agreement with AMP, AMP Contract No. C-3-2006-4989, which contemplates that Municipality shall enter into various schedules for the provision of capacity and associated energy and related services from AMP to Municipality; and

WHEREAS, certain Members, including the Municipality have determined that they can utilize additional sources of reliable and economical wind generated electric capacity and energy on a long term basis at reasonable costs, and have requested that AMP arrange for the same by developing or otherwise acquiring interests in certain wind energy facilities (“Wind Facilities”); and

WHEREAS, in furtherance of this purpose, AMP and Blue Creek Wind Farms, LLC (“Blue Creek”), have entered into an agreement (the “Blue Creek Wind Energy Agreement”) under the terms of which AMP is to purchase and Blue Creek is to supply and sell up to 54 MW of capacity and associated energy from Wind Facilities in Van Wert, Ohio for a period of twenty (20) years; and

WHEREAS, it is necessary and desirable for Municipality to enter into the Blue Creek Wind Energy Schedule to Municipality’s Master Services Agreement with AMP to provide for an additional source of capacity and energy; and

WHEREAS, Members now have the right, but not the obligation by the enactment of this [Ordinance/Resolution] to authorize and request AMP to acquire capacity and energy from Wind Facilities by approval and execution of the Blue Creek Wind Energy Schedule authorized below; and

WHEREAS, prior to the adoption of this [Ordinance/Resolution] AMP has (i) informed the Municipality of the terms of the Blue Creek Wind Energy Agreement; (ii) provided the Municipality the opportunity to review the Blue Creek Wind Energy Agreement; and (iii) offered representatives of the Municipality the opportunity to ask such questions, review data and reports, conduct inspections and otherwise perform such investigations with respect to, as applicable, the acquisition of capacity and energy and the terms and conditions of the Blue Creek Wind Energy Schedule authorized below as Municipality deems necessary or appropriate in connection herewith; and

WHEREAS, after due consideration, the Municipality has determined it is reasonable and in its best interests to proceed as authorized herein below and requests and authorizes AMP to acquire capacity and energy from Blue Creek upon those terms and conditions set forth in the Blue Creek Wind Energy Agreement.

NOW, THEREFORE, BE IT [ORDAINED/RESOLVED] BY THE COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA:

SECTION 1. That the Blue Creek Wind Energy Schedule between Municipality and AMP, substantially in the form attached hereto or on file with the Clerk, including Exhibits thereto, are approved, and the City Manager of Municipality is hereby authorized to execute and deliver the Blue Creek Wind Energy Schedule with such changes as the City Manager may approve as neither inconsistent with this [Ordinance/Resolution] nor materially detrimental to the Municipality, his or her execution of the Blue Creek Wind Energy Schedule to be conclusive evidence of such approval.

SECTION 2. That the City Manager is hereby authorized to (i) acquire under the Blue Creek Wind Energy Schedule, authorized above, a Contract Amount as defined in that Schedule of up to 1000 kW without bid, and (ii) make any determinations and approvals required thereunder, if any, as the City Manager shall deem necessary and advisable.

SECTION 3. If any section, subsection, paragraph, clause or provision or any part thereof of this [Ordinance/Resolution] shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this [Ordinance/Resolution] shall be unaffected by such adjudication and all the remaining provisions of this [Ordinance/Resolution] shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

SECTION 4. That this [Ordinance/Resolution] shall take effect at the earliest date allowed by law.

SECTION 5. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this [Ordinance/Resolution] were taken in conformance with applicable open meetings laws and that all deliberations of this [Council/Board of Public Affairs] and of any committees that resulted in those formal actions were in compliance with all legal requirements including any applicable open meetings requirements. **(This section, or its equivalent, is mandatory in Ohio and may or may not be in other states. Please consult with your legal counsel.)**

(Please contact AMP's General Counsel, John Bentine, at 614-334-6121 or via email at jbentine@taftlaw.com to discuss any changes to this draft.)

(Virginia Participants may be required to notice and hold a public hearing pursuant to the provisions of Va. Code §15.2-2606.A and should specifically check with Virginia Counsel.)

**CITY OF MARTINSVILLE, VIRGINIA
BLUE CREEK WIND ENERGY SCHEDULE
TO
AMERICAN MUNICIPAL POWER, INC.
AND
CITY OF MARTINSVILLE, VIRGINIA**

**MASTER SERVICES AGREEMENT
AMP CONTRACT NO. C-3-2006-4989**

WHEREAS, the City of Martinsville, Virginia (“Municipality”) and American Municipal Power, Inc., formerly American Municipal Power-Ohio, Inc. (“AMP”) have entered into a Master Services Agreement (“MSA”) under which certain services may be provided, pursuant to schedules entered into between Municipality and AMP; and

WHEREAS, AMP has negotiated and executed a Renewable Wind Energy Power Purchase Agreement, dated February 27, 2012 between AMP and Blue Creek Wind Farm, LLC (“Blue Creek”), for the purchase of up to 54 MW of wind generated renewable electric capacity and associated energy (the “Blue Creek Wind Energy Agreement”) from wind electric facilities to be located near Van Wert, Ohio (“Wind Facilities”) a copy of which has been made available to the Municipality; and

WHEREAS, the Blue Creek Wind Energy Agreement provides, among other things, significant opportunities for the Municipality to receive from AMP reliable, economic, wind generated renewable, capacity and energy through this schedule to the MSA (the “Blue Creek Wind Energy Schedule”).

SECTION 1 - TERM

The term of this Blue Creek Wind Energy Schedule shall be effective as of the Delivery Date of the Blue Creek Wind Energy Agreement (expected to be July 1, 2012) as defined therein and shall thereafter be coterminous with the same; provided, however, that Municipality’s obligation to purchase and AMP’s obligation to deliver capacity and energy pursuant to this Blue Creek Wind Energy Schedule are both contingent on Blue Creek’s performance pursuant to the Blue Creek Wind Energy Agreement.

SECTION 2 - SERVICES

AMP agrees to procure as Seller, pursuant to (and its obligations hereunder are specifically dependent upon) the Blue Creek Wind Energy Agreement, all output up to 54 megawatts (“MW”) of capacity and associated energy (“MWh”) for the benefit of the Municipality (the “Contract Amount”). Municipality agrees to take and pay for such capacity and energy on a *pro rata* basis where and as available pursuant to the Blue Creek Wind Energy Agreement. Such *pro rata* amounts to be determined by multiplying the Municipality’s percentage Contract Amount, as set forth on Exhibit B hereto, times the actual capacity and energy available from time to time under the Blue Creek Wind Energy Agreement.

SECTION 3 - DELIVERY POINTS

The Delivery Point(s) for this Wind Schedule shall be the “Point of Delivery” as defined in the Blue Creek Wind Energy Agreement – the high-side of the facility’s interconnection transformer with AEP Ohio unless the same is modified in writing by the parties. There may also be a Secondary Delivery Point, or Points of Delivery. Municipality may change the Secondary Delivery Point(s) set forth on Exhibit D with AMP’s consent, such consent not to be unreasonably withheld, provided that transmission to any modified Secondary Delivery Point shall be pursuant to appropriate FERC tariffs at Municipality’s expense, including the costs of any/all required ancillary services.

SECTION 4 - SCHEDULING

A. AMP shall cooperate with the Municipality to schedule the capacity and energy to a delivery point as directed by the Municipality.

B. Notwithstanding any other provision of this Blue Creek Wind Energy Schedule and the MSA, Municipality shall, when available, take and pay for the wind generated capacity and energy.

SECTION 5 - DEPENDENCE ON BLUE CREEK WIND ENERGY AGREEMENT

Municipality recognizes that AMP’s ability to supply wind generated capacity and energy under this Blue Creek Wind Energy Schedule is dependent upon AMP’s ability to arrange for the same pursuant to the Blue Creek Wind Energy Agreement. Additionally, Municipality recognizes that AMP entered into the Blue Creek Wind Energy Agreement primarily for the benefit of Municipality and the other Members of AMP and that AMP, pursuant to the Blue Creek Wind Energy Agreement, has certain rights as well as certain obligations. Accordingly, Municipality warrants to cooperate with AMP in such a manner as to facilitate AMP’s performance of its obligations thereunder and releases AMP from any liability due to Blue Creek’s failure to perform.

SECTION 6 - RATES, CHARGES AND BILLING

A. Capacity and energy made available pursuant to this Blue Creek Wind Energy Schedule shall be charged for at the base rates specified in the Blue Creek Wind Energy Agreement as shown on Exhibit A and as the same may be modified under such Agreement and shall include an adder for an appropriate allocation of all costs incurred hereunder, including an appropriate allocation of AMP’s wind power development expenditures and the costs set forth in Sections 6 B and C hereof, and the Capacity and Energy Rate Schedule as the same may be modified by AMP from time to time and pursuant to the billing provisions herein and in the MSA;

B. The net of the following costs shall be included as a component of a uniform rate adjustment to be charged hereunder for energy delivered or made available to Municipality (i) any ancillary service, congestion and marginal loss charges by PJM or any other applicable Regional Transmission Organization (“RTO”), (ii) any costs or credits associated with differences between day ahead schedule and actual output, and (iii) as well as any costs incurred by AMP under the Blue Creek Wind Energy Agreement not included in the rates set forth on Exhibit A (“Project Energy Rate Adjustment”). This creates a Project Energy Rate for the Wind Schedule consisting of the charges in Exhibit A as adjusted as set forth in this Section 6 (see Exhibit E – Example Project Energy Rate

Calculation). The Municipality shall also be responsible for any additional ancillary service, congestion or marginal loss charges to its Secondary Delivery Point.

C. In addition to the other compensation to be paid to AMP pursuant to this Blue Creek Wind Energy Schedule, Municipality shall also pay AMP the Service Fee specified in the MSA.

SECTION 7 – INSTALLED CAPACITY CREDIT

Municipality will receive a pro-rata share of the net available Installed Capacity / RPM credits/charges (if any) from the RTO where the Wind Facilities are located.

SECTION 8 – RENEWABLE ENERGY CREDITS

All renewable energy credits or like Environmental Credits (Blue Creek Wind Energy Agreement, Sections 8.6 and 8.7) available to AMP under the Blue Creek Wind Energy Agreement may be monetized by AMP at Municipality’s direction and credited *pro rata*, to the Municipality. Such *pro rata* amounts to be determined by multiplying the Municipality’s percentage Contract Amount times the actual Environmental Credits available to AMP from time to time under the Blue Creek Wind Energy Agreement. Renewable energy credits or like environmental credits may also be directly credited to an appropriate account of a Municipality at the direction of Municipality.

Municipality’s election of actions to be taken in regard to Municipality’s pro rata share of the Environmental Credits shall be shown on Exhibit C.

CITY OF MARTINSVILLE, VIRGINIA

AMERICAN MUNICIPAL POWER, INC.



BY: _____

TITLE: _____

DATE: _____

By: _____

**Marc S. Gerken, P.E.
President/CEO**

DATE: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:



Municipality’s Legal Counsel

By: _____

**John W. Bentine
General Counsel**

EXHIBIT A

RATE SCHEDULE for BLUE CREEK WIND POWER*

<u>Start Date</u>	<u>End Date</u>	<u>Price (\$/MWh)</u>
July 1, 2012	December 31, 2013	\$35.00
January 1, 2014 *	December 31, 2014*	\$37.00
January 1, 2015 *	December 31, 2015*	\$39.00
January 1, 2016 *	December 31, 2016*	\$41.00
January 1, 2017 *	December 31, 2017*	\$43.00
January 1, 2018 *	December 31, 2018*	\$46.00
January 1, 2019 *	December 31, 2019*	\$49.00
January 1, 2020 *	December 31, 2020*	\$52.00
January 1, 2021 *	December 31, 2021*	\$56.00
January 1, 2022 *	December 31, 2022*	\$61.43
January 1, 2023 *	December 31, 2023*	\$62.66
January 1, 2024 *	December 31, 2024*	\$63.91
January 1, 2025 *	December 31, 2025*	\$65.19
January 1, 2026 *	December 31, 2026*	\$66.49
January 1, 2027 *	December 31, 2027*	\$67.82
January 1, 2028 *	December 31, 2028*	\$69.18
January 1, 2029 *	December 31, 2029*	\$70.56
January 1, 2030 *	December 31, 2030*	\$71.97
January 1, 2031 *	December 31, 2031*	\$73.41
January 1, 2032 *	December 31, 2032*	\$74.88
Average Contract Price (simple average)		\$57.28

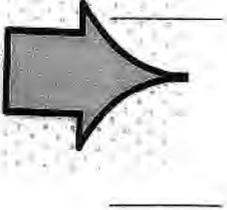
- * To the extent the Delivery Start Date is later than January 1, 2013, these dates shall be similarly tolled.
- * Reflects only those amounts that AMP will pay to Blue Creek. Service fees, or other applicable charges will have to be supplied and added.

EXHIBIT B
SERVICES

	<u>kW</u>	<u>%</u>
Amount Of Total Capacity Under EDI Landfill Energy Agreement (up to)	Up to 54,000	100%
Contract Amount Of Municipality's Capacity (up to)	1000	1.85%

EXHIBIT C

For the years 2012 and 2013, Municipality elects the following actions be taken in regard of the Municipality's pro-rata share of Environmental Credits available under the Blue Creek Wind Energy Agreement:



Municipality requests that AMP sell Municipality's pro-rata share of Environmental Credits and return proceeds of sale to Municipality.

Municipality requests that AMP credit Municipality's pro-rata share of Environmental Credits to Municipality's account.

EXHIBIT D

SECONDARY DELIVERY POINTS

[TO COME]

EXHIBIT E

EXAMPLE PROJECT ENERGY RATE CALCULATION

2013 Example Rate

Base Energy Rate = \$35.00/MWh

PJM Operating Reserves = \$0.10/MWh

PJM Market difference between Day Ahead schedule and Real Time output = (\$0.20/MWh)

Costs incurred by AMP associated with Blue Creek agreement = \$0.25/MWh

Final Project Energy Rate (example) - \$35.15/MWh



City Council Agenda Summary

Meeting Date: May 8, 2012

Item No: 6.

Department: Public Works

Issue: Consideration of Funding for FY 2013 for the Piedmont Area Regional Transit (PART) Bus System

Summary: The Piedmont Area Regional Transit system, or PART, 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.

Attachments: None

Recommendations: Staff recommends approval of funding Martinsville's share of the PART budget for FY 2013. Henry County has already committed to doing likewise. Funding for PART is included in the FY13 budget package presented to Council.

Meeting Date: May 8, 2012
Item No: 7.
Department: City Manager/Finance

Issue: Consider approval of resolutions to: (1) Opt out of the Line of Duty Act (LODA) Fund with the Virginia Retirement System; and (2) Join the Virginia Association of Counties Self Insurance Risk Pool (VACoRP).

Summary: 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 will be necessary for Council to first 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 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.

Attachments: [Resolution—VRS LODA Opt Out 2012](#)
[Resolution-city to VACoRP](#)

Recommendations: (1) Motion to approve resolutions to opt out of VRS LODA.
(2) Motion to approve resolution to join VACoRP and authorize City Manager to execute necessary documents

RESOLUTION

Irrevocable Election Not to Participate in Line of Duty Act Fund

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

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 anon-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

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;

NOW, THEREFORE, IT IS HEREBY RESOLVED that City of Martinsville irrevocably elects to be deemed anon-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

RESOLVED that the following entities:

Martinsville Police Department,
Fire Department,
Sheriff's Office,
and the Regional E-911,

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

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

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

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.

Adopted in _____, Virginia this _____ day of _____, _____.

Authorized Signature- Title

**RESOLUTION TO ADOPT THE MEMBER AGREEMENT TO JOIN
THE VIRGINIA ASSOCIATION OF COUNTIES
GROUP SELF INSURANCE RISK POOL**

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

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

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;

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.

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.

This the _____ day of _____, 20__.

ATTEST: _____
Clerk

Mayor



City Council Agenda Summary

Meeting Date: May 8, 2012

Item No: 8.

Department: Community Development

Issue: Hear update from Community Development regarding city's improvement projects in Westside area.

Summary: Staff will update Council on Westside area projects at the meeting.

Attachments: none

Recommendations: For information only.



City Council Agenda Summary

Meeting Date: May 8, 2012

Item No: 9.

Department: Public Works

Issue: Hear update on city's efforts to address litter issues.

Summary: Staff will update Council on community litter issues at the meeting.

Attachments: none

Recommendations: For information only.



City Council Agenda Summary

Meeting Date: May 8, 2012
Item No: 10.
Department: Finance
Issue: Consider approval of consent agenda.

Summary:

The attachments amend the FY12 Budget with appropriations in the following funds:

FY12:

General Fund: \$-65,858 – Correction from previous month; \$3,088 – Confiscated Assets and Senior Citizen program donations, grants, and fees.

Capital Reserve Fund: \$400,000 – Energy Efficiency ARRA Grant Reimbursement

Refuse Fund: \$8,750 – Reimbursement for Solid Waste Mgmt. Plan

Electric Fund: \$143,545 – ARRA Hydro Plant Efficiency Grant Reimbursement

Attachments: [Spreadsheet](#)-Bud Add for Council FY12 - 5-8-12.xls

Recommendations: Motion to approve

BUDGET ADDITIONS FOR 5/08/12

ORG	OBJECT	DESCRIPTION	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	-65,858	
		Correction from previous month - Grant Reimb.		
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	
		appropriation of state asset forfeitures		
01100909	490801	Recovered Costs - Senior Citizens		1,604
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	
		Transporation Grant & Class Fees		
01100908	480420	Donations - Senior Citizens		850
01714212	506016	Senior Citizens - Program Supplies	850	
		Health Fair Donations		
Total General Fund:			-62,770	-62,770
<u>Capital Reserve Fund:</u>				
16102926	436443	Federal Grant - ARRA - Efficiency Retrofit Grant		65,858
16577367	508140	City Hall Maintenance/Physical Plant Expansion	65,858	
		Energy Efficiency Grant Reimbursement		
16102926	436443	Federal Grant - ARRA - Efficiency Retrofit Grant		334,142
16577367	508140	City Hall Maintenance/Physical Plant Expansion	334,142	
		Energy Efficiency Grant Reimbursement		
Total Capital Reserve Fund:			400,000	400,000
<u>Refuse Fund</u>				
09100909	490104	Recovered Costs		8,750
09425302	503140	Landfill - Professional Services - Engineering	8,750	
		HC share of Solid Waste Management Plan Cost		
Total Electric Fund:			8,750	8,750
<u>Electric Fund</u>				
14102926	436440	Federal Grant - ARRA - Energy Efficiency Grant		143,545
14565340	503140	Electric - General Exp. - Prof. Serv.-Eng & Arch	143,545	
		Hydro Plant Efficiency Grant Reimbursement		
Total Electric Fund:			143,545	143,545