

August 24, 2010

The regular meeting of the Council of the City of Martinsville, Virginia, was held on August 24, 2010, 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, Jr., Gene Teague, Mark Stroud, Sr., and Danny Turner. Staff present included: Clarence Monday, City Manager, Leon Towarnicki, Assistant City Manager, Brenda Prillaman, Eric Monday, Dennis Bowles, Susan McCulloch, Linda Conover, Sharon Echols, Mike Rogers, John Dyches and Wayne Knox.

Following the invocation by Council Member Gene Teague and Pledge to the American Flag, Mayor Adkins welcomed everyone to the meeting including Blake Hughes who is working toward his Eagle Scout award.

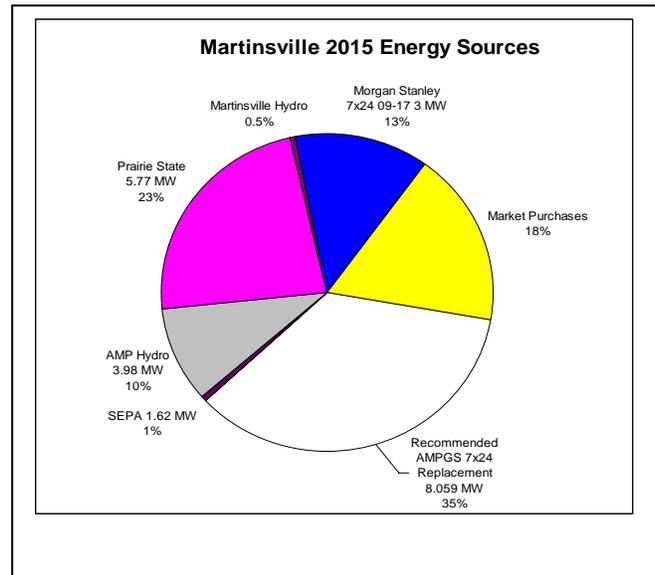
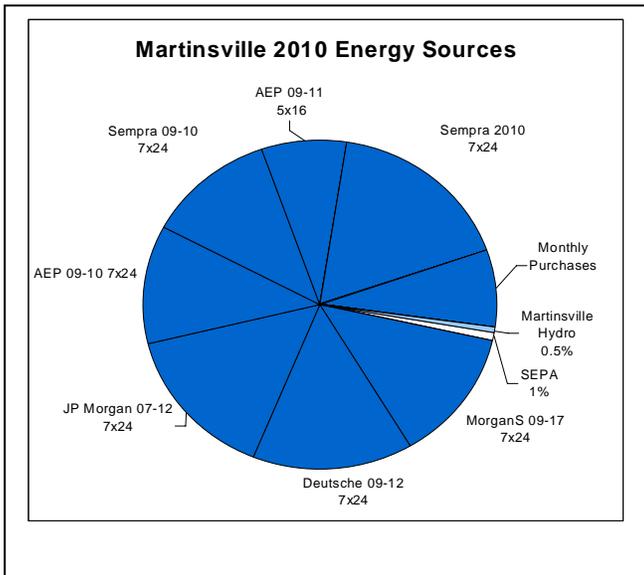
Mayor Adkins read the list of names and years of service of City employees who are eligible for Service Awards from July 1 through September 30, 2010:

Robert Ramsey	Police Dept	30
Esther Artis	Information Services	25
Andrew Lash	Wastewater Plant	20
Mike Pace	Police Dept	20
Roger Shelor	Central Garage	20
Wilbur Preston	Water Impound/Filtr	20
Kathy Reed	Information Services	15
Timothy Dunbar	Sewer Maintenance	10
David Johnston	Water Maintenance	10
Sandy Hines	Police Dept	10
Kenith Shumate	Fire Dept	5
Jonathan France	Police Dept	5

Mayor Adkins presented a proclamation proclaiming National Alcohol and Drug Addiction Recovery Month to Piedmont Community Services Drug Task Force Coordinator, Valerie Blevins. Mayor Adkins presented a proclamation proclaiming September 6-10, 2010 as National Payroll Week to Donna Odell and Mary Kay Washington of the City Finance Department. Mayor Adkins presented a proclamation proclaiming September as Baby Safety Month to Exchange Club representatives, Ralph Lawson, Mark Stroud and Nancy Kennett.

Dennis Bowles presented the following information to Council regarding city electric and AMP projects: City Electric Dept: Established in early 1900's, serving approximately 8000 customers, 100 + miles of distribution lines, 5 substations, 1 delivery point, 1 Hydroelectric dam, 17 fulltime employees. City's Long Term Goal: ***Become less dependent on volatile power market.*** AMP Involvement: starting in 2006, Wholesale block power needs secured for Martinsville-varying terms and quantities, 2007 generation projects development by AMP; participation offered to members through a subscription process, 2008 City subscribed for future purchase power needs in: Prairie State Energy Campus, AMP Hydroelectric development on Ohio River, American Municipal Power Generating Station, 2010 New projects planned for future member participation.

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Mr. Bowles then introduced: AMP Inc. and Blue Ridge Power Agency representatives present, Marc Gerken, P.E., President and Chief Executive Officer of American Municipal Power; Pam Sullivan, Vice President of Marketing, American Municipal Power, Duane Dahlquist, General Manager of Blue Ridge Power Agency. AMP representatives reviewed a powerpoint presentation outlining the AMP organization and the projects Martinsville is involved in with costs and projected schedules. Points made included: Update on hydro projects—very capital intense—Cannelton, completion schedule 2013, Smithland completion 2014—Willow Island update in permitting phase—Hydro projects have 79 AMP member participants—Martinsville participation 3.98MW--hydro is very good for municipals; long term gains will be significantly lower prices per megawatt after debt service paid; cost comparisons of Prairie State vs. market prices still shows quite a large difference; noted there would be about a \$5.6 million savings for Martinsville on wholesale powers costs by AMP's recent decision to enter into contracts to replace power that the discontinued AMPGS project would have produced; the total savings is \$11 million (\$5.4 million saved on Prairie State & \$5.6 million saved abandoning AMPGS project); will still be a \$9.3 million savings even with sunk costs subtracted from the \$11 million; estimated Martinsville's share of the development costs toward AMPGS at \$1.7 million which is down from the original estimate of \$2.08 million; AMP has a 24 hour a day trading desks & provides opportunities for power supply with attractive financing capabilities; Duane Dahlquist of BRPA recommends that the city stay the course with AMP as a good decision was already made by the city to go with AMP when the city planned ahead several years ago; it was pointed out that the City's deal with Cinergy several years back came through working with BRPA and it saved the city \$7 million on power; the highest cost future option is to stay on market purchases; Martinsville's options are to pay whatever it owes toward the AMPGS through future electricity purchases from the wholesale market through AMP or rolling the expense into a natural gas-fired plant that AMP now plans for the AMPGS site, or not taking part in another project, but paying the cost in payments over an unspecified period of time.

Council thanked AMP for the presentation and no action was taken.

John Dyches, Water Resources Director, reported to Council that he has reviewed the senior discount policy for the \$5 per month water discount and has found the process is as smooth and practical as possible. He pointed out the necessity of billing

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accounts not having a deceased person's name as the account holder as this is not a good business practice. Council requested that staff include billing procedure information and the power cost adjustment information on an insert with the utility bills. Mr. Dyches reported inserts cost approximately \$400-\$500 each time they are included.

John Dyches reported to Council regarding the need for a resolution authorizing the pursuit of grant funding to assist with updating water line mapping for portions of the City's water system. The Virginia Department of Health has available limited grant funding for Planning/Design water system related projects. In 2008, the City applied for and received a \$25,000 grant to initiate water system mapping in the downtown and adjacent areas of the City. With consultant assistance, the Water Resources Department intends to apply for up to \$30,000 grant funding in 2010 to continue and expand this project. The grant application must be submitted by 8/27/10. An application was not submitted earlier because there appeared to be no applicable grant funding this year because of state budget restraints, but some additional stimulus funding has just recently become available. The proposed resolution is identical to the one adopted by Council in 2009 except for date changes. On a motion by Gene Teague, seconded by Mark Stroud, with a 5-0 vote, Council approved the following resolution:

WHEREAS, the City of Martinsville has a need for continued assistance in mapping portions of the City of Martinsville water system,

WHEREAS, the Drinking Water State Revolving Fund (DWSRF) has Planning/Design grant funding available that might be applied to such water projects in the City of Martinsville service area,

WHEREAS, the City of Martinsville has previously applied for and received funding applicable to the initial phase of mapping the City of Martinsville water system,

THEREFORE, BE IT RESOLVED, the City Council hereby votes to seek funding from the DWSRF for the following project:

2010 Virginia Department of Health Planning Grant-Mapping of a portion the City Water System

THEREFORE, BE IT RESOLVED, the City Manager will immediately begin to process funding applications for this project and be authorized to sign any and all documents to accept such funding contingent upon review and concurrence by the City Attorney.

Mayor Adkins presented John Dyches, who is retiring as Director of Water Resources, with a Key to the City for his 26 years of service and City Council and the City Manager made comments regarding the good job he has done for the city.

Council then had discussion regarding the Power Cost Adjustment increase which was previously approved by Council to go into effect July 1, 2010. Mayor Adkins pointed out that in previous years it has been a consistent practice to include the approved increase on billings beginning July 1, 2010 and that this is a valid policy discussion for Council in the budget process. The City Manager reported the estimated financial impact of \$229,000 to refund those billed on July 1 for power actually used during the month of June due to meters being read during that month. Overall, this would cause a potential revenue shortfall of \$458,000 which is a substantial budget impact. He also pointed out the \$5 discount for water customers was phased in on the same billing as well.

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Council asked that the next time an increase occurs that staff takes measures to make it more clear to the utility customers. Staff was also asked to: (1) insure there is a quality check to make sure the bill is correct with the third party billing company (2) be clear in the language of the ordinance (3) use inserts in June to alert customers to changes coming in July.

Bob Dowd of West Piedmont Planning District Commission and Michael Gray of VDOT Salem office updated council on the area's long range transportation plan and distributed materials for Council to review and provide feedback. Mr. Dowd outlined the steps in the process: Council to give feedback through the City Manager back to WPPDC; a public information meeting will be held to collect public comments in September/October; a report back to Council of the public meetings: then the plan is submitted to Transportation Committee and WPPDC and VDOT.

Wayne Knox briefed Council on the resolutions and certifications required by DHCD for the Community Development Block Grant as part of the pre-contract work.

In May 2010, the Governor announced that the City of Martinsville's Uptown Martinsville Business District Revitalization Community Improvement Grant (CIG) was approved. This grant was submitted to the VA Department of Housing and Community Development in March 2010. The focus of the grant's work is Fayette Street, W. Main Street, Courthouse Square and the Depot Street Trailhead.

The required process involves the approval of resolutions and advertisements to be completed to let the community know that there may be work available through the grant, to attract local and minority-owned businesses, and to follow steps that are in line with federal and state protocol. These same ads and resolutions were approved in the Cherry Street CDBG as well.

On a single motion by Kimble Reynolds, seconded by Danny Turner, with a 5-0 vote, Council approved the following four documents:

LOCAL BUSINESS AND EMPLOYMENT PLAN--MARTINSVILLE, VIRGINIA

1. The *City of Martinsville* designates as its Local Business and Employment Project Area the boundaries of *Henry County*.
2. The *City of Martinsville*, its contractors, and designated third parties shall in utilizing Community Improvement Grant funds utilize businesses and lower income residents of the Project Area in carrying out all activities, to the greatest extent feasible.
3. In awarding contracts for work and for procurement of materials, equipment or services of the *Uptown Martinsville Business District Revitalization Project*, its contractors, and designated third parties shall take the following steps to utilize businesses which are located in or owned in substantial part by persons residing in the Project Area are:
 - (a) The *City of Martinsville* shall ascertain what work and procurements are likely to take place through the Community Improvement Grant Funds.
 - (b) The *City of Martinsville* shall ascertain through various and appropriate source(s) including the *Martinsville Bulletin* the business concerns within the Project Area which are likely to provide materials, equipment and services which will be utilized in the activities funded through the Community Improvement Grant.
 - (c) The identified business concerns shall be apprised of opportunities to submit bids, quotes or proposals for work or procurement contracts which utilize CIG funds.
 - (d) To the greatest extent feasible the identified business and any other project area business concerns shall be utilized in activities which are funded with CIGs.
4. In the utilization of trainees or employees for activities funded through CIG's the *City of Martinsville* its contractors and designate third parties shall take the following steps to utilize lower income persons residing in the Project Area.
 - (a) The *City of Martinsville* in consultation with its contractors (including design professionals) shall ascertain the types and number of positions for both trainees and employees which are likely to be utilized during the project funded by CIGs.
 - (b) The *City of Martinsville* shall advertise through the following source: *The Martinsville Bulletin* the availability of such positions with the information on how to apply.
 - (c) The *City of Martinsville*, its contractors, and designated third parties shall be required to maintain a record of inquiries and applications by project area residents who respond to advertisements, and shall maintain a record of the status of such inquires and applications.
 - (d) To the greatest extent feasible, the *City of Martinsville*, its contractors, and designated third parties shall utilize lower income project area residents in filling training and employment positions necessary for implementing activities funded by CIGs.
5. In order to ascertain substantial compliance with the above affirmative actions and Section 3 of the Housing and Community Development Act of 1968, the *City of Martinsville* shall keep, and require to be kept by contractors and designated third parties, listings of all persons employed and all procurements made through the implementation of activities funded by CIGs. Such listings shall be completed and shall be verified by site visits and interviews, crosschecking of payroll reports and invoices, and through audits if necessary.

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NON-DISCRIMINATION POLICY CITY OF MARTINSVILLE, VIRGINIA

The *City of Martinsville* or any employee thereof will not discriminate against an employee or applicant for employment because of race, age, handicap, creed, religion, color, sex, or national origin. Administrative and Personnel officials will take affirmative action to insure that this policy shall include, but not be limited, to the following: employment, upgrading, demotion or transfer; rates of pay or other forms of compensation; and selection for training. Duly adopted at the regular meeting of the Martinsville City Council on *August 24, 2010*.

Residential Anti-Displacement and Relocation Assistance Plan Certification City of Martinsville

The *City of Martinsville* will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to a use other than as low/moderate income dwelling unit as a direct result of activities assisted with funds provided under the *Housing and Community Development Act of 1974*, as amended. All replacement housing will be provided within three (3) years of the commencement of the demolition or rehabilitation relating to conversion.

Before obligating or expending funds that will directly result in such demolition or conversion, the *City of Martinsville* will make public and advise the state that it is undertaking such an activity and will submit to the state, in writing, information that identifies:

1. A description of the proposed assisted activity;
2. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activity;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;
5. The source of funding and a time schedule for the provision of replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy; and
7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units is consistent with the housing needs of low- and moderate- income households in the jurisdiction.

The *City of Martinsville* will provide relocation assistance to each low/moderate – income household displace by the demolition of housing or by the direct result of assisted activities. Such assistance shall be that provided under Section 104 (d) of the *Housing and Community Development Act of 1974*, as amended, or the *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970*, as amended.

The *City of Martinsville* FY 2010 Uptown Martinsville Business District Revitalization project includes the following activities:

- Façade improvements to 23 blighted building façades
- Blight remediation for 3 blighted vacant lots
- Installation of 1 gateway at the intersection of Fayette and Moss Streets (signage, lighting, landscaping, and crosswalks)
- Installation of 7 crosswalks
- Installation or renovation of 43 curb ramps
- Installation of 13 new street lights, 1 ornamental wall light, and 4 pole lights at Courthouse plaza
- Installation of 9 wayfinding signs and 1 interpretive sign
- Installation of 5800 SF of unit pavers
- Installation of 72 Face Feet (FF) of decorative stone wall
- Installation of 70 FF of brick seat wall
- Installation of 135 LF of decorative fence
- Installation of 3 benches
- Installation of 1 trash can
- Installation of 4000 SF of asphalt parking at 41 Fayette Street
- Installation of trees, shrubs, seeding and mulch at 41 Fayette Street
- Installation of 400 FF of retaining walls at 41 Fayette Street
- Utilization of 500 CY of imported fill at 41 Fayette Street
- Demolition of asphalt, curb, gutter along with hauling at Courthouse Square
- Installation of 90 LF of stone caps for existing seat wall at Courthouse Square
- Utilization of 100 CY of imported fill at Courthouse Square
- Installation of 1,850 SF of concrete sidewalk at Courthouse Square
- Installation of 400 LF of concrete curb and gutter at Courthouse Square
- Installation of trees, shrubs, seeding, and mulch at Courthouse Square
- Installation of 4 electrical outlets (conduits, receptacles, vaults, etc.) at Courthouse Square
- Installation of 1 sculptural element at Courthouse Square
- Demolition of 4 parking spaces and curb and gutter at Connection to D&W Trailhead
- Installation of trees, shrubs, and mulch at Connection to D&W Trailhead
- Issuance of at least one business loan to eligible businesses within or locating to the Project Area
- Creation of 7.5 new jobs as a product of business expansion/creation through the Revolving Loan Fund

The activities as planned will not cause any displacement from or conversion of occupiable structures. The *City of Martinsville* will work with the grant management staff, engineers, project area residents, and the Department of Housing and Community Development to insure that any changes in project activities do not cause any displacement from or conversion of occupiable structures.

In all cases, an occupiable structure will be defined as a dwelling that meets local building codes or a dwelling that can be rehabilitated to meet code for \$25,000 or less.

Fair Housing Certification Compliance with Title VIII of the Civil Rights Act of 1968

Whereas, the *City of Martinsville* has been offered and intends to accept federal funds authorized under the Housing and Community Development Act of 1974, as amended, and

Whereas, recipients of funding under the Act are required to take action to affirmatively further fair housing;

Therefore, the *City of Martinsville* agrees to take at least one action to affirmatively further fair housing each grant year, during the life of its project funded with Community Development Block Grant funds. The action taken will be selected from a list provided by the Virginia Department of Housing and Community Development.

Mayor Adkins inquired regarding the possible whistleblower policy requirement for federal funding and stated it would be good to be proactive. City Attorney, Eric Monday, reported he will go ahead and check with colleagues and report back to Council.

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Chief of Police, Mike Rogers, briefed Council on the recommendation to change the Halloween observance to Monday, November 1, 2010. Because October 31, 2010, the date for observing Halloween, is on a Sunday, local law enforcement agencies are proposing that the event be observed on Monday night, November 1, 2010. Sunday night is not a good time to observe Halloween since it will interfere with many people's desire to attend Sunday evening church services. Sheriff Lane Perry and Martinsville Police Chief Mike Rogers both have concerns about moving the event to Saturday night out of fear that pedestrian safety may be an issue due to an increased number of people who may be driving under the influence on the weekend. It is law enforcement officials' suggestion that having it on Monday evening will be the safest option. Henry County voted to adopt the resolution at their meeting today. On a motion by Gene Teague, seconded by Danny Turner, with a 5-0 vote, Council approved the following resolution regarding Halloween:

WHEREAS, Halloween is traditionally observed on October 31, which falls on a Sunday this year; and
WHEREAS, when this was the case in the past, the Martinsville City Council urged city citizens to observe the event on a day other than Sunday; and
WHEREAS, it is the belief of the Martinsville City Council that a change in the observance date this year would be the best for all concerned; and
WHEREAS, the Council also believes that it is in the best interest of the community that all citizens of Henry County and the City of Martinsville observe Halloween on the same day;
NOW, THEREFORE, BE IT RESOLVED, on this 24th day of August, 2010 that the Martinsville City Council requests the citizens of the City of Martinsville to observe Halloween this year on Monday, November 1, 2010 instead of Sunday, October 31, contingent upon the Henry County Board of Supervisors taking similar action.

Linda Conover, Budget Analyst, presented the monthly finance report.

Year-End Financial Review

FY10 officially ended on June 30, 2010; however, all year-end transactions will not be finalized until at least the end of August in order to realize all earned revenue and incurred expenses for the fiscal year. Therefore the annual audit process will occur in late October. Based upon these facts, staff is hereby providing a summary of FY10 revenues and expenditures, a revised balance sheet reflecting those revenues and expenditures, and an estimated fund balance. The final audit will provide an exact accounting of the fiscal year and can be expected in early 2011.

FY10 - Revenues & Expenditures - UNAUDITED

Upon examination of eight of the City's thirteen funds (not included are School's Cafeteria and Federal Programs, City's Insurance Trust, CDBG, and Housing Choice), unaudited figures are provided for actual versus anticipated revenues and expenses. These numbers are only inclusive of financial transactions recorded as of August 10, 2010 and do not include depreciation. On a cash-basis, there is an excess of revenue over expense of \$1,128,670. However, during the audit, depreciation estimated at \$1,370,000 will be deducted along with other routine budget adjustments including year-end payments to Henry County for the City's share of Social Services, Health Department and E-911 Center expenses, which will also reduce the cash-on-hand. The final audited figure will be rolled over to the Balance Sheet once that process is complete.

FY10 - Combined Balance Sheet - UNAUDITED

The total of combined fund balances for FY10 is \$11,794,529, representing a difference of \$1,788,429 from FY09. Again, the FY10 figure is also in transition due to the afore-mentioned factors. This difference also includes the authorized purchase of the Henry Hotel for \$95,000; the purchase and renovation of the Social Services building for \$799,000; and the FY09 re-appropriations of \$2,121,342. When all transactions have been completed, it is the opinion of staff that the final fund balance should still be very close to the projection prepared May 25th of \$11,980,962.

To summarize, the Fund Balance changes for FY10 are due to:

1. Expenditures made in FY10 where cash was received in FY09.
2. Expenditures made that were not in the original FY10 budget, but authorized by Council during the fiscal year; i.e. Henry Hotel, Social Services, FY09 re-appropriations.
3. Differences in revenues and expenditures in operating budgets during the fiscal year.

On a motion by Gene Teague, seconded by Kimble Reynolds, with a 5-0 vote, Council approved the following consent agenda FY10 and FY11:

BUDGET ADDITIONS FOR 08/24/10				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<u>FY10</u>				
<u>GENERAL FUND</u>				
01101917	442810	Categorical Other State - Highway Projects		108,556
01413151	503140	Thorofare Construction - Prof. Service - Engineering appropriate reimbursement for Liberty Street project	108,556	
01100909	490134	Recovered Costs/Recreation		700
01713211	508220	Park Maintenance - Physical Plant Expansion appropriate donated funds for Disc Golf expansion	700	

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01103938	462101	Contribution from Fund Balance		15,000
01122017	503150	Legal Services - Prof. Service - Legal Retiree's Health Insurance Litigation	15,000	
Total General Fund:			124,256	124,256
BUDGET ADDITIONS FOR 08/24/10				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY11				
GENERAL FUND				
01100908	480410	Miscellaneous - Donations/Fire Dept		350
01322105	505500	EMS - Training	150	
01321102	505500	Fire Department - Travel/Training Appropriate memorial donations	200	
01100908	480411	Miscellaneous - Donations/Skate Park		10,110
01713211	508220	Park Maintenance - Physical Plant Expansion appropriate donated funds for Skate Park	10,110	
01100908	440402	Miscellaneous - Donations/Hooker Field		523
01725422	505508	Mustangs - Meals appropriate donated funds for player meals	523	
01100909	490134	Recovered Costs/Recreation		30
01711210	503159	Parks & Recreation - Prof. Services - Instructors appropriate fees collected	30	
01100909	490134	Recovered Costs/Recreation		2,250
01713211	508220	Park Maintenance - Physical Plant Expansion	2,100	
01711210	506010	Parks & Recreation - Special Events & Promotions appropriate donated funds for Disc Golf expansion & special events	150	
01103938	462101	Contribution from Fund Balance		87,305
01122022	502800	Legal Services - Prof. Service - Legal Retiree's Health Insurance Litigation	87,305	
Total General Fund:			100,568	100,568
ELECTRIC FUND				
14100908	482901	Miscellaneous Revenue		71,127
14565340	506900	General Expense - Disaster Recovery appropriate final insurance claim for hydro plant	71,127	
Total Electric Fund:			71,127	71,127

City Manager, Clarence Monday, briefed Council on the Memorandum of Understanding between City of Martinsville, County of Henry, and Henry County Public Service Authority regarding the Commonwealth Crossing Business Centre Water and Sewer Infrastructure Project. Comments: Turner--this is not in the citizens' best interest, objections to Harvest Foundation forcing the city to fully fund the EDC and concerned with possible loss of sewer business from Henry County; Adkins—infrastructure investment will position our area for future job growth and this is a small investment to market this project; Teague—to get Commonwealth Crossing Business Centre up and running will be transformative for this community and the investment will be paid back once the park generates revenue; Reynolds—we need to go ahead and do this if this community is to position itself for growth; Stroud—with city government employees having to take furloughs, he does not like the condition to fully fund the EDC.

On a motion by Kimble Reynolds, seconded by Gene Teague, with the following 3-2 vote, Turner and Stroud voting nay, Council approved the following MOU and authorized additional funds to be taken from the Fund Balance: MHC-EDC--\$39,500 and \$292,400 as City of Martinsville contribution to project outlined in MOU:

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**CITY OF MARTINSVILLE
COUNTY OF HENRY
AND
HENRY COUNTY PUBLIC SERVICE AUTHORITY
COMMONWEALTH CROSSING BUSINESS CENTRE
WATER AND SEWER INFRASTRUCTURE PROJECT**

MEMORANDUM OF UNDERSTANDING

August 24, 2010

The City of Martinsville, Henry County, and the Henry County Public Service Authority give high priority to economic development efforts aimed at creating jobs for area residents and increasing the local tax base to support expected service levels.

Development of Commonwealth Crossing Business Centre (CCBC) is a key component of the strategy embraced by the localities and by the Martinsville-Henry County Economic Development Corporation. Part of that development is extension of water and sewer infrastructure to CCBC to serve future industries. To secure various grant funds and expedite infrastructure development, the parties whose signatures are affixed below agree to the following:

Project Action Plan

1. Water and sewer infrastructure to serve CCBC is an estimated cost of \$4,373,000.
2. Construction is scheduled to be complete within 18 months.

Funding Sources

1. US Small Business Administration Grant - \$800,000
2. Tobacco Commission Reserve Grant - \$1,720,000
3. The PSA In-kind Construction Inspection - \$140,400
4. Harvest Foundation of the Piedmont Grant - \$860,000
5. City of Martinsville Contribution - \$292,400
6. Henry County Contribution - \$567,600

Obligation of Parties

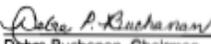
1. The City will increase funding to the Martinsville-Henry County Economic Development Corporation (EDC) in the amount of \$39,500 and Henry County will increase funding to the EDC in the amount of \$45,500 for a total of an \$85,000 increase for FY '11. This will provide additional resources to recruit jobs and capital investment to CCBC and to the entire community.
2. The PSA agrees that if it should reopen the Lower Smith River Wastewater Treatment Plant and remove its existing sewer flow from the City of

- Martinsville within five years from completion of construction of the water and sewer infrastructure to CCBC, it will reimburse the City of Martinsville its \$292,400 contribution towards construction of the lines. Construction completion is estimated to be 18 months from the date of the MOU.
3. The City and County shall be reimbursed for each parties' construction contribution from tax revenue generated from CCBC before any expenses are reimbursed that were incurred after the date of the MOU. The County and City shall be paid in the same proportion as outlined in the Revenue-Sharing Agreement dated September 25, 2007.

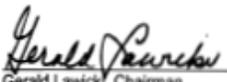
By affixing their signatures hereto, the Mayor of the City of Martinsville, Chairman of the Henry County Board of Supervisors, and Chairman of the Henry County Public Service Authority acknowledge that this **MEMORANDUM OF UNDERSTANDING** actively sets forth the project elements.



Kim Adkins, Mayor
City of Martinsville



Debra Buchanan, Chairman
Henry County Board of Supervisors



Gerald Lawicki, Chairman
Henry County Public Service Authority

The following joint news release will be sent out immediately following the meeting:

For Immediate Release August 24, 2010 **County, City, Harvest Foundation to provide final matching funds for CCBC**

Henry County, the City of Martinsville, and The Harvest Foundation will team to provide the final matching funds needed for the extension of water and sewer infrastructure to the Commonwealth Crossing Business Centre.

The County's Board of Supervisors and City Council approved the action at their respective meetings today.

The Harvest Foundation will provide a matching grant of \$860,000, while the County will provide \$567,600 and the City of Martinsville \$292,400. The total of \$1,720,000 will match a similar total already on the table from the Tobacco Commission, contingent on the County securing the matching monies for the project.

Other entities which have pledged money to the \$4,373,000 include the United States Small Business Administration (\$800,000) and the Henry County Public Service Authority (\$140,400 in in-kind services).

The project will extend water and sewer services to CCBC, a 700-acre park near the North Carolina line that will be a revenue-shared business park for Henry County and the City of Martinsville.

"We are pleased to join with our partners in this important, forward-thinking project," said Paul Toms, Chairman of The Harvest Foundation Board of Directors. "We look forward to continuing our effective partnership to bring more jobs and a broader tax base to our community."

In addition to the matching money, Henry County and the City of Martinsville will contribute extra marketing money to the Martinsville-Henry County Economic Development Corporation for CCBC and other projects. Henry County will contribute an additional \$45,500 to the EDC and the City of Martinsville will contribute an additional \$39,500.

"With the infrastructure now a go, we felt like it was essential that we give the EDC more support for its marketing efforts," said Debra Buchanan, chairman of the Board of Supervisors. "We think CCBC is a key component of our future economic growth because of its proximity to the Triad area of North Carolina. It takes money to market the parcel, and we want to be at the front of the line when companies look around."

Martinsville Mayor Kim Adkins agreed and added, "Commonwealth Crossing is an investment in our region's future. We have a responsibility to do all that we can to position our region for future economic growth, while giving our lead economic development agency the tools necessary to meet our existing and future needs. We are fighting for economic recovery from all fronts."

Construction will begin as soon as possible and is expected to take 18 months.

Business from the floor: Ural Harris, 217 Stuart St. commented on the funding for Commonwealth Crossing; Kathy Lawson, 909 Barrows Mill Rd., announced the Green Committee's new Recycling Incentive Program which is a privately funded endeavor to encourage recycling and announced the first two winners as Melvin Durham and John Dyches-she reported the Green Committee will make a presentation at the October 26

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Council meeting and she asked that City Council consider reviewing the 800 pound gorilla presentation by Dave Maddox at their strategic planning session.

Comments from City Manager: Clarence Monday reported the strategic planning session itinerary is now developed and working toward getting a facilitator for October 8 & 9 and information will be forthcoming; reported the City Employee United Way campaign begins next week; reported city employees furlough day will be September 3 with city offices in the municipal building being closed.

There being no further business, Mayor Adkins adjourned the meeting at 10:35 pm after a motion by Danny Turner, seconded by Gene Teague.

Clarence C. Monday
Clerk of Council

Kim E. Adkins
Mayor