

AGENDA--CITY COUNCIL -- CITY OF MARTINSVILLE, VIRGINIA
Council Chambers – Municipal Building
7:00 pm Closed Session 7:30 pm Regular Session
Tuesday, November 24, 2015

7:00 pm --Closed Session

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(A)—Closed Meetings, the following:
 - a. Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7.

7:30—Regular Session

Invocation & Pledge to the American Flag- Council Member Stroud

1. Consider approval of minutes of October 27, 2015 and November 10, 2015 meetings. (2 mins)
2. Recognize City employees eligible for service awards (5 mins)
3. Recognize members of Girl Scout Troop 616 for receiving the Bronze Award (10 mins)
4. Recognize Army Veteran Thomas Spencer as recipient of several 2015 Veteran of the Year awards (10 mins)
5. Present a proclamation to H. G. Vaughn, Chairman of the Henry County Board of Supervisors, recognizing his service to the county and community (10 mins)
6. Hear an update from American Municipal Power regarding various electric projects the City is participating in (30 mins)
7. Consider approval of the 2016 Legislative Agenda (10 mins)
8. Comments by members of City Council. (5 minutes)
9. Comments by City Manager. (5 minutes)
10. 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. 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 name and address;**
 - (2) state the matter that they wish to discuss and what action they would like for Council to take;**
 - (3) limit remarks to five minutes;**
 - (4) refrain from making any personal references or accusations of a factually false and/or malicious nature.****Persons who violate these guidelines will be ruled out of order by the presiding officer and 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.

Meeting Date: November 24, 2015

Item No: 1.

Department: Clerk of Council

Issue: Consider approval of minutes from October 27, 2015 November 10, 2015 Council Meeting.

Summary: None

Attachments: October 27, 2015 Meeting
November 10, 2015 Meeting

Recommendations: Motion to approve minutes as presented.

October 27, 2015

The regular meeting of the Council of the City of Martinsville, Virginia was held on October 27, 2015 in Council Chambers, Municipal Building at 7:30pm, Closed Session beginning at 7:00pm with Mayor Danny Turner presiding. Council Members present: Mayor Danny Turner, Vice Mayor Jennifer Bowles, Council Member Gene Teague, Council Member Sharon Hodge and Council Member Mark Stroud. Staff members present included: City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Police Captain Rob Fincher, Clerk of Council Karen Roberts, Finance Director Linda Conover, Budget Analyst Mary Prillaman, City Engineer Chris Morris, Community Planner Susan McCulloch and Commissioner of Revenue Ruth Easley.

Mayor Turner called the meeting to order and advised Council would go into Closed Session. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon motion by Council Member Hodge, seconded by Council Member Teague with the following recorded 5-0 roll-call vote: Council Member Hodge, aye; Vice Mayor Bowles, aye; Council Member Stroud, aye; Council Member Teague, aye; Mayor Turner, aye. Council convened in Closed Session for the purpose of discussing the following matters: A) discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected, as authorized by Subsection 6 and B) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. At the conclusion of the Closed Session, each returning member of Council certified that (1) only public business matters exempt from opening meeting requirements were discussed in said Closed Session and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the Session. On a motion by Council Member Stroud, seconded by Council Member Hodge with the following 5-0 roll-call recorded vote: Stroud, aye; Turner, aye; Teague, aye; Bowles, aye; Hodge, aye; Council returned to Open Session.

Invocation and Pledge to the American Flag – Council Member Gene Teague.

Consider approval of minutes of October 13, 2015 Council meeting and October 14, 2015 Special meeting – Vice Mayor Bowles made a motion to approve minutes from October 13, 2015 and October 14, 2015 as presented, Council Member Hodge seconded the motion, all Council Members voted in favor.

Help Save the Next Girl – Kate Williams, founder of the local chapter for Martinsville, Henry and Patrick Counties explained the program which was founded in honor of Morgan Herrington. She explained various programs that this organization will offer including self-defense classes and educating women in the area of dangerous situations.

Consider Certificate of Appropriateness (COA) application for the demolition of 403 Starling Avenue due to the tie of a motion by the Architectural Review Board (2-2) on October 23, 2015 at a special called ARB meeting - Susan McCulloch explained that the Architectural Board met on request of the applicant, Dr. Mark Crabtree regarding a structure on East Church Street in the

October 27, 2015

historic district of Martinsville. The value of the building is considerably less than the cost to repair or restore it and the building has been deemed uninhabitable and unstable. Martinsville Smiles plans to demolish the structure and plans to plant grass on the vacant lot. McCulloch stated that staff members recommend that Council approve the demolition of the property. City Manager Towarnicki stated that the engineering report revealed the elevated expense to restore the building to a reusable condition. Council Member Teague asked about selling or renting the property. McCulloch stated that the property was rental property previously but in past weeks several items had been removed from the property and in the current state it is uninhabitable. Council Member Stroud stated that the Martinsville Smiles previous building remodel in the lots adjacent had improved the appearance of the area. McCulloch stated that because of those previous modifications, those lots are no longer part of the historic district. Dr. Mark Crabtree addressed Council regarding the property. His practice has been in that area since 1960 and they have watched the property deteriorate over the years. He purchased the property with the intention to improve the value of the property and the appearance of the area and would like the opportunity to expand his current property. Council Member Teague made a motion to authorize the COA application for the demolition of 403 Starling Avenue; Council Member Hodge seconded the motion, all Council Members voted in favor. Hodge said she is in favor of property owners being able to improve their property if they desire. Teague said it may be a good time to review the ordinance again.

Consider refund resulting from Appeal of Statutory Assessment for Business Personal Property for Tax Year 2014 - Ruth Easley, Commissioner of Revenue came before Council to explain the appeal of statutory assessment received and reviewed by her office. This appeal was made by a large City business which holds multiple sites within the City. One of the requirements is the annual notice sent to the local businesses to return a complete itemization. Because the refund is over \$25,000 the Treasurer's office needs Council's approval prior to authorizing that refund. This refund continues to accrue interest daily until it is approved. As a general rule, businesses do not pay the statutory assessment. Vice Mayor Bowles made a motion to approve the refund, Council Member Stroud seconded the motion, all voted in favor.

October 27, 2015


RUTH L. EASLEY
COMMISSIONER
PHONE (276) 403-5131
FAX (276) 403-5337
OFFICE OF THE COMMISSIONER OF THE REVENUE
P.O. BOX 1222
MARTINSVILLE, VIRGINIA 24114-1222

FILING NOTE TO BUSINESS TAXPAYERS

Enclosed are your forms for filing your 2014 City of Martinsville itemized listing for business tangible personal property and/or machinery and tools.

Please note that the enclosed itemized listing forms for tangible personal property that you own or lease on January 1, 2014 must be completed and submitted with your filing. A computer generated listing will be accepted provided that the listing contains the information required on the itemized listing sheets that are enclosed. Returns submitted without an itemized listing will be considered incomplete and will be returned to you for completion. The required completed vehicle verification return (green sheet) and itemization sheets are due on or before **May 1, 2014**, to avoid late filing penalties. Postal postmarks (not postage meter) will determine the filing date on mailed returns.

Computer generated listings or the enclosed itemization sheets must contain a detailed listing of ALL items used in the course of your business that were owned or leased on January 1, 2014. If you have fully depreciated any equipment for federal tax purposes but continue to use the equipment in your business, then it should continue to be listed on your return for local taxation purposes. The original purchase cost or lease cost, the date of acquisition and, in the case of leased equipment, the name and address of the lessor should be listed. A separate itemization form is provided for leased equipment.

To assure completeness and accuracy, please identify and describe any dispositions of previously acquired property (showing original cost, acquisition date and disposal date.) Move-in dates for older equipment that may have been used in prior years in another location should be clearly noted. The current year itemization is compared to the prior year listings and adjustments will be made to prior years, if necessary.

Thank you for filing a timely completed return. Again, incomplete returns or improperly completed returns WILL NOT be accepted and will be returned to you for completion. If not completely filed by May 1, 2014, late filing penalties will be assessed.

On behalf of the citizens of the City of Martinsville, thank you for choosing the City of Martinsville for your business location. The office of the Commissioner of the Revenue is available to assist you in any way possible. If you have questions regarding the operation of your business in the City of Martinsville or need assistance with filing this return, please do not hesitate to contact me at (276) 403-5131.

Sincerely,

Ruth L. Easley, MCR
Commissioner of the Revenue

Hear overview of October 26, 2015 Westside area Neighborhood tour and meeting – City Manager Towarnicki described their tour including the American Furniture site, Fayette, Smith, Catherine, Beaver, Top, Maplewood Apartments, Pony Place, Cardinal Lane, and the City Park; the tour took about an hour and Council noted several violations while on the tour. Because of several properties demolished previously, all agreed the area looked better and has made several building sites available. There were several residents at the neighborhood meeting. FAHI presented their proposal for the former Housing Office. Council Member Teague noted the condition of several streets has been greatly improved by taking some properties out and Property Maintenance is able to respond to concerns usually the same day they are reported.

Hear an update from Davenport and Company, LLC regarding results of the request for proposals advertised for financing the City’s water/electric meter and street lighting replacement project – City Manager Towarnicki explained the options of lease/purchase option versus general obligation bond process. Mitch Brigulio of Davenport and Company detailed the process and bids received along with Davenport’s recommendation. Davenport sent out the request to 75 banks and asked for general obligation and lease/purchase options. Bids were received from 6 different banks – US Bank offered the lowest interest rate on both options at 2.47%, second lowest was 2.5% on general obligation bond only from Carter Bank.

DAVENPORT & COMPANY

Davenport Public Finance
One James Center
901 E. Cary Street, Suite 1100
Richmond, VA 23219

To City of Martinsville, VA
From Davenport & Company LLC
Date October 27, 2015
Subject 2015 Equipment Lease Purchase Agreement

Background

Davenport & Company LLC ("Davenport"), on behalf of the City of Martinsville, VA (the "City"), distributed a Request for Proposals ("RFP") to secure a bank commitment to finance the acquisition of certain equipment pursuant to a Performance Contract with Johnson Controls Inc. ("JCI") and the associated Costs of issuance (the "2015 Financing"). The RFP was distributed to over 75 National, Regional, and Local Banks. After the initial distribution, Davenport contacted each of the potential bidders to assess their interest in the financing and address any resulting questions.

The RFP requested that responding institutions provide proposals for both a General Obligation Bond ("GO") and an Equipment Lease Purchase Agreement ("ELP"). The RFP also requested that responding institutions provide interest rate proposals for a series of six different principal amortization scenarios. These scenarios were designed to provide the City with options to structure the 2015 Financing debt service in accordance with the estimated savings under the JCI Performance Contract. A summary of the scenarios requested is outlined in Table 1 below.

Table 1: RFP Scenarios Requested

Scenario	Final Maturity	First Interest	Capitalized Interest
1a	2/1/2032	2/1/2017	No
1b	2/1/2033	2/1/2017	No
2a	2/1/2032	2/1/2017	Yes
2b	2/1/2033	2/1/2017	Yes
3a	2/1/2032	2/1/2018	No
3b	2/1/2033	2/1/2018	No

RFP Responses

Through this process, the City was able to secure six responses to the RFP, including:

1. Carter Bank & Trust ("Carter Bank");
2. Huntington Public Capital ("Huntington");
3. Pinnacle Public Finance ("Pinnacle");
4. Sterling National Bank ("Sterling");
5. SunTrust Bank ("SunTrust"); and
6. US Bank ("US Bank").

The following pages contain a summary of the key terms and conditions for each of the responses received.

DAVENPORT & COMPANY

2015 Equipment Lease Purchase Agreement
October 27, 2015

Discussion Points

1. Interest Rate

While all six banks submitted proposals consistent with the RFP specifications, US Bank offered the lowest interest rate for both the General Obligation Bond and Equipment Lease Purchase Agreement, as shown in Tables 2 and 3 below. The rates offered by all of the banks are fixed through the final maturity of the loan and, with the exception of Huntington, will be held firm for a closing on or about November 20th.

Table 2: General Obligation Bond Interest Rates

Bank	2032 Final Maturity			2033 Final Maturity		
	1a	2a	3a	1b	2b	3b
US Bank	2.47%	-	-	-	-	-
Carter Bank	2.50%	2.60%	2.55%	2.55%	2.65%	2.60%
Sterling	2.58%	2.58%	-	-	-	-
Pinnacle	2.63%	-	-	2.73%	-	-
Huntington	2.89%	2.89%	2.92%	2.95%	2.95%	2.98%
SunTrust	2.96%	-	-	-	-	-

Table 3: Equipment Lease Purchase Interest Rates

Bank	2032 Final Maturity			2033 Final Maturity		
	1a	2a	3a	1b	2b	3b
US Bank	2.47%	-	-	-	-	-
Carter Bank	-	-	-	-	-	-
Sterling	2.62%	2.62%	-	-	-	-
Pinnacle	-	-	-	-	-	-
Huntington	2.89%	2.89%	2.92%	2.95%	2.95%	2.98%
SunTrust	-	-	-	-	-	-

DAVENPORT & COMPANY

2015 Equipment Lease Purchase Agreement
October 27, 2015

2. Prepayment Provisions

Each of the proposals submitted provide the City with the ability to prepay the 2015 Financing. The prepayment provisions offered by the six bank proposals are shown in Table 4 below.

Table 4: Summary of Prepayment Provisions

Bank	Prepayment Provisions
US Bank	Prepayable in whole on any payment date at 103%
Carter Bank	Prepayable in whole or in part any time at par
Sterling	Prepayable in whole on any payment date at: - 102%: Years 6-10; - 100%: Years 11-15
Pinnacle	Prepayable in whole at any time after 2/1/2025
Huntington	Prepayable in whole on any payment date at: - 102%: Closing through 1/31/2020; - 101%: 2/1/2020 through 1/31/2027; - 100%: 2/1/2027 through Maturity
SunTrust	Prepayable on any payment date at lesser of: - 101%: Beginning 2/1/2021; or - Make whole call

DAVENPORT & COMPANY

2015 Equipment Lease Purchase Agreement
October 27, 2015

3. Estimated Debt Service

A preliminary indication of the estimated debt service for Case 1a of the US Bank GO/ELP proposal is shown in Table 5 below. US Bank's debt service is compared to Case 1a of the Carter Bank GO proposal to provide additional perspective. The preliminary estimated debt service shown in Table 5 accounts for estimated costs of issuance.

Table 5: Estimated Debt Service Comparison - US Bank GO/ELP vs. Carter Bank GO

	US Bank - GO/ELP			Carter Bank - GO			Difference		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1 Sources of Funds									
2 Per Amount	\$ 7,425,000			\$ 7,425,000					\$0
3 Equity Contribution	475,000			475,000					\$0
4 Total Sources	\$7,900,000			\$7,900,000					\$0
5									
6 Uses of Funds									
7 Construction Sub Proc	\$ 92,547			\$ 92,547					\$0
8 Cost of Issuance									\$0
9 Total Uses	\$7,900,000			\$7,900,000					\$0
10									
11 Final Maturity	2/1/2032			2/1/2032			2/1/2032		
12 Interest Rate	2.47%			2.50%			0.03%		
13 Rate Equivalency	December 6th			November 30th			N/A		
14 Bank / Legal Fees	None			None					\$0
15 Per Amount	\$7,425,000			\$7,425,000					\$0
16									
17 Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
18 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19 2017		220,077	220,077		222,750	222,750		(2,673)	(2,673)
20 2018	381,000	183,398	564,398	381,000	185,625	566,625		(2,228)	(2,228)
21 2019	406,000	173,987	580,000	407,000	175,100	582,100	1,000	(1,113)	(1,113)
22 2020	416,000	163,909	579,909	415,000	169,325	584,325	1,000	(2,016)	(1,016)
23 2021	445,000	153,034	598,034	445,000	155,550	600,550		(2,516)	(2,516)
24 2022	504,000	142,643	646,643	503,000	144,425	647,425	1,000	(1,783)	(783)
25 2023	515,000	130,194	645,194	514,000	133,850	647,850	1,000	(1,656)	(656)
26 2024	522,000	117,478	639,478	522,000	119,000	641,000		(1,522)	(1,522)
27 2025	570,000	104,580	674,580	570,000	105,950	675,950		(1,370)	(1,370)
28 2026	638,000	90,001	728,001	638,000	91,700	729,700		(1,699)	(1,699)
29 2027	694,000	74,742	768,742	694,000	75,750	769,750		(1,008)	(1,008)
30 2028	501,000	62,540	563,540	501,000	63,400	564,400		(860)	(860)
31 2029	330,000	50,166	380,166	331,000	50,875	381,875	(1,000)	(709)	(1,709)
32 2030	561,000	37,075	598,075	561,000	37,600	598,600		(525)	(525)
33 2031	592,000	28,218	620,218	594,000	29,875	623,875	(2,000)	(357)	(2,357)
34 2032	348,000	8,596	356,596	349,000	8,725	357,725	(1,000)	(125)	(1,125)
35 Total	\$ 7,425,000	\$ 1,736,731	\$ 9,161,731	\$ 7,425,000	\$ 1,758,800	\$ 9,183,800	\$ -	\$ (22,069)	\$ (22,069)

Note: Includes estimated Costs of Issuance of \$92,547 and assumes that City makes a \$475,000 equity contribution at closing.

DAVENPORT & COMPANY

2015 Equipment Lease Purchase Agreement
October 27, 2015

4. Estimated Performance Contract Savings

Table 6 below outlines the estimated savings derived from the purchase and installation of the equipment as provided by JCI. These estimates have been utilized when structuring the 2015 Financing debt service such that the estimated savings generated in any given fiscal year are sufficient to offset the projected debt service payments. In developing the debt service structure, Davenport has relied on this information provided by JCI and has not undertaken any independent review to confirm or validate these figures.

Table 6: Estimated Performance Contract Savings Cash Flows

Fiscal Year	Measured Savings	Non-Measured Savings	Total Savings	Less: Performance Management	Less: US Bank Scenario 1a Debt Service	Fiscal Year Surplus (Deficit)
2016	\$ 8,157	\$ 2,535	\$ 10,693	\$ -	\$ -	\$ 10,693
2017	112,245	145,523	257,768	-	220,077	37,691
2018	245,004	344,996	589,999	20,285	564,398	5,317
2019	252,354	355,345	607,699	21,217	581,987	4,496
2020	259,925	366,006	625,930	41,321	579,909	4,701
2021	267,723	376,986	644,708	41,161	588,634	4,913
2022	275,754	388,296	664,049	12,673	646,643	4,734
2023	284,027	399,944	683,971	34,325	645,194	4,453
2024	292,547	411,943	704,490	60,184	639,473	4,833
2025	301,324	424,301	725,625	46,328	674,580	4,717
2026	310,363	437,030	747,393	14,263	728,501	4,629
2027	319,674	363,626	683,301	110,119	568,742	4,439
2028	329,265	253,415	582,679	14,691	563,540	4,448
2029	339,143	261,017	600,160	15,132	580,166	4,862
2030	349,317	268,848	618,164	15,586	598,075	4,504
2031	359,796	276,913	636,709	16,054	615,218	5,438
2032	213,509	164,325	377,833	16,535	356,596	4,703
Total	\$ 4,520,125	\$ 5,241,048	\$ 9,761,173	\$ 479,874	\$ 9,161,731	\$ 119,568

Note: Savings provided by JCI on a year ending 2/1 basis. Fiscal year savings are derived from information provided by JCI and City Staff.

DAVENPORT & COMPANY

2015 Equipment Lease Purchase Agreement
October 27, 2015

Recommendation

Based upon our review of the proposals, related analyses, and discussions with City Staff and Bond Counsel, Davenport recommends that the City approve moving forward with the US Bank proposal for Scenario 1a as an Equipment Lease Purchase Agreement. The US Bank proposal offers the lowest interest rate and the lowest Debt Service compared to the other bank proposals. Additionally, US Bank allows the City to issue non General Obligation debt and preserve capacity under its legal debt limit for future debt issuances. While the US Bank proposal has a higher prepayment penalty, it does allow the City flexibility to prepay the loan if it desires to do so. Under the US Bank proposal, fiscal year savings are projected to offset the estimated debt service.

If US Bank is not able to satisfactorily complete the documentation and closing process, Davenport recommends that the City pursue the 2015 Financing with Carter Bank & Trust as a General Obligation Bond. Under the Carter Bank proposal, fiscal year savings are also projected to offset the estimated debt service. The Carter Bank proposal offers greater prepayment flexibility with minimal difference in total interest cost; however, as a General Obligation Bond the 2015 Financing with Carter Bank would impact the City's borrowing capacity under the legal debt limit.

Next Steps

- October 27th
 - City Council Meeting
 - Second Reading of Preliminary General Obligation Bond Ordinance
 - First Reading of Final General Obligation Bond Ordinance
 - City Council selects winning bidder (GO and Lease Purchase options)
- October 28th
 - Publish and broadcast Notice of Public Hearing (GO option)
- November 4th
 - Publish and broadcast Notice of Public Hearing (GO option)
- November 10th
 - City Council Meeting
 - Public Hearing held (GO option)
 - Second Reading of Final General Obligation Bond Ordinance
 - Lease Purchase Resolution adopted (Lease Purchase Option)
- On or about November 20th
 - Close on Financing

DAVENPORT & COMPANY

2015 Equipment Lease Purchase Agreement
October 27, 2015

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support, if and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

This material was prepared by public finance, or other non-research personnel of Davenport. This material was not produced by a research analyst, although it may refer to a Davenport research analyst or research report. Unless otherwise indicated, these views (if any) are the authors' and may differ from those of the Davenport fixed income or research department or others in the firm. Davenport may perform or seek to perform financial advisory services for the issuers of the securities and instruments mentioned herein.

This material has been prepared for information purposes only and is not a solicitation of any offer to buy or sell any security/instrument or to participate in any trading strategy. Any such offer would be made only after a prospective participant had completed its own independent investigation of the securities, instruments or transactions and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the completeness of this material. Davenport has no obligation to continue to publish information on the securities/instruments mentioned herein. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

The securities/instruments discussed in this material may not be suitable for all investors or issuers. Recipients should seek independent financial advice prior to making any investment decision based on this material. This material does not provide individually tailored investment advice or offer tax, regulatory, accounting or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. You should consider this material as only a single factor in making an investment decision.

The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport.

Version 01.13.14 | CH MIB TC

Ultimately, Davenport's recommendation would be to move forward with US Bank's lease/purchase option. The lease purchase would not count towards the statutory debt limit and the loan could be paid off early or refinanced if desired. Council Member Teague made a motion to execute the lease purchase option with US Bank; Council Member Hodge seconded the motion, all Council voted in

October 27, 2015

favor. City Manager Towarnicki said Council could schedule a public input on the options available. Council Member Teague and Council Member Hodge withdrew the motion and second so there can be a public hearing scheduled. After continued discussion, City Manager emphasized that the recommendation from staff and Davenport was the lease purchase option and all Council Members agreed that they prefer the lease purchase option. Vice Mayor Bowles made a motion to go forward with the lease purchase option submitted by US Bank, Stroud seconded the motion, all voted in favor.

Hear a presentation from Fayette Area Historical Initiative (FAHI) regarding a proposal for possible use of the former City of Martinsville Housing Office located at 605 Fourth Street – City Manager Towarnicki explained that proposal is a continuation from presentations offered in previous meetings. Council Member Teague asked that the proposal from the Special Meeting continue to be televised over the next two weeks to ensure the public has access to the information. Towarnicki stated that the City had received two proposals along with two other interested organizations but stated that two organizations did not produce a proposal and the second organization that had submitted a proposal has since verbally opted out. Chauncey Adams, Executive Director of FAHI gave a brief overview of FAHI and their proposal for the former Housing office located at 605 Fourth Street. Council Member Hodge asked for additional financials on utilities and general costs of building use which City Manager Towarnicki provided, averaging \$5,600 per year. Vice Mayor Bowles suggested that a public hearing be set. Council Member Hodge said she would like to continue discussions on the ownership options of the building. Vice Mayor Bowles made a motion to set a public hearing on November 10, 2015, Council Member Hodge seconded the motion, all Council members voted in favor.

Consider adoption of resolution supporting the “opt out” provision for administering the Virginia Stormwater management program – Chris Morris, City Engineer explained the many changes to the laws including stormwater management and stated that the City is currently not in the program. Teague made a motion to approve the resolution to opt out of the Virginia Stormwater management program; Vice Mayor Bowles seconded the motion, all council members voted in favor.

October 27, 2015



RE: RESOLUTION SUPPORTING THE "OPT OUT" PROVISION FOR ADMINISTERING THE VIRGINIA STORMWATER MANAGEMENT PROGRAM

WHEREAS, many localities are increasingly concerned over the Commonwealth of Virginia's expanding reliance upon localities for the administration, implementation and enforcement of regulations promulgated at the state level, and

WHEREAS, over the past several years, many changes have been made to the environmental laws in the Commonwealth of Virginia, including legislation imposing unfunded and underfunded mandatory local obligations regarding erosion and sediment control, the Chesapeake Bay Act and most recently, the significant expansion of the Virginia Stormwater Management Program (VSMP); and

WHEREAS, many localities in Virginia expressed concern to their state government delegation about the reasonableness, efficacy and costs of implementing the Commonwealth's expanded Stormwater Management Program and other environmental regulations at the local level; and

WHEREAS, many localities in Virginia have expressed concern regarding the liability they incur by becoming the VSMP plan approving authority, as well as the estimable costs and responsibilities of the perpetual maintenance of abandoned stormwater facilities required or implied through the expanded Stormwater Management Program; and

WHEREAS, the Senate of Virginia and the Virginia House of Delegates, in response to local government concerns, both passed by wide margins amendments to the Virginia Stormwater Management Program under House Bill 1173 / Senate Bill 423, which amendments allow local governments to choose either to manage their own Stormwater Management Programs or to "Opt Out", leaving the administration, implementation and enforcement of the Program to the Virginia Department of Environmental Quality (DEQ). These were both Omnibus Bills with broad and unequivocal support from DEQ, Environmental Groups and representatives from the Construction/Development community; and

WHEREAS, the Governor of the Commonwealth of Virginia signed House Bill 1173 / Senate Bill 423 on March 24, 2014, and the bill was enacted immediately with an emergency clause contained therein; and

WHEREAS, upon enactment, the Commonwealth of Virginia's lead environmental regulatory agency, the DEQ was established as the Commonwealth's VSMP Authority. The DEQ is the stormwater permitting authority and has the responsibility to implement, administer, and enforce the Commonwealth's environmental regulations in a uniform, consistent, efficient and timely manner across the Commonwealth; and

WHEREAS, the City of Martinsville, along with 54 other localities in Virginia, chose in 2014 to "Opt Out" of administering their own stormwater management program, leaving the administration of the Program to DEQ; and

WHEREAS, following the 2014 legislation, a Stormwater Advisory Group was convened and charged with making recommendations regarding consolidation and implementation of the Virginia's Water Regulations, including Stormwater and Erosion and Sediment Control, to the 2016 General Assembly; and

WHEREAS, the Stormwater Advisory Group is largely comprised of representatives from the environmental community, engineers and DEQ staff and lacks sufficient representation from Virginia's "Opt Out" localities and Chesapeake Bay Act localities; and

WHEREAS, while the Stormwater Advisory Group should be commended for their months of hard work, and in particular for the work on consolidating various environmental programs into one program under DEQ administration, the Group has focused a significant amount of time recently and has become sidetracked of late with a discussion on the benefits to DEQ of repealing the statutory right to "Opt Out" provided by the 2014 legislative amendments to the Virginia Stormwater Management Program and thereby returning to localities the responsibility of plan implementation, administration, and enforcement; and

WHEREAS, a recommendation to repeal the statutory "Opt Out" constitutes nothing less than nullification by committee of the legislative action clearly embodied in the 2014 Omnibus legislation, nullification of a right guaranteed by both houses of the General Assembly and the Governor, and would require that each and every locality in the Commonwealth administer a separate version of the Virginia Stormwater Management Program, thus resulting in inconsistency, inefficacy and a cumulative burden that will increase both in size and cost each year, constituting nothing short of a significantly expensive and burdensome **unfunded or underfunded mandate**; and

WHEREAS, DEQ has opined that Chesapeake Bay localities who exercise the statutory right to "Opt Out" receive an additional burden not shared by other localities by being forced to administer a local Stormwater Program for land disturbance projects between 2,500 square feet and 1 acre; and

NOW, THEREFORE, BE IT RESOLVED THAT:

The City of Martinsville **STRONGLY OPPOSES** any recommendation or effort to reverse or amend the action taken by the 2014 General Assembly in affording to Virginia's counties and cities the statutory right to "Opt Out" of administering the Virginia Stormwater Management Program, and further respectfully requests that the Stormwater Advisory Group support and seek implementation of the current law; and

The City of Martinsville respectfully requests that the Stormwater Advisory Group recognize and recommend that the statutory right to "Opt Out" be applied to all localities equally such that the Chesapeake Bay localities are not required to administer a local Stormwater Program for land disturbance projects between 2,500 square feet and 1 acre.

BE IT FURTHER RESOLVED THAT:

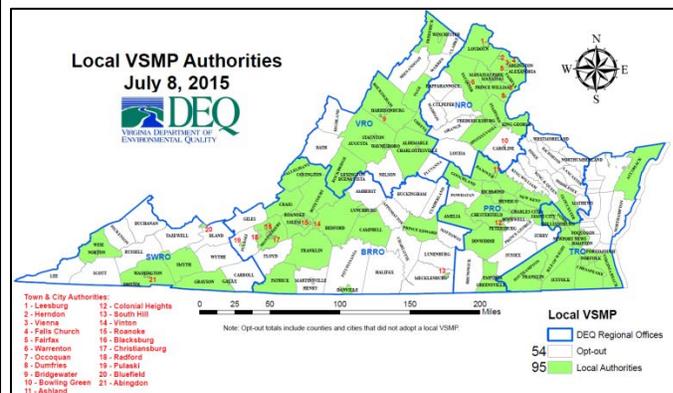
The City of Martinsville **strongly recommends** that DEQ and the General Assembly impanel an additional stakeholder group, more representative of rural and Chesapeake Bay localities, to conduct a comprehensive review of the efficiency and efficacy of the implementation and delivery of state environmental regulations and programs, to make recommendation for revisions on the delivery and implementation of these programs, and, if appropriate, draft the subsequent statutory and regulatory revisions, especially where the objective is to grant "Opt Out" alternatives to all localities equally.

Adopted this 27th day of October 2015

ATTEST:

Heather Roberts
Clerk of Council

10/27/2015
Date



Consider adoption of a Resolution authorizing the City's application to the Virginia Department of Transportation for participation in the FY17 Revenue Sharing Program – Chris Morris, City Engineer described part of the city's uptown revitalization efforts including repaving with previous allocations going towards the area around New College and at the crosswalks. This resolution would complete the project of repaving and stamped crosswalks. Council Member Teague made a motion to adopt the resolution authorizing the City's application to the Virginia Department of Transportation for participation in the FY17 Revenue Sharing Program; Vice Mayor Bowles seconded the motion, all Council Members voted in favor.

October 27, 2015



RESOLUTION

A RESOLUTION OF INTENT TO PARTICIPATE IN THE FY 2017 VDOT REVENUE SHARING PROGRAM FOR THE UPTOWN REPAVING PROJECT

WHEREAS, the City of Martinsville desires to submit an application for an allocation of funds of \$200,000 (\$100,000 state and \$100,000 city) through the Virginia Department of Transportation Fiscal Year 2016-2017 Revenue Sharing Program; and,

WHEREAS, \$100,000 of these funds are requested to fund the Uptown Repaving Project (1.3 mi.); and,

THEREFORE, BE IT RESOLVED, that the City of Martinsville hereby supports this application for an allocation of \$200,000 (\$100,000 state and \$100,000 city), through the Virginia Department of Transportation Revenue Sharing Program; and,

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to execute, on the behalf of the City of Martinsville, all necessary agreements required in conjunction with said project.

Adopted this 27th day of October 2015

ATTEST:


Clerk of Council


Date

At a regularly scheduled meeting of the City of Martinsville Council held on October 27, 2015, on a motion by Gene Teague, seconded by Jennifer Bowles, the above resolution was adopted by a vote of 5 to 0.

Discussion regarding the 2016 City Legislative Agenda – City Attorney Eric Monday discussed the 2015 City Legislative Agenda and requested Council to please notify him with any additions or deletions prior to the next meeting, stating that the pre-filing deadline is December 7, 2015.



The City of Martinsville appreciates the efforts its legislators undertake at both the state and federal level on behalf of its citizens. Listed below are the City's priorities requested of its legislative delegation in 2015.

Virginia General Assembly

Transportation

1. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards. Any construction or upgrades to the I-73 corridor should begin on those sections passing through Henry County.
2. Continue to place priority on Route 58 improvements, particularly the section between Stuart and Hillsville, Virginia.

Education

1. City Council endorses the agenda proposed by the Martinsville City School System and also endorses the educational priorities adopted by Henry County, on behalf of its school system.
2. Oppose the imposition of unaided education mandates and in the event of revenue cuts by the Commonwealth opposes targeted cuts by the Commonwealth, instead preferring local decision making authority on where to make any such cuts.
3. Recognizing its potential to promote economic development within our community and region, continue support for the development and funding of the New College Institute; urge that any funding reductions to New College Institute, if considered, be minimized to the greatest extent possible; and support the affiliation of The New College Institute as a branch of a four-year public university.
4. Request the Commonwealth to fully fund the expenditures imposed upon local school systems by implementing the Standards of Quality.
5. Encourage the Commonwealth to continue or increase the current levels of financial support provided to Patrick Henry Community College.
6. Encourage the Commonwealth to provide financial support to the College of Henricopolis School of Medicine.

Economic Development

1. Maintain current levels of funding for economic development incentives, including but not limited to the Governor's Opportunity Fund.
2. Enhance the authority granted to localities to address and eliminate blighted properties, and the formation of interstate compacts to allow expedited recourse against out-of-state property owners.
3. Continue current funding levels of the Virginia Museum of Natural History.
4. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
5. Support continued tourism awareness initiatives in the Martinsville-Henry County region.

Governance

1. Request the appointment of a joint gubernatorial legislative commission to examine the structure of local government in Virginia, the commission's mandate to include:
 - a. Examination of local government in the other 49 states for potential adaptation to Virginia.
 - b. Enable cities to expand their revenue base
 - c. Elimination of the "zero-sum" revenue base structure, which creates friction between cities and counties.
 - d. Elimination of redundant services and programs between contiguous cities and counties.
2. Require full funding for HB 599 funds, in fulfillment of the Commonwealth's commitment to cities in return for their acquiescence in the annexation moratorium.

3. Require that the Commonwealth fully fund its obligations to the Virginia Retirement System, and refrain from borrowing from VRS funds.
4. Request the elimination of "local aid to the Commonwealth" in the state budget; local aid artificially inflates state revenues by shifting responsibility for cuts in vital services onto localities.
5. Elimination of all unfunded mandates from the Commonwealth to localities.
6. Oppose any elimination or alteration of local revenue streams, and specifically oppose any amendment to the current manner in which the Business Occupation and Licensing Tax and the Machinery and Tools Tax are levied.
7. Request at a minimum, level funding for operational requirements of the Henry-Martinsville Department of Social Services.
8. Request that the General Assembly leaves intact the fire programs fund and the rescue squad assistance funds and not use these funds as a way to balance the state budget.
9. Request that the Commonwealth fully fund its obligations to constitutional officers.
10. Oppose any attempt to curtail the doctrine of sovereign immunity for localities.
11. Oppose any attempt to permit collective bargaining for state and local government employees.
12. Oppose any amendment of the existing burden of proof or process in local tax appeals cases.

United States Congress

1. Oppose any effort to impose additional taxation or regulation of electrical power generation by coal or natural gas.
2. Urge the Federal Highway Commission to adopt the CTB's designated route for I-73, or alternatively to preserve the current record of decision in the event the CTB's route is rejected.
3. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards.
4. Request \$3.72M in funds for the redevelopment of brownfields extending from the former American Furniture and Sara Lee sites, along Aaron Street, to Rives Road.
5. Request \$6.25M in funds for the elimination and redevelopment of blighted areas in the city.
6. Request legislation to provide special federal incentives to businesses locating in regions which have experienced job losses in excess of 5% of the total workforce and/or declines in median incomes since the adoption of NAFTA, WTO or GATT. Target such areas for increased federal funding in education or workforce retraining.
7. Extend high speed broadband service throughout southern Virginia.
8. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
9. Oppose the EPA's proposed expansion of the definition of "waters of the United States" in 40 CFR 230.3.

Staff Designations

City Council empowers the following staff members to speak on its behalf and in its best interests to the Virginia General Assembly and United States Congress, its members and committees:
City Attorney Eric Monday
City Manager Leon Tomwajicki
Other department heads as appointed by the City Manager

Consider approval of consent agenda – Council Member Teague made a motion to approve the consent agenda as presented, Vice Mayor Bowles seconded the motion, all Council Members voted in favor.

Business from the Floor – Patrick H. Wright, 1201 Spruce St asked about the Architectural Board, Mayor Turner suggested he can obtain more information and can apply for the vacancy online. Ural Harris, 217 Stewart Street expressed concern regarding articles in the paper about the budget and reversion and the extra money that the previous Mayor stated the City had in the Fund Balance. Teague stated that the fund balance revenue doesn't come in on a regular basis, some items come in twice a year and for emergencies and it is a positive viewed account to hold from a financial stand point. Mr. Harris said those reasons should be conveyed to the citizens so they don't feel that it is money the City is holding and not using.

Comments by members of City Council – Council Member Stroud wished the public a safe Halloween. He mentioned the race and encouraged the citizens to be hospitable to visitors. Vice Mayor Bowles encourage all citizens to become more active in the community or to visit the website to apply for any board vacancies. Mayor Turner talked about Uptown Trick or Treating activities on Saturday 4:00-7:00pm.

There being no further business, Council Member Hodge made a motion to adjourn at 9:38pm, Vice Mayor Bowles seconded that motion, all council voted in favor.

Karen Roberts
Clerk of Council

Danny Turner
Mayor

November 10, 2015

The regular meeting of the Council of the City of Martinsville, Virginia, was held on November 10, 2015, in Council Chambers, Municipal Building, at 7:30 PM, Closed Session beginning at 7:00pm, with Mayor Danny Turner presiding. Council Members present included: Mayor Danny Turner, Vice Mayor Jennifer Bowles, Gene Teague, Sharon Brooks Hodge, and Mark Stroud. Staff present included: City Manager Leon Towarnicki, Clerk of Council Karen Roberts, City Attorney Eric Monday, Finance Director Linda Conover, Director of Utilities Dennis Bowles, Superintendent of Electric Operations Durwin Joyce, Budget Analyst Mary Prillaman, Community Planner Susan McCulloch, and Police Chief Sean Dunn.

Mayor Turner called the meeting to order and advised Council will go into Closed Session. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Council Member Stroud, seconded by Council Member Hodge, with the following 5-0 recorded vote: Turner, aye; Teague, aye; Hodge, aye; Stroud, aye; and Bowles, aye, Council convened in Closed Session, for the purpose of discussing the following matters:(A) Appointments to Boards and Commissions as authorized by Subsection 1.and (B)Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the Session. On a motion by Council Member Teague, seconded by Council Member Hodge, with the following recorded 5-0 vote: Stroud, aye; Turner, aye; Bowles, aye; Teague, aye; Hodge, Council returned to Open Session.

Council Member Teague made a motion to appoint Kris Shrader to the Western Virginia Emergency Medical Services Council, term expiring December 31, 2018; Council Member Stroud seconded the motion. All members voted in favor.

Following the invocation by Vice Mayor Bowles and Pledge to the American Flag, Mayor Turner welcomed everyone to the meeting.

Consider setting two public hearings regarding an application for a Zoning Text Amendment and Special Use Permit from McGuireWoods, LLP on behalf of BVI Martinsville, (BVI) LLC – Susan McCulloch explained the petition for a Zoning Text Amendment and an application for a SUP submitted by McGuireWoods, LLP on behalf of BVI Martinsville, LLC and BVI to operate a bidding fee auction facility as part of a mixed use commercial development in Uptown Martinsville. The Planning Commission voted unanimously to deny the application and permit and asked that Council hold a public hearing. Council Member Teague made a motion to set two public hearings on November 24, 2015 to hear public input regarding an application for a Zoning Text Amendment and a Special Use Permit unless the applicants

November 10, 2015

request a different date, Vice Mayor Bowles seconded the motion. Council Member Hodge requested that the hearings not be held on Thanksgiving week. Council members discussed whether it would be in the best interest of the applicants and the public to postpone the hearings until December. Teague suggested Council hold the public hearings on November 24, 2015 and if they feel that there was not a substantial response then they can hold another hearing on December 8, 2015. All Council members voted in favor.

Minutes: On a motion by Council Member Hodge, seconded by Vice Mayor Bowles, with a 5-0 vote, Council approved the minutes of the October 16 and 17, 2015 Work Session and October 26, 2015 Neighborhood Meeting.

Hear public input on the City's proposed meter and lighting replacement project – City Manager Towarnicki summarized the progress of the project proposal, stating that the City recognized the need to replace water meters five to seven years ago. The City recognized that if they went with a conventional meter replacement that the life of the meters would only be another twenty years so the City began to look at other options including self-funding projects. Johnson Controls was chosen as the organization to move forward with a performance contract on the water meter project. The project would also include converting street lights to LED lighting which would also be part of the self-funding project. Financing was looked at and at the previous meeting a lease purchase option with US Bank was approved by Council members. The new meter replacements offer several updated options including leak detection and online customer inquiry. Mayor Turner said residents have expressed concern about what information the government can obtain from the new meter replacement. Dennis Bowles explained that should not be a concern and that the meters could be read from a central location. The intent is to read the meters quicker, to get better response in case of high consumption or potential leaks and quicker billing cycles. Towarnicki said on the electric side the system can detect exactly where an outage is located. Bowles said that there would be an automatic connect and disconnect option as well. Turner opened the floor to anyone who would like to offer input. No one approached the podium.

Consider adoption of a resolution approving lease purchase financing for the City's meter and lighting replacement project – City Manager Towarnicki explained the resolution to approve the lease purchase financing for the City's meter and lighting replacement project. Bowles made a motion to approve the resolution with US Bank, Hodge seconded the motion, all Council members voted in favor.

RESOLUTION OF CITY COUNCIL OF THE CITY OF MARTINSVILLE APPROVING LEASE PURCHASE FINANCING

WHEREAS, the City Council of the City of Martinsville (the "City Council") has determined (i) that a true and very real need exists for the acquisition, construction, renovation and equipping of utility improvements and energy saving improvements to City facilities, including utility meter improvements and street light replacements, all for municipal purposes (the "Improvements") described in the Lease Agreement (as hereinafter defined), all pursuant to a Performance Contract (the "Performance Contract") between the City Council and Johnson Controls, Inc.; (ii) that the Improvements are essential to the governmental functions of the City of Martinsville, Virginia (the "City"); and (iii) that it reasonably expects the Improvements to continue to be essential to the governmental functions of the City for a period not less than the term of the Lease Agreement; and

WHEREAS, the City Council has taken the necessary steps under the Procurement Act of the Code of Virginia, 1950, as amended, to acquire the Improvements; and

WHEREAS, the City Council proposes to enter into a Master Tax-Exempt Lease-Purchase Agreement, including Property Schedule No. 1 and exhibits, in the aggregate principal amount not to exceed \$7,425,000 (together, the "Lease Agreement") with U.S. Bancorp Government Leasing and Finance, Inc. (the "Lessor") to finance the purchase of the Improvements over approximately sixteen and one-quarter (16 1/4) years, such Lease Agreement being substantially in the form presented to this meeting; and

WHEREAS, (i) all amounts payable by the City under the Lease Agreement (the "Lease Obligations") are subject to appropriation by the City Council; (ii) the City Council is not under any obligation to make any appropriation with respect to the Lease Agreement; (iii) the Lease Agreement is not a general obligation of the City or a charge against the general credit or taxing power of the City; and (iv) amounts payable by the City under the Lease Agreement do not constitute a debt of the City within the meaning of any constitutional, charter or statutory limitation; and

WHEREAS, the Lessor requires as a condition of this financing that the city enter into an Escrow Agreement with U.S. Bank National Association (the "Escrow Agreement") governing the use and application of proceeds of the Lease Agreement; and

WHEREAS, the City Council reasonably anticipates that it and its subordinate entities will not issue tax-exempt obligations in the face amount of more than \$10,000,000 during the current calendar year; and

WHEREAS, the City Council desires to designate the Lease Agreement as a "qualified tax-exempt obligation" under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code");

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

1. The City Council hereby accepts the proposal of U.S. Bancorp Government Leasing and Finance, Inc. dated October 9, 2015, as it may be modified, for the lease financing of the Improvements on the terms set forth therein, with a term of approximately sixteen and one quarter (16 1/4) years, an aggregate principal component of Lease Obligations thereunder not to exceed \$7,425,000 and the interest cost of the interest component of Lease Obligations thereunder not to exceed 2.47% per annum (excluding applicable default or event of taxability rates under the provisions of the Lease Agreement).

2. It is hereby found and determined that the terms of the Lease Agreement and the Escrow Agreement (together, the "Documents") in the forms presented to this meeting are in the best interests of the City for the acquisition and installation of the Improvements.

3. The Documents and related financing documents are hereby approved in substantially the forms presented to this meeting. The Mayor, Vice-Mayor, City Managers and any officer of the City who shall have power generally to execute contracts on behalf of the City (collectively, the "City Officers") be, and each of them hereby is, authorized to execute, acknowledge and deliver the Documents and related financing documents with any changes, insertions and omissions therein as may be approved by the individuals executing the Documents and such documents, such approval to be conclusively evidenced by the execution and delivery thereof.

4. The same City Officers be, and each of them hereby is, authorized and directed to execute and deliver any and all other agreements, financing statements, papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out the purposes and intents of this resolution and the Lease Agreement.

5. The approvals set forth in this Resolution to enter into the Lease Agreement are subject to and contingent upon the Performance Contract being entered into by the City and Johnson Controls, Inc.

6. The City Council hereby designates the Lease Agreement as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code and represents and covenants that not more than \$10,000,000 in bonds, notes, leases and other obligations of the City (including any subordinate issuing entities), excluding private activity bonds, will be issued in calendar year 2015 and that neither the City Council nor any subordinate entity thereof will designate more than \$10,000,000 of "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

7. The City Council covenants that it shall not take or omit to take any action the taking or omission of which will cause the Lease Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Code, or otherwise cause interest on the Lease Obligations derived from the interest component of rental payments made by the City Council under the

Lease Agreement to be includable in the gross income for Federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the City Council shall comply with any provision of law that may require it at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Lease Agreement.

8. The City Council further covenants that it shall not permit the proceeds of the Lease Obligations to be used in any manner that would result in (a) 10% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, provided that no more than 5% of such proceeds may be used in a trade or business unrelated to the City Council's use of the Improvements, (b) 5% or more of such proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City Council receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest component of the Lease Obligations from being includable in the gross income for Federal income tax purposes of the registered owner thereof under existing law, the City Council need not comply with such covenants.

9. The City Council hereby declares, in accordance with U.S. Treasury Regulation Section 1.150-2, as amended from time to time, the City Council's intent to reimburse the City Council with the proceeds of the Lease Agreement for expenditures with respect to the Improvements (the "Expenditures") made no more than 60 days prior to the date hereof. The City Council reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Lease Agreement. Each Expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Lease Obligations, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the City Council so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City Council. The maximum principal amount of the Lease Obligations expected to be issued for the Improvements is \$7,425,000. The City Council will make a reimbursement allocation, which is a written allocation by the City Council that evidences the City Council's use of proceeds of the Lease Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Improvements are placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The City Council recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

10. The recitals to this resolution are hereby incorporated by reference and are declared to be findings of the City Council in connection with its decision to acquire, install and finance the Improvements.

11. Nothing in this Resolution, the Documents or other related documents shall constitute a debt or pledge of the faith and credit of the city, and the City shall not be obligated to make any payments under the documents except from funds that may be appropriated by the City Council.

12. All acts of the officers, agents, and representatives of the city that are in conformity with the purposes and intent of this Resolution and in furtherance of the acquisition of the Improvements are hereby approved, ratified and confirmed.

13. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto, to record such document where appropriate and to pay from City funds all appropriate filing fees, taxes and related charges.

14. The Post-Issuance Compliance Procedures for Tax Exempt financing adopted by the City on January 10, 2012 as procedures to monitor the requirements of Section 148 of the Code and to ensure remediation of nonqualified borrowing are recognized as applicable to the Lease Agreement.

15. This resolution shall be effective immediately upon its adoption.

Date of Adoption: November 10, 2015.

November 10, 2015

CERTIFICATION OF ADOPTION OF RESOLUTION

The undersigned Clerk of the City Council of the City of Martinsville, Virginia certifies that the Resolution set forth above was adopted on November 10, 2015 in an open meeting, by the City Council with the following votes:

Aye:

Nay:

Abstentions:

Signed this _____ day of November, 2015.

By: _____
Clerk
City of Martinsville, Virginia

- 5 -

(05/17/2014) - 000000-000000

Hear public hearing on FAHI proposal for possible use of former City of Martinsville Housing Office located at 605 Fourth Street – City Manager Towarnicki summarized the previous FAHI proposal. His recommendation would be for the City to lease the building to FAHI short-term. Stroud suggested a possible 18 month lease, Hodge said she would consider a shorter 6 month lease with the option to renew. Mayor Turner opened the floor to public comment. Faye Holland of FAHI said that her biggest concern about the lease is that Council should discuss those details with FAHI in advance to give them some idea of the lease amount. Vice Mayor Bowles made a motion for the City Manager to begin working on the new lease, Council Member Hodge seconded the motion. Hodge requested that the City Manager and City Attorney consider her suggestion of a minimal lease total and terms with the option to monitor how successful FAHI has been with fundraising to cover costs. All Council Members voted in favor.

Presentation on possible solar project – City Manager Towarnicki explained that the City had been looking at a possible solar project in the City for several months and requested proposals from several organizations. Turning Point Energy presented a promising proposal. A key issue for Council to take into consideration would be that the City is limited to industrial locations and whether they would want to contract use for this solar project at a potential industrial site. Towarnicki introduced Garrett Cole and Ryan Johnson of GDS who explained the solar proposal solicitation along with a project draft timeline, proposed project locations, and projected cost vs. market comparison. Turning Point Energy would be responsible for maintaining the facility including maintenance, purchases, tax credits, etc. Mayor Turner asked if the panels would cause problems for residents related to heat or

November 10, 2015

reflections, Mr. Johnson said that the panels would not cause any of those problems and that there would be no issue of noise either. He said the biggest resident concern could be the appearance of the panels. Teague recommended that Council pass on the project because the City would be giving up a lot of land for a project that seems to show little return for the City. Hodge said she would like to consider at least one of the two proposed sites. Turner and Stroud agreed with Hodge.

City of Martinsville

Overview of the TurningPoint Energy Solar Project
November 10, 2015

1

Martinsville Solar Proposal Solicitation

- ▶ Martinsville received solar proposals from 7 different entities with multiple options including:
 - ▶ Fixed-Tilt and Single-Axis Tracking solar panel technologies
 - ▶ Long-term Power Purchase Agreements (“PPAs”) ranging from 20-30 years
- ▶ A 30% Federal Investment Tax Credit (“ITC”) for solar plants is scheduled to be reduced to 10% beginning January 1, 2017
 - ▶ In order to take advantage of the 30% ITC, a solar plant would need to reach commercial operation by December 31, 2016
 - ▶ Solar costs are expected to increase post-2016

2

Solar Project Draft Timeline

2015	
November Open Session Council Meeting	November 10
• Select Solar Developer	
• Select Site(s)	
PPA Negotiation Complete	December 31
2016	
Land Due Diligence, Permitting, Zoning (if required)	First Quarter
Construction Start; Interconnection Delivery Date	June 1
Construction Complete (Anticipated COD)	October 1
Guaranteed Commercial Operation Date	December 1
Federal ITC Deadline	December 31

3

Term Sheet Discussions

- ▶ Draft term sheets were distributed to top 3 bidders based on economics
- ▶ Agreement on terms will allow PPA negotiations to move quickly
- ▶ Discussions centered on the following items:
 - ▶ Up-front Securitization (risk of losing 20% of capital costs due to ITC deadline)
 - ▶ Developer willing to take ownership of property due diligence, permitting and zoning schedule and cost risk
 - ▶ Interconnection schedule
 - ▶ Guaranteed generation output from facility

4

TurningPoint Energy Solar Proposal

- ▶ **Pricing:** Flat PPA rates shown with escalating rates to be provided
- ▶ **Term:** 25 years with right to extend additional 5 years with no effect on price; option to purchase 100% of project in year 6, 10 and end of PPA
- ▶ **Technology:** 315W solar panels, single-axis trackers and string inverters
- ▶ **Solar Renewable Energy Credits:** City retains SRECs after year 10

Proposal	Site Capacity (AC MW)	Capacity Factor (%)	Annual Energy (MWh)	Flat PPA Rate (\$/MWh)
Martinsville Rives Road Only	1.25 <i>(reduced size)</i>	27.1%	2,972	\$73.30
Martinsville Clearview Only	0.80	25.7%	1,801	\$79.20
Martinsville + Other Sites	8.05	23.0%	16,239	\$71.10

* Proposal costs do not include land cost (if any), property taxes, sales and use taxes, or interconnection upgrade costs

5

Rives Road Industrial Park

Property Details

- ▶ Industrial Zoned Acreage: 42.55
- ▶ Adjacent to rail, sewer, and 12 kV distribution line

Tax Revenues (As Is)

- ▶ Current assessed real estate tax value: \$396,500
- ▶ FY 2016 tax revenues of \$4,211.23 (or \$1.0621 per \$100 of assessed value)

Tax Revenues (with 1.25 MW solar farm)

- ▶ Solar equipment exempted from taxation in Virginia
- ▶ Subject to same real estate taxes or \$4,211.23
- ▶ Virginia sales and use tax (5.3% of assessed value) applied only to racking and mounting equipment, conduit and meters; equipment used in “manufacture” of solar electricity exempted from taxation
- ▶ Minimal additional tax revenue

Validated with the Henry County property tax assessor’s office, Martinsville Commissioner of Revenue and Virginia Department of Taxation

6

Preliminary Solar Layout (1.25 MW) at Rives Road



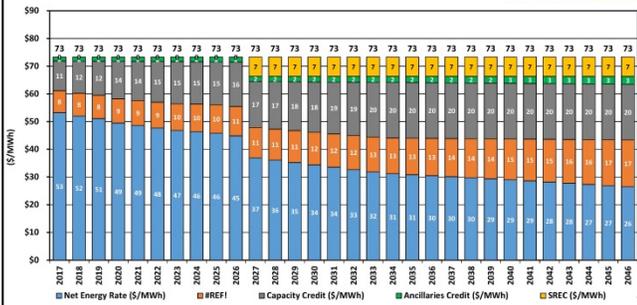
7

Preliminary Solar Layout (0.80 MW) at Clearview



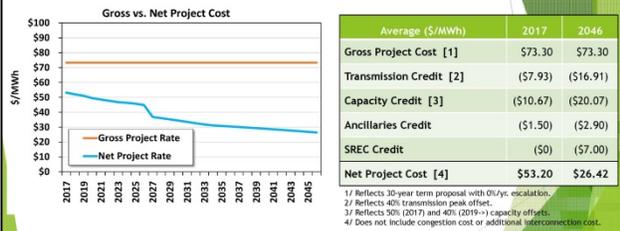
8

Annual Project Cost (Martinsville Rives Road Only Pricing)
30-year TurningPoint Energy Example (SRECs Not Included Until Year 11)



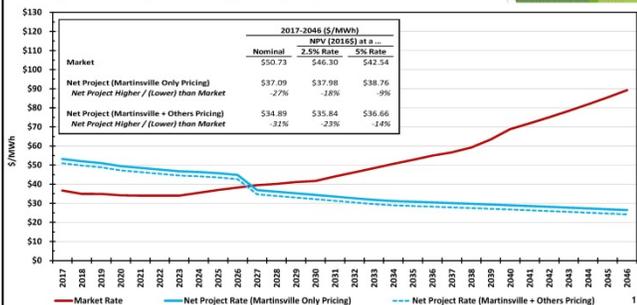
9

Annual Project Cost (Martinsville Only Pricing)
30-year TurningPoint Energy Example (SRECs Not Included Until Year 11)



10

Solar Project Cost vs. Market Comparison
30-year TurningPoint Energy Example (SRECs Not Included Until Year 11)



11

Discussion of 2016 legislative agenda – City Attorney Monday stated that the legislative agenda would not need a final approval at tonight’s meeting. Changes are marked on the legislative agenda in red. Teague requested legislation on Item 13. Monday stated that he had a meeting with Governor Stanley on Thursday and would bring that up.



The City of Martinsville appreciates the efforts its legislators undertake at both the state and federal level on behalf of its citizens. Listed below are the City's priorities requested of its legislative delegation in 2015.

Virginia General Assembly

Transportation

1. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards. Any construction or upgrades to the I-73 corridor should begin on those sections passing through Henry County.
2. Continue to place priority on Route 58 improvements, particularly the section between Stuart and Hillsville, Virginia.

Education

1. City Council endorses the agenda proposed by the Martinsville City School System and also endorses the educational priorities adopted by Henry County, on behalf of its school system.
2. Oppose the imposition of mandated education mandates and in the event of revenue cuts by the Commonwealth, opposes targeted cuts by the Commonwealth, instead preferring local decision making authority on where to make any such cuts.
3. Recognizing its potential to promote economic development within our community and region, continue support for the development and funding of the New College Institute; urge that any funding reductions to New College Institute, if considered, be minimized to the greatest extent possible; and support the affiliation of The New College Institute as a branch of a four-year public university.
4. Request the Commonwealth to fully fund the expenditures imposed upon local school systems by implementing the Standards of Quality.
5. Encourage the Commonwealth to continue or increase the current levels of financial support provided to Patrick Henry Community College.
6. Encourage the Commonwealth to provide financial support to the College of Henricopolis School of Medicine.
- 6.7. Request the Commonwealth to provide incentives for consolidation of school systems.

Comment [EM1]: No such agendas have been provided.

Economic Development

1. Maintain current levels of funding for economic development incentives, including but not limited to the Governor's Opportunity Fund.
2. Enhance the authority granted to localities to address and eliminate blighted properties, and the formation of interstate compacts to allow expedited recourse against out-of-state-property owners.
3. Continue current funding levels of the Virginia Museum of Natural History.
4. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
5. Support continued tourism awareness initiatives in the Martinsville-Henry County region.
- 5.6. Expand local authority to designate Enterprise Zones and establish incentives.

Governance

1. Request the appointment of a joint gubernatorial legislative commission to examine the structure of local government in Virginia, the commission's mandate to include:
 - a. Examination of local government in the other 49 states for potential adaptation to Virginia.
 - b. Enable cities to expand their revenue base.
 - c. Elimination of the "zero-sum" revenue base structure, which creates friction between cities and counties.
 - d. Elimination of redundant services and programs between contiguous cities and counties.

2. Require full funding for HB 599 funds, in fulfillment of the Commonwealth's commitment to cities in return for their acquiescence in the annexation moratorium.
3. Require that the Commonwealth fully fund its obligations to the Virginia Retirement System, and refrain from borrowing from VRS funds.
4. Request the elimination of "local aid to the Commonwealth" in the state budget; local aid artificially inflates state revenues by shifting responsibility for cuts in vital services onto localities.
5. Elimination of all unfunded mandates from the Commonwealth to localities.
6. Oppose any elimination or alteration of local revenue streams, and specifically oppose any amendment to the current manner in which the Business Occupation and Licensing Tax and the Machinery and Tools Tax are levied, unless a replacement revenue stream, not subject to biennial appropriation, is guaranteed by the Commonwealth.
7. Request at a minimum, level funding for operational requirements of the Henry-Martinsville Department of Social Services.
8. Request that the General Assembly leaves intact the fire programs fund and the rescue squad assistance funds and not use these funds as a way to balance the state budget.
9. Request that the Commonwealth fully fund its obligations to constitutional officers.
10. Oppose any attempt to curtail the doctrine of sovereign immunity for localities.
11. Oppose any attempt to permit collective bargaining for state and local government employees.
12. Oppose any amendment of the existing burden of proof or process in local tax appeals cases.
- 12.13. Request authority to refund erroneously paid taxes at an interest rate which differs from that imposed on delinquencies, and to refund taxes erroneously paid through the fault of the taxpayer at no interest.

United States Congress

1. Oppose any effort to impose additional taxation or regulation of electrical power generation by coal or natural gas.
2. Urge the Federal Highway Commission to adopt the CTB's designated route for I-73, or alternatively to preserve the current record of decision in the event the CTB's routing is rejected.
3. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards.
4. Request \$3.72M in funds for the redevelopment of brownfields extending from the former American Furniture and Sara Lee sites, along Aaron Street, to Rives Road.
5. Request \$6.25M in funds for the elimination and redevelopment of blighted areas in the city.
6. Request legislation to provide special federal incentives to businesses locating in regions which have experienced job losses in excess of 5% of the total workforce and/or declines in median incomes since the adoption of NAFTA, WTO or GATT. Target such areas for increased federal funding in education or workforce retraining.
7. Extend high speed broadband service throughout southern Virginia.
8. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
9. Oppose the EPA's proposed expansion of the definition of "waters of the United States" in 40 CFR 230.3.

Staff Designations

City Council empowers the following staff members to speak on its behalf and in its best interests to the Virginia General Assembly and United States Congress, its members and committees:
 City Attorney Eric Monday
 City Manager Leon Tomascicki
 Other department heads as appointed by the City Manager

Adopt Utility Fund Cash Reserve policies – Linda Conover summarized the request for adoption of the Utility Fund Cash Reserve policies for electric, refuse, sewer, water and telecommunications. Bowles made a motion to adopt the Cash Reserve policies, Stroud seconded the motion, all Council members voted in favor.

**City of Martinsville Electric Fund
Cash Reserve Policy**

Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills.
2. The short-term and long-term financial health of the Utility.
3. Stable rates for customers.
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bonding agencies

In recent years, the compounded impacts of power supply cost uncertainties, a sluggish economy, volatile energy prices, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Variability in power costs
- Debt policies
- Future capital improvements needed by utility
- Line Extension policies

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.

**UTILITY CASH RESERVE POLICY FOR ELECTRIC
CITY OF MARTINSVILLE**

Purpose

To help ensure financial stability, timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy should be established. Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve. Actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets, future capital plan, rate setting policies, and debt policies.

Methodology

The methodology outlined in this ordinance is based on certain assumptions related to percent of:

1. Operation and maintenance
2. Purchase/production electric costs
3. Historical investment in assets
4. Debt service
5. Five-year capital plan

After the reserve minimum is determined, management should consider the minimum "in total" and not each individual category. For example, catastrophic events can occur and the amount may far exceed the amount set aside under "Historical investment in assets".

Calculation and Risk Factors Used

Operations & Maintenance Risk

Working Capital Lag – Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense and purchased/production electric expenditures.
 - o 12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).

Total 2015 Electric O&M Budget	17,037,924
Depreciation	-377,832
Power Supply	-13,718,361
Expense w/o Depr & Power Supply	2,941,730
45 Days Working Capital Lag	12.3%
O & M Risk	5961,833

Power Supply Risk

Max Month – The peak month power supply was used in the cash reserve calculation. This represents 9.7% of the total yearly power supply.

- The cash reserve policy will include the max month or 9.7% of annual power supply.
 - o 9.7% was derived by dividing the max month power costs by the total budgeted power supply. (\$1,325,263/\$13,718,361 = 9.7%)

	Monthly Cost
July	1,325,263
August	1,236,991
September	1,143,886
October	1,073,658
November	1,020,081
December	1,126,238
January	1,173,332
February	1,212,283
March	1,268,575
April	969,741
May	1,194,029
June	971,284
TOTAL:	13,718,361

Historical Investment Risk

Investment in assets – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA; however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- The cash reserve policy will include 3% of the historical investment in assets as recorded in the financial statements.
 - o The typical range for set aside under this category is 1.0 – 3.0%. The following table will be used to determine the risk factor as assets are added and depreciated:

Risk Table		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- o The Electric Department's assets are currently depreciated at 70.1%.

Historical Investment	\$32,943,355
Accumulated Depreciation	\$23,124,591
Percent Depreciated	70.1%
Risk Associated with Historical Assets	3.0%
Historical Investment Risk	\$988,301

Debt Service Risk

Annual debt service – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

- The cash reserve policy will include 100% of the current portion of debt service.

Payment Date	Principal	Interest	Total
7/14/2014	\$18,000	\$848	\$18,848
1/6/2015	\$0	\$950	\$950
Total			\$19,798
Highest Payment Risk			100%

Five-Year Capital Plan Risk

Capital improvement program – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- The cash reserve policy will include 20% (1/5th) of the five-year capital improvement program less any improvements funded through the issuance of bonds.

	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Total
Total Capital Plan	582,000	298,000	298,500	285,000	650,000	2,113,500
Bond Proceeds						
Net	582,000	298,000	298,500	285,000	650,000	2,113,500
Capital Plan Risk						20.0%
						\$422,700

Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk "in total" and not each individual category. For example: catastrophic events can occur and the amount may far exceed the amount set aside under "Historical investment in assets".

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. rate adjustments
2. cost reductions
3. issuance of bonds to fund capital improvement programs
4. modification of the assumptions used to determine the cash reserve levels

Based on 2015 budget expenditures, the proposed recommended minimum cash reserve is \$3,120,895 as calculated below:

Recommended MINIMUM Reserves	Percent Allocated	Projected 2016
Operation & Maint Less Deprec & Purch	12.3%	\$361,833
Purchase Power	9.7%	\$1,328,263
Historical Rate Base	3.0%	\$988,301
Current Portion of Debt Service	100.0%	\$19,798
5-Year Capital Plan - Net of Bond Proceeds	20.0%	\$422,700
Recommended MINIMUM Reserves		\$3,120,895

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent of the life cycle of assets, future capital plan, rate setting policies, and debt policies. The cash reserve calculation should be updated annually as part of the budget process.

**City of Martinsville Refuse Fund
Cash Reserve Policy**

Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills.
2. The short-term and long-term financial health of the Utility.
3. Stable rates for customers.
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bond rating agencies

In recent years, the compounded impacts of cost increases, a sluggish economy, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Debt policies
- Future capital improvements needed by utility
- Line Extension policies

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.

Methodology

Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent on several risk factors discussed below.

The methodology used in this report is based on certain assumptions related to percent of operation and maintenance, production costs, historical investment in assets, debt service and the five-year capital plan.

Operations & Maintenance Risk

Working Capital Lag – Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense.
 - 12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).

Total 2015 Refuse O&M Budget	1,709,327
Depreciation	-172,361
Expense w/o Depreciation	1,536,966
45 Days Working Capital Lag	12.3%
O & M Risk	\$189,047

Historical Investment Risk

Investment in assets – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA; however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- The cash reserve policy will include 3% of the historical investment in assets as recorded in the financial statements.
 - The typical range for set aside under this category is 1.0 – 3.0%. The following table will be used to determine the risk factor as assets are added and depreciated:

Risk Table		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- The Refuse Department's assets are currently depreciated at 46.2% as calculated below:

Historical Investment	\$4,713,844
Accumulated Depreciation	\$2,179,346
Percent Depreciated	46.2%
Risk Associated with Historical Assets	1.0%
Historical Investment Risk	\$47,138

Debt Service Risk

Annual debt service – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

- The cash reserve policy will include 100% of the current portion of debt service.

Payment Date	Principal	Interest	Total
July 2014	\$332,100	\$19,557	\$351,657
January 2015	\$69,743	\$17,695	\$87,437
Total			\$439,094
Highest Payment Risk			100%

Five-Year Capital Plan Risk

Capital improvement program – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- The cash reserve policy will include 20% (1/5th) of the five-year capital improvement program less any improvements funded through the issuance of bonds.

	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Total
Total Capital Plan	105,000	75,000	160,000	0	250,000	590,000
Bond Proceeds						
Net	105,000	75,000	160,000	0	250,000	590,000
Capital Plan Risk						20.0%
						\$118,000

Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk "in total" and not each individual category. For example: catastrophic events can occur and the amount may far exceed the amount set aside under "Historical investment in assets".

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. rate adjustments
2. cost reductions
3. issuance of bonds to fund capital improvement programs
4. modification of the assumptions used to determine the cash reserve levels

Based on 2015 budget expenditures, the proposed recommended minimum cash reserve is \$793,279 as calculated below:

	Percent Allocated	Projected 2016
Recommended MINIMUM Reserves		
Operation & Maint Less Deprec	12.3%	\$189,047
Historical Rate Base	1.0%	\$47,138
Current Portion of Debt Service	100.0%	\$439,094
5-Year Capital Plan-Net of Bond Proceeds	20.0%	\$118,000
Recommended MINIMUM Reserves		\$793,279

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent of the life cycle of assets, future capital plan, rate setting policies, and debt policies. The cash reserve calculation should be updated annually as part of the budget process.

Rev. 10/2015

**City of Martinsville Sewer Fund
Cash Reserve Policy**

Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills.
2. The short-term and long-term financial health of the Utility.
3. Stable rates for customers.
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bonding agencies

In recent years, the compounded impacts of cost increases, a sluggish economy, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Variability in power costs
- Debt policies
- Future capital improvements needed by utility
- Line Extension policies

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.

Methodology

Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent on several risk factors discussed below.

The methodology used in this report is based on certain assumptions related to percent of operation and maintenance, production costs, historical investment in assets, debt service and the five-year capital plan.

Operations & Maintenance Risk

Working Capital Lag – Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense.
 - o 12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).

Total 2015 Sewer O&M Budget	3,963,175
Depreciation	-226,088
Expense w/o Depreciation	3,737,087
45 Days Working Capital Lag	12.3%
O & M Risk	\$459,662

Historical Investment Risk

Investment in assets – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA, however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- The cash reserve policy will include 3% of the historical investment in assets as recorded in the financial statements.
 - o The typical range for set aside under this category is 1.0 – 3.0%. The following table will be used to determine the risk factor as assets are added and depreciated:

Risk Table		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- o The Sewer Department's assets are currently depreciated at 83.2% as calculated below:

Historical Investment	\$19,570,097
Accumulated Depreciation	\$16,283,208
Percent Depreciated	83.2%
Risk Associated with Historical Assets	
	3.0%
Historical Investment Risk	\$587,103

Debt Service Risk

Annual debt service – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

- The cash reserve policy will include 100% of the current portion of debt service.

Payment Date	Principal	Interest	Total
7/29/2014	\$0	\$1,527	\$1,527
1/23/2015	\$15,258	\$1,527	\$16,784
Total			\$18,311
Highest Payment Risk			100%

Five-Year Capital Plan Risk

Capital improvement program – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- The cash reserve policy will include 20% (1/5th) of the five-year capital improvement program less any improvements funded through the issuance of bonds.

	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Total
Total Capital Plan	\$74,000	670,000	\$15,000	425,000	470,000	2,654,000
Bond Proceeds						
Net	\$74,000	670,000	\$15,000	425,000	470,000	2,654,000
Capital Plan Risk						20.0%
						\$530,800

Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk "in total" and not each individual category. For example: catastrophic events can occur and the amount may far exceed the amount set aside under "Historical investment in assets".

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. rate adjustments
2. cost reductions
3. issuance of bonds to fund capital improvement programs
4. modification of the assumptions used to determine the cash reserve levels

Based on 2015 budget expenditures, the proposed recommended minimum cash reserve is \$1,595,876 as calculated below:

	Percent Allocated	Projected 2016
Recommended MINIMUM Reserves		
Operation & Maint. Less Deprec.	12.3%	\$459,662
Historical Rate Base	3.0%	\$587,103
Current Portion of Debt Service	100.0%	\$18,311
5-Year Capital Plan-Net of Bond Proceeds	20.0%	\$530,800
Recommended MINIMUM Reserves		\$1,595,876

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent of the life cycle of assets, future capital plan, rate setting policies, and debt policies. The cash reserve calculation should be updated annually as part of the budget process.

**City of Martinsville Water Fund
Cash Reserve Policy**

Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills.
2. The short-term and long-term financial health of the Utility.
3. Stable rates for customers.
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bonding agencies

In recent years, the compounded impacts of cost increases, a sluggish economy, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Variability in power costs
- Debt policies
- Future capital improvements needed by utility
- Line Extension policies

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.

Methodology

Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent on several risk factors discussed below.

The methodology used in this report is based on certain assumptions related to percent of operation and maintenance, production costs, historical investment in assets, debt service and the five-year capital plan.

Operations & Maintenance Risk

Working Capital Lag – Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense.
 - 12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).

Total 2015 Water O&M Budget	3,017,201
Depreciation	-202,797
Expense w/o Depreciation	2,814,403
45 Days Working Capital Lag	12.3%
O & M Risk	\$346,172

Historical Investment Risk

Investment in assets – Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA, however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- The cash reserve policy will include 3% of the historical investment in assets as recorded in the financial statements.
 - The typical range for set aside under this category is 1.0 – 3.0%. The following table will be used to determine the risk factor as assets are added and depreciated:

Risk Table		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- The Water Department's assets are currently depreciated at 71.2% as calculated below:

Historical Investment	\$15,940,573
Accumulated Depreciation	\$11,352,568
Percent Depreciated	71.2%
Risk Associated with Historical Assets	3.0%
Historical Investment Risk	\$478,217

Debt Service Risk

Annual debt service – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure a adequate cash reserves exist to fund the debt service payment when the payment is due.

- The cash reserve policy will include 100% of the current portion of debt service.

Payment Date	Principal	Interest	Total
	\$0	\$0	\$0
	\$0	\$0	\$0
Total	\$0	\$0	\$0
Highest Payment Risk			100%

Five-Year Capital Plan Risk

Capital improvement program – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- The cash reserve policy will include 20% (1/5th) of the five-year capital improvement program less any improvements funded through the issuance of bonds.

	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Total
Total Capital Plan	689,370	761,000	230,000	250,000	300,000	2,230,370
Bond Proceeds						
Net	689,370	761,000	230,000	250,000	300,000	2,230,370
Capital Plan Risk						20.0%
						\$446,074

Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk "in total" and not each individual category. For example: catastrophic events can occur and the amount may far exceed the amount set aside under "Historical investment in assets".

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. rate adjustments
2. cost reductions
3. issuance of bonds to fund capital improvement programs
4. modification of the assumptions used to determine the cash reserve levels

Based on 2015 budget expenditures, the proposed recommended minimum cash reserve is \$1,270,463 as calculated below:

	Percent Allocated	Projected 2015
Recommended MINIMUM Reserves		
Operation & Maint Less Deprec	12.3%	\$346,172
Historical Rate Base	3.0%	\$478,217
Current Portion of Debt Service	100.0%	\$0
5-Year Capital Plan-Net of Bond Proceeds	20.0%	\$446,074
Recommended MINIMUM Reserves		\$1,270,463

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent of the life cycle of assets, future capital plan, rate setting policies, and debt policies. The cash reserve calculation should be updated annually as part of the budget process.

Rev: 10/2015

**City of Martinsville Telecommunications Fund
Cash Reserve Policy**

Introduction

Cash reserve policies and guidelines are often established by utilities to maintain appropriate cash reserves to help ensure:

1. Cash exists for timely payment of bills.
2. The short-term and long-term financial health of the Utility.
3. Stable rates for customers.
4. Cash exists to fund unanticipated cost contingencies
5. The amount and timing of future bond issues are identified
6. A significant factor is being met for bonding agencies

In recent years, the compounded impacts of cost increases, a sluggish economy, and rising capital improvement costs have posed challenges to maintaining stable rates and cash reserves. It is important for utilities to maintain the financial flexibility to smooth rate increases and stagger rate adjustments for customers of the utility.

Minimum cash reserve guidelines proposed in this report should be set to allow reserves to fluctuate above the minimum guidelines. The decision to hold more money than the established minimum cash guidelines should be based on the assessments of uncertainties and other financial policies such as:

- The financial risk facing the utilities
- Rate setting policies
- Variability in expenses
- Debt policies
- Future capital improvements needed by utility

The adequacy of the guidelines may be reviewed internally each year, and if appropriate, revised guidelines may be recommended.

Methodology

Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent on several risk factors discussed below.

The methodology used in this report is based on certain assumptions related to percent of operation and maintenance, production costs, historical investment in assets, debt service and the five-year capital plan. The utility should adopt the methodology to determine the minimum reserve, not the calculated number. The establishment of minimum cash reserves should consider a number of factors including:

Operations & Maintenance Risk

Working Capital Lag – Timing differences exist between when expenses are incurred and revenues received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.

- The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense.
 - o 12.3% was derived by assuming a 45 day lag between billing and payment receipt from customers. (45 days/365 days).

Total 2015 Telecommunications O&M Budget	960,170
Depreciation	0
Expense w/o Depreciation	960,170
45 Days Working Capital Lag	12.3%
O & M Risk	\$118,101

Historical Investment Risk

Investment in assets – Catastrophic events may occur that require substantial investments to replace damaged assets. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion and to arrange short-term financing options. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percent to the minimum cash reserves are dependent on the age of the assets in service and the level of risk of catastrophic type events.

- The cash reserve policy will include 1% of the historical investment in assets as recorded in the financial statements.
 - The typical range for set aside under this category is 1.0 – 3.0%. The following table will be used to determine the risk factor as assets are added and depreciated:

Risk Table		
Depreciation Percent	0 - 49%	1.0%
Depreciation Percent	50 - 55%	2.0%
Depreciation Percent	Over 55%	3.0%

- The Telecommunications Department's assets are currently depreciated at 46.2% as calculated below:

Historical Investment	\$932,931	
Accumulated Depreciation	\$0	
Percent Depreciated	0.0%	
Risk Associated with Historical Assets		
	1.0%	
Historical Investment Risk	\$9,329	

Debt Service Risk

Annual debt service – Some debt service payments do not occur evenly throughout the year and often occur every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due.

- The cash reserve policy should include 50 - 100% of the current portion of debt service, depending on the timing of payments. There is currently no debt in the Telecommunications Department, but a debt line item for future debt issuances should be included in the policy.

Five-Year Capital Plan Risk

Capital improvement program – Some capital improvements are funded through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

- The cash reserve policy will include 20% (1/5th) of the five-year capital improvement program less any improvements funded through the issuance of bonds.

	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Total
Total Capital Plan	250,600	317,875	536,000	339,500	240,000	1,683,975
Bond Proceeds						
Net	250,600	317,875	536,000	339,500	240,000	1,683,975
Capital Plan Risk						20.0%
						\$336,795

Minimum Cash Reserve Calculation

The minimum cash reserve calculation considers the risk "in total" and not each individual category. For example: catastrophic events can occur and the amount may far exceed the amount set aside under "Historical investment in assets".

If certain events occur that results in cash reserves falling below the minimum cash reserve levels, the City Council should take action to restore cash reserves to the minimum levels over the subsequent three years. These actions may include a number of options:

1. rate adjustments
2. cost reductions
3. issuance of bonds to fund capital improvement programs
4. modification of the assumptions used to determine the cash reserve levels

Based on 2015 budget expenditures, the proposed recommended minimum cash reserve is \$464,225 as calculated below:

Recommended MINIMUM Reserves	Percent Allocated	Projected 2016
Operation & Maint Less Deprec	12.3%	\$118,101
Historical Rate Base	1.0%	\$9,329
Current Portion of Debt Service	100.0%	\$0
5-Year Capital Plan-Net of Bond Proceeds	20.0%	\$336,795
Recommended MINIMUM Reserves		\$464,225

It is important to emphasize this is a recommended minimum cash reserve. Actual cash reserves may vary substantially above the minimum and is dependent of the life cycle of assets, future capital plan, rate setting policies, and debt policies.

The cash reserve calculation should be updated annually as part of the budget process. The discussion with the City Council should include a visual description of the past trends, current position and future projections.

November 10, 2015

Consent Agenda: On a motion by Council Member Teague, seconded by Vice Mayor Bowles, with a 5-0 vote, Council approved the following consent agenda:

BUDGET ADDITIONS FOR 11/10/15				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
FY16				
General Fund:				
01100908	480420	Misc Revenues - Donations/Senior Services		100
01100909	490801	Recovered Costs - Senior Services		2,172
01714212	506016	Senior Citizens - Program Supplies	100	
01714212	501300	Senior Citizens - Part-time Wages	1,375	
01714212	502100	Senior Citizens - Social Security	85	
01714212	502110	Senior Citizens - Medicare	20	
01714212	506049	Senior Citizens - Vehicle Fuels	692	
		Christmas Tea donation; Transportation Grant July, Aug. & Sept.		
Total General Fund:			2,272	2,272

Business from floor: Ural Harris, 217 Stewart Street – expressed concern about several department heads who plan to retire, he feels that the City should change the policy, requiring department heads to live in the City. Patrick H. Wright, 1201 Spruce Street – says that bulk mailings claiming that residents have won money are wrong and that those businesses only want to sell products.

Council comments: Council Member Stroud expressed condolences to the Lois Compton family. With Veterans Day tomorrow, Stroud shared that his first heros were his uncles and cousins who served in the military. Thank you to the veterans and families of those veterans who paid the ultimate sacrifice. Vice Mayor Bowles wanted to thank the Police Department for their first health fair today, especially the Policing Alternative Coalition and Piedmont Community Services. Mayor Turner wanted to thank Lawrence Mitchell for locating a grave of a World War I veteran at the end of Smith Road. There will be a ceremony to place a flag in his honor. He also thanked the Sheriff’s department for cleaning around that grave site. Turner stated that Council would be drafting a letter to Nascar driver Jeff Gordon for everything he’s done for racing and our area. Another letter will be sent to Nascar driver Joey Logano for funding the new roof at Citizens Against Family Violence. If the public has comments but they do not want to be televised, the Council is working on a method to honor this request before the next meeting. Bowles added that residents can contact a Council Member if they would like something added to the agenda.

City Manager comments: City Manager Towarnicki stated that the municipal building would be closed on Wednesday in honor of Veteran’s Day. He said that there would be a Veteran’s Day service at the former John D. Bassett school at 6:00pm on Wednesday. Towarnicki also shared that November 21 is the annual Christmas parade.

November 10, 2015

There being no further business, a motion was made by Council Member Teague to adjourn the meeting, seconded by Council Member Hodge with all council members in favor. The meeting adjourned at 9:46pm.

Karen Roberts
Clerk of Council

Danny Turner
Mayor

- Meeting Date:** November 24, 2015
- Item No:** 2.
- Department:** Human Resources
- Issue:** Recognize City Employees who are eligible for Service Awards – October 1 through December 31, 2015.
- Summary:** The Service Award Program is designed to build individual morale and show appreciation to the long-service employee for their faithful service to the City of Martinsville.
- Attachment:** Listing of City Employees who are eligible for the service award for the first quarter of FY 15-16.

TO BE READ BY MAYOR. NO ACTION NECESSARY.

**SERVICE AWARD RECIPIENTS
SECOND QUARTER - FISCAL YEAR 15-16
FOR THE PERIOD OF OCTOBER 1 – DECEMBER 31, 2015**

NAME		DEPARTMENT	YEARS OF SEVICE
SCOTT	ERRICHETTI	ELECTRIC	5
JONATHAN	FULCHER	POLICE DEPT	5
JOSEPH	WASHBURN	POLICE DEPT	10
MARY KAY	WASHINGTON	FINANCE	10
JIM	COOPER	SHERIFF - JAIL	15
TIM	GARY	SHERIFF - JAIL	15
GREG	JOHNSTON	POLICE DEPT	15
DONNA	HARRIS	SENIOR CENTER	20
CHRIS	MORRIS	ENGINEERING	20
MILDRED	SPENCE	SHERIFF - JAIL	20
BETTY	WAGONER	CIRCUIT COURT	20
EDDIE	CASSADY	POLICE DEPT	30
DURWIN	JOYCE	ELECTRIC	30
ASHBY	PRITCHETT	CIRCUIT COURT	30

Meeting Date: November 24, 2015

Item No: 3.

Department: City Council

Issue: Recognize 8 Girl Scouts of Girl Scout Troop 616 for receiving the Bronze Award; the highest award Junior Girl Scouts can obtain.

Summary: Eight Girl Scouts from Girl Scout Troop 616 in Martinsville will be receiving the Bronze Award on Monday, November 23rd. The Bronze Award is the highest award Junior Girl Scouts (grades 4 and 5) may receive and requires a minimum of 20 hours of community service work in implementing a project.

For their project, the girls created pet safety education kits and partnered with the Martinsville-Henry County SPCA and other organizations.

Girl Scout Troop 616 is located in Martinsville and Scout leaders are Diane Richardson and Jenny Mase. Johnathan Phillips served as the Bronze Award Chair. The Scouts who received the Bronze Award are Lilli Bescher, Caroline Boa, Savannah Brown, Hannah Mase, Ava Meyer, Emma Nester, Claudia Phillips, and Leia Richardson.

Attachments: Proclamation recognizing and honoring the Scouts.

Recommendations: No Council action needed.



PROCLAMATION

Honoring

*Lilli Bescher, Caroline Boa, Savannah Brown, Hannah Mase,
Ava Meyer, Emma Nester, Claudia Phillips, and Leia Richardson*
Of Girl Scout Troop #616

Whereas, Girl Scouting builds girls of courage, confidence, and character, who make the world a better place. In Girl Scout Troop #616, girls discover the fun, friendship, and power of girls together; and

Whereas, Lilli Bescher, Caroline Boa, Savannah Brown, Hannah Mase, Ava Meyer, Emma Nester, Claudia Phillips, and Leia Richardson have earned the Girl Scouts Bronze Award – the highest award that a Junior Girl Scout may earn – and is representative of the accomplishment that a scout has performed within her community as she grows and works to improve her life and the lives of others; and

Whereas, These young ladies have received this award for their project “Pet Safety Education Kits” which included educational information and pet safety window decals to alert firefighters or police to save pets inside in case of fire or any immediate disaster and to deter unsuspecting burglars. They partnered with the Society for the Prevention of Cruelty to Animals (SPCA) of Martinsville and Henry County, American Society for the Prevention of Cruelty to Animals (ASPCA), Blue Ridge Poison Center, Federal Emergency Management Agency (FEMA), Pet Safety Alert, Virginia-Maryland Regional College of Veterinary Medicine, and Fido’s Finds and Kittie’s Kollektibles. This demonstrates their leadership and planning skills; and

Whereas, These young ladies are to be commended on this achievement, as their passion has created a high standard of commitment and dedication to animals, Girl Scouts, and to the Martinsville-Henry County community; and

Whereas, These young ladies are an example to the youth of our area, as their leadership, organizational skills, sense of community, and commitment has set the foundation for many to follow as they continue to serve as an inspiration to all students and peers.

NOW, THEREFORE, I, Danny Turner, Mayor of the City of Martinsville, do hereby proclaim on this 24th day of November, 2015 our congratulations to these young ladies on earning the Bronze Award and encourage all residents to appreciate the contributions of the Girl Scout movement, and Troop #616.

Danny Turner, Mayor

Meeting Date: November 24, 2015

Item No: 4.

Department: City Council

Issue: Recognize Army Veteran Thomas Spencer as recipient of the 2015 Martinsville-Henry County Veteran of the Year Award and the Veterans Service Organizations of Martinsville-Henry County Veteran of the Year Award.

Summary: At the annual Veteran's Day Program held Wednesday, November 11th, local Army Veteran Thomas Spencer was honored as the recipient of two annual Veterans Day Awards – the Veterans Service Organizations of Martinsville-Henry County Veteran of the Year Award and the Martinsville-Henry County Veteran of the Year Award.

Thomas Spencer enlisted in the Army in 1969 and was deployed to Vietnam. He later was assigned to Fort Knox and attended cooking school and was later assigned to the Army Reserves in Martinsville. While in the unit from 1971- 1995, he was mobilized three times to Forts Jackson, Bragg, and Pickett, cooking hundreds of meals daily for soldiers training for Operation Desert Storm. He has received numerous medals and honors, and is currently a member of American Legion Homer Dillard Post 78, VFW Post 4637, and is current commander of the Martinsville-Henry County Veterans Honor Guard. He currently helps in the community by transporting disabled people to and from doctor's appointments and other places they may need to go.

Attachments: None

Recommendations: None, no action needed by Council.

Meeting Date: November 24, 2015

Item No: 5.

Department: Mayor and Council

Issue: Present a Proclamation to Henry County Board of Supervisors Chairman H. G. Vaughn, recognizing his years of service on the Board and to the citizens of our community.

Summary: Henry County Board of Supervisor Chairman H. G. Vaughn ends his fourth term of service as the Ridgeway District Supervisor on the Board at the end of December, 2015.

Mayor Turner will present a proclamation to Chairman Vaughn at the meeting, recognizing his service to the County, and the community.

Attachments: Proclamation recognizing and honoring H. G. Vaughn

Recommendations: No action needed by Council



Proclamation

Recognizing H. G. Vaughn, Ridgeway District Supervisor and Chairman of the Henry County Board of Supervisors for his service to Henry County and the community

WHEREAS, H. G. Vaughn is the current Chairman of the Henry County Board of Supervisors and also the Ridgeway District Supervisor; and

WHEREAS, H. G. Vaughn was first elected to the County Board of Supervisors in 1995 and completes his fourth 4-year term at the end of December, 2015; and

WHEREAS, throughout his tenure on the Board, H. G. Vaughn has worked diligently to promote the County and our community in a positive manner; and

WHEREAS, H. G. Vaughn throughout his years of service has worked cooperatively and professionally with the City of Martinsville regarding issues of mutual interest;

NOW, THEREFORE, on this 24th day of November, 2015, the Martinsville City Council hereby proclaims its recognition of the service H. G. Vaughn has rendered to the County and our community and extends its best wishes for continued health and happiness.

Danny Turner, Mayor

Meeting Date: November 24, 2015

Item No: 6.

Department: Electric

Issue: Hear an update from American Municipal Power (AMP) regarding various electric projects the City is participating in.

Summary: A representative from American Electric Power will be attending Council's meeting on November 24th to provide an update on electric projects the City participates in through its affiliation with AMP.

Attachments: None

Recommendations: For information purposes - no action needed.

Date: November 24, 2015

Item No: 7.

Department: City Attorney

Issue: Approval of 2016 legislative agenda

Summary: The City annually determines its legislative priorities. Attached is 2015's legislative agenda for consideration and possible amendment. Several potential amendments are shown in red.

The prefiling deadline for specific legislation is December 7, 2015.

Most mandates (funded and unfunded) are addressed through modification of the state budget, may not require individual bills, and could be addressed during the General Assembly session.

Attachments: 2015 Legislative Agenda, with potential amendments.

Recommendations: Final approval by voice vote.



The City of Martinsville appreciates the efforts its legislators undertake at both the state and federal level on behalf of its citizens. Listed below are the City's priorities requested of its legislative delegation in 2016.

Virginia General Assembly

Transportation

1. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards. Any construction or upgrades to the I-73 corridor should begin on those sections passing through Henry County.
2. Continue to place priority on Route 58 improvements, particularly the section between Stuart and Hillsville, Virginia.

Education

1. City Council endorses the agenda proposed by the Martinsville City School System and also endorses the educational priorities adopted by Henry County, on behalf of its school system.
2. Oppose the imposition of unaided education mandates and in the event of revenue cuts by the Commonwealth opposes targeted cuts by the Commonwealth, instead preferring local decision making authority on where to make any such cuts.
3. Recognizing its potential to promote economic development within our community and region, continue support for the development and funding of the New College Institute; urge that any funding reductions to New College Institute, if considered, be minimized to the greatest extent possible; and support the affiliation of The New College Institute as a branch of a four-year public university.
4. Request the Commonwealth to fully fund the expenditures imposed upon local school systems by implementing the Standards of Quality.
5. Encourage the Commonwealth to continue or increase the current levels of financial support provided to Patrick Henry Community College.
6. Encourage the Commonwealth to provide financial support to the College of Henricopolis School of Medicine.
- ~~6-7.~~ Request the Commonwealth to provide incentives for consolidation of school systems.

Comment [EM1]: No such agendas have been provided.

Economic Development

1. Maintain current levels of funding for economic development incentives, including but not limited to the Governor's Opportunity Fund.
2. Enhance the authority granted to localities to address and eliminate blighted properties, and the formation of interstate compacts to allow expedited recourse against out-of-state property owners.
3. Continue current funding levels of the Virginia Museum of Natural History.
4. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
5. Support continued tourism awareness initiatives in the Martinsville-Henry County region.
- ~~5-6.~~ Expand local authority to designate Enterprise Zones and establish incentives.

Governance

1. Request the appointment of a joint gubernatorial/legislative commission to examine the structure of local government in Virginia, the commission's mandate to include:
 - a. Examination of local government in the other 49 states for potential adaptation to Virginia.
 - b. Enable cities to expand their revenue base
 - c. Elimination of the "zero-sum" revenue base structure, which creates friction between cities and counties.
 - d. Elimination of redundant services and programs between contiguous cities and counties.

2. Require full funding for HB 599 funds, in fulfillment of the Commonwealth's commitment to cities in return for their acquiescence in the annexation moratorium.
3. Require that the Commonwealth fully fund its obligations to the Virginia Retirement System, and refrain from borrowing from VRS funds.
4. Request the elimination of "local aid to the Commonwealth" in the state budget; local aid artificially inflates state revenues by shifting responsibility for cuts in vital services onto localities.
5. Elimination of all unfunded mandates from the Commonwealth to localities.
6. Oppose any elimination or alteration of local revenue streams, and specifically oppose any amendment to the current manner in which the Business Occupation and Licensing Tax and the Machinery and Tools Tax are levied, unless a replacement revenue stream, not subject to biennial appropriation, is guaranteed by the Commonwealth.
7. Request at a minimum, level funding for operational requirements of the Henry-Martinsville Department of Social Services.
8. Request that the General Assembly leaves intact the fire programs fund and the rescue squad assistance funds and not use these funds as a way to balance the state budget.
9. Request that the Commonwealth fully fund its obligations to constitutional officers.
10. Oppose any attempt to curtail the doctrine of sovereign immunity for localities.
11. Oppose any attempt to permit collective bargaining for state and local government employees.
12. Oppose any amendment of the existing burden of proof or process in local tax appeals cases.
- ~~12-13.~~ Request authority to refund erroneously paid taxes at an interest rate which differs from that imposed on delinquencies, and to refund taxes erroneously paid through the fault of the taxpayer at no interest.

United States Congress

1. Oppose any effort to impose additional taxation or regulation of electrical power generation by coal or natural gas.
2. Urge the Federal Highway Commission to adopt the CTB's designated route for I-73, or alternatively to preserve the current record of decision in the event the CTB's route is rejected.
3. In the short term, upgrade those portions of Route 220 overlaying I-73 to interstate standards.
4. Request \$3.72M in funds for the redevelopment of brownfields extending from the former American Furniture and Sara Lee sites, along Aaron Street, to Rives Road
5. Request \$6.25M in funds for the elimination and redevelopment of blighted areas in the city.
6. Request legislation to provide special federal incentives to businesses locating in regions which have experienced job losses in excess of 5% of the total workforce and/or declines in median incomes since the adoption of NAFTA, WTO or GATT. Target such areas for increased federal funding in education or workforce retraining.
7. Extend high speed broadband service throughout southern Virginia.
8. Request enhanced state and federal financial assistance for localities which exceed the average state unemployment rate by 150% for a period of five consecutive years.
9. Oppose the EPA's proposed expansion of the definition of "waters of the United States" in 40 CFR 230.3.

Staff Designations

City Council empowers the following staff members to speak on its behalf and in its best interests to the Virginia General Assembly and United States Congress, its members and committees:

City Attorney Eric Monday

City Manager Leon Towarnicki

Other department heads as appointed by the City Manager