

AGENDA--CITY COUNCIL -- CITY OF MARTINSVILLE, VIRGINIA  
Council Chambers – Municipal Building  
**6:30 pm Closed session    7:30 pm Regular session**  
**Tuesday, March 8, 2016**

**6:30 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. Appointments to Boards and Commissions as authorized by Subsection 1.
  - b. 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.
  - c. 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 the February 23, 2016 Meeting. (2 mins)
2. Hear an update from Amanda Witt of the M-HC Chamber of Commerce regarding the Community Business Launch project (10 mins)
3. Hear information regarding GO Virginia and the designation of regional councils across the state (10 mins)
4. Hear an update from the City's Human Resources Office regarding hiring trends (10 mins)
5. Hear a presentation from the Police Department regarding their 2015 Annual Report (10 mins)
6. Hear a presentation from Community Development staff regarding the City's Architectural Review Board and Historic District designation (20 mins)
7. Hear a staff update regarding City purchasing policies and procedures (10 mins)
8. Consider approval on first reading of an ordinance authorizing the issuance of up to \$10,000,000 principal amount of water and sewer revenue bonds of the City of Martinsville, Virginia and providing for the form, details, and payment thereof, related to the City's sewer interceptor project (10 mins)
9. Consider approval of consent agenda (2 mins)
10. Comments by members of City Council. (5 minutes)
11. Comments by City Manager. (5 minutes)
12. Business from the Floor (*not televised*)

**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.**



## **City Council Agenda Summary**

**Meeting Date:** March 8, 2016

**Item No:** 1.

**Department:** Clerk of Council

**Issue:** Consider approval of minutes from February 23, 2016 Council Meeting.

**Summary:** None

**Attachments:** February 23, 2016 Meeting minutes

**Recommendations:** Motion to approve minutes as presented.

February 23, 2016

The regular meeting of the Council of the City of Martinsville, Virginia, was held on February 23, 2016, in Council Chambers, Municipal Building, at 7:30 PM, Closed Session beginning at 7:00pm. Council Members present included: Danny Turner, Gene Teague, Sharon Brooks Hodge, Jennifer Bowles and Mark Stroud. Staff present included: City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, Clerk of Council Karen Roberts, City Attorney Eric Monday, Finance Director Linda Conover, Budget Analyst Mary Prillaman, Public Works Director Jeff Joyce, Director of Electric Durwin Joyce and Police Chief Sean Dunn.

Vice Mayor Bowles 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 a motion by Mayor Turner, seconded by Council Member Hodge, with the following 5-0 recorded vote: Vice Mayor Bowles, aye; Council Member Stroud, aye; Council Member Teague, aye; Mayor Turner, aye; and Council Member Hodge, 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 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 Turner, seconded by Hodge, with the following 5-0 recorded vote in favor to return to Open Session: Mayor Turner, aye; Council Member Teague, aye; Vice Mayor Bowles, aye; Council Member Hodge, aye; Council Member Stroud, aye.

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

Consider approval of minutes from the February 9, 2016 meeting – on a motion by Council Member Stroud and seconded by Council Member Hodge with a 5-0 vote in favor, Council approved the February 9, 2016 minutes as presented.

Recognize City Employees who are eligible for Service Awards – January 1 through March 31, 2016 – City Manager Towarnicki recognized the following employees for their years of service. He congratulated them and thanked them for their service.

<b>SERVICE AWARD RECIPIENTS                      THIRD QUARTER - FISCAL YEAR 15-16                      FOR THE PERIOD OF JANUARY 1 THROUGH MARCH 31, 2016</b>		
<b>NAME</b>	<b>DEPARTMENT</b>	<b>YEARS OF SERVICE</b>
BLAINE ADKINS	WATER RESOURCES	5
CHRIS BELL	POLICE DEPT	5
RYAN EMBERSON	ELECTRIC	5
ROY DONAVANT	WATER RESOURCES	10
DAN HOWELL	FIRE DEPARTMENT	20
DAWN VAUGHN	POLICE DEPT	20
JIMMY ASHWORTH	FIRE DEPARTMENT	20
SHEILA CLARK	TREASURER	20
ANDY BOITNOTT	POLICE DEPT	25
CORETHA GRAVELY	POLICE DEPT	25
ROY PRILLAMAN	SHERIFF'S DEPARTMENT	25
DOUG WOOD	WATER PLANT	35

Consider presentation of a Joint Proclamation with Henry County, recognizing Martinsville/Henry County General District Court Judge Edwin A. Gendron, Jr. on his retirement – Vice Mayor Bowles read the proclamation recognizing Judge Gendron. Judge Gendron said it was an honor and a pleasure to serve as Judge in the City court and he had enjoyed working with the staff.




**PROCLAMATION – RECOGNIZING THE HONORABLE  
EDWIN A. GENDRON, JR. UPON HIS RETIREMENT**

**WHEREAS**, The Honorable Edwin A. Gendron, Jr. has served as Judge of General District Courts in Henry County and Martinsville since March 25, 2005; and

**WHEREAS**, Judge Gendron has retired from service effective January 31, 2016; and

**WHEREAS**, During his tenure, Judge Gendron served Henry County and Martinsville in an exemplary manner, working with law enforcement, attorneys, and citizens, administering the requirements of the Court in a fair, impartial, and compassionate manner;

**NOW THEREFORE**, on this 23rd day of February, 2016, the Henry County Board of Supervisors and the Martinsville City Council hereby join in proclaiming their thanks and appreciation to the Honorable Edwin A. Gendron, Jr. for his dedication and service to our community, and offer our best wishes for a long and happy retirement.

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Jim Adams, Chairman  
Henry County Board of Supervisors

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Danny Turner, Mayor  
Martinsville City Council

Conduct a public hearing to consider a request for rezoning of 51 Lester Street and 49-Lot Lester Street from M-2 – Heavy Manufacturing District to C-2 – Central Business District – public hearing was opened with no response and then convened to a future date.

Hear a presentation regarding development of an asset management plan for water and sewer – City Manager Towarnicki summarized the asset management plan and its benefit to the City. When the plan is developed, it will continuously be updated and used as a tool for

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budgeting. He introduced Lori Kroll of Draper Aden. Mrs. Kroll said it was an honor to present Council with a progress report of the asset management plan. Asset management is an important tool in planning the future infrastructure of the City. Ms. Kroll presented a PowerPoint detailing the asset management program including local need, stages of implementation, asset management process, state of assets, levels of service, criticality, life cycle costs and long term fundraising strategy. Mrs. Kroll provided the updated plan which was shared with Council Members digitally. The plan will need to be updated yearly. Council Member Teague stated that he appreciated the plan but felt that it will be a difficult thing to cut jobs or ask residents for a tax increase to fund future repairs. Most of the projects previously and currently are handled on an "as needed" basis. Hodge said her first year on Council she expressed concern on how profits were spent on other things instead of reinvesting in infrastructure. She asked if this plan is focusing on new projects that will need repair in the future or is the focus on current issues that need repair soon. Kroll said the asset management program focuses on both. Kroll said this program is a mechanism to educate the public on City needs. Bowles stated that she feels this is a common sense plan and she fully supports it. She thanked Andy Lash for working on the computer program to support asset management details. Kroll said the focus has been on water and sewer so far but the next step is to work more closely with Public Works projects. Stroud agreed that the asset management program is a good plan and he felt encouraged that Martinsville is the first community in Virginia to present an asset management plan to DEQ. He agreed that Mr. Lash is an asset to the City.

Hear an update from Community Development staff regarding the Northside Community Development Block Grant project - Wayne Knox provided an update on the Northside Grant project. Recently there was an interim compliance review which resulted in a good review but he stated that the project is progressing slower than scheduled due to lack of property owner response. The design work on Franklin Street and Dillard Street is complete and once contractors begin on Franklin Street then that area will be closed to thru traffic. He updated Council on properties that are to be remodeled or rebuilt. Hodge stated that a concern was that one of the contractors was behind. Knox confirmed that they have spoken to the contractor and rehab people and he feels that issue had been resolved. Hodge asked about the deficit from previous block grants and how they plan to prevent that from happening again. Knox says that little money has been spent and that the Finance department is monitoring it. Mr. Knox said completion date is expected by January 23, 2017.

Consider approval on second reading of an ordinance reciting the expediency of the issuance of up to \$10,000,000 principal amount of water and sewer revenue bonds for the City's sewer interceptor project – City Manager Towarnicki summarized the project funding. There are two more actions that will need to occur at the March meetings. A motion was made

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by Council Member Teague to approve on second reading of the ordinance, motion was seconded by Council Member Hodge with a 5-0 recorded vote: Hodge, aye; Bowles, aye; Stroud, aye; Teague, aye; and Turner, aye.

<p style="text-align: center;">CITY OF MARTINSVILLE, VIRGINIA</p> <p>AN ORDINANCE RECITING THE EXPEDIENCY OF THE ISSUANCE OF UP TO \$10,000,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA, AND SETTING FORTH THE PURPOSE, IN GENERAL TERMS, FOR WHICH THE BONDS ARE TO BE ISSUED, THE MAXIMUM AMOUNT OF THE BONDS TO BE ISSUED AND THE MAXIMUM LENGTH OF TIME SUCH BONDS WILL BE OUTSTANDING</p> <p style="text-align: center;">Adopted on February 23, 2016 (second reading)</p> <p style="text-align: center;">(Y:\133840.1.00404-000001)</p>	<p>Be it <u>Ordained</u> by the Council of the City of Martinsville, Virginia:</p> <p><b>Section 1 - Findings and Determinations</b></p> <p>The City Council ("City Council") of the City of Martinsville, Virginia (the "City") proposes to issue bonds for the purpose of assisting in the acquisition, construction, renovation and equipping of sewer system repairs, replacements, and capital improvements, all for municipal purposes (together, the "Project") and hereby finds and determines that: (i) the City is in need of funds to be used by the City for the Project including paying for costs of issuance of the Bonds (defined below); (ii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for the City's facilities for municipal purposes; (iii) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of water and sewer revenue bonds in an original principal amount not to exceed \$10,000,000 to be issued by the City as further described herein (the "Bonds") to be used for the acquisition, construction, renovation and equipping of the Project and for certain costs of issuance of the Bonds; (iv) the issuance of the Bonds is within the power of the City to contract debt, borrow money and make and issue evidence of indebtedness; and, (v) the issuance of the Bonds is in the best interests of the City and its citizens.</p> <p><b>Section 2 - Description of the Bonds</b></p> <p>The City Council finds that it is expedient for the City to borrow money and issue the Bonds for the Project in a maximum amount not to exceed TEN MILLION DOLLARS (\$10,000,000). The maximum length of time that the Bonds will be outstanding is thirty years. The form and details of the Bonds which are proposed to be issued will be more specifically set forth in a City Ordinance to be entitled "AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$10,000,000 MAXIMUM PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, which will be introduced before the Council and considered for final passage following a public hearing on the issuance of the Bonds, as required by law.</p> <p><b>Section 3 - Further Actions Authorized</b></p> <p>The City Manager, Clerk of the Council, City Treasurer, City Attorney, Sands Anderson PC as bond counsel and all other officers, employees and agents of the City are hereby authorized and directed to take any and all such further action as shall be deemed necessary or desirable to facilitate consideration of the issuance of the Bonds. All actions of the City Manager, Clerk of the Council, City Director of Finance, City Attorney, bond counsel and all other officers,</p>				
<p>employees and agents of the City in furtherance of the issuance of the Bonds and the financing of the Project are hereby approved and ratified.</p> <p><b>Section 4 - Invalidity of Sections</b></p> <p>If any section, paragraph, clause or provision of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Ordinance.</p> <p><b>Section 5 - Headings of Sections</b></p> <p>The headings of the sections of this Ordinance shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.</p> <p><b>Section 6 - Effective Date and Filing of Ordinance</b></p> <p>Council hereby declares in the public interest that this Ordinance shall become effective immediately upon its passage. A copy of this Ordinance, certified by the Clerk of the Council, shall be filed with the Clerk of the Circuit Court of the City of Martinsville, Virginia.</p> <p style="text-align: center;">2</p> <p style="text-align: center;">(Y:\133840.1.00404-000001)</p>	<p>The Members of the Council voted as follows on the foregoing Ordinance:</p> <table border="0"> <tr> <td style="text-align: center;">Ayes</td> <td style="text-align: center;">Nays</td> </tr> <tr> <td style="text-align: center;">Absent</td> <td style="text-align: center;">Abstentions</td> </tr> </table> <p>Adopted this 23rd day of February, 2016 (second reading).</p> <p>The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on February 23, 2016, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing Ordinance, a quorum was present.</p> <p>Dated this _____ day of February, 2016.</p> <p style="text-align: center;">Clerk, City Council of City of Martinsville, Virginia</p> <p style="text-align: center;">3</p> <p style="text-align: center;">(Y:\133840.1.00404-000001)</p>	Ayes	Nays	Absent	Abstentions
Ayes	Nays				
Absent	Abstentions				

Hear information regarding a proposed resolution directed to the Federal Energy Regulatory Commission (FERC) concerning the Prairie State Energy Campus project – City Manager Towarnicki referred to the copies provided to Council about the proposed resolution presented by Mayor Turner at the February 23, 2016 Council Meeting. Towarnicki said there was significant research done since the previous meeting and pointed out some discrepancies and differences. Hodge asked Towarnicki to further explain how he came up with the numbers. Mayor Turner disagreed with some of the information Towarnicki provided, stating

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that the City cannot sell without taking a loss. Teague says the City has only committed to purchasing power and said that he would support the revised resolution only because it is for assessment only. Vice Mayor Bowles read the resolution. Council Member Hodge made a motion to approve the resolution concerning the Prairie State Energy Campus Project, Mayor Turner seconded the motion with all Council Members voting in favor.



DATE: February 23, 2016  
TO: Honorable Mayor and Council  
FROM: Leon Towarnicki, City Manager  
SUBJECT: Proposed Resolution – Peabody Sale Related to Prairie State

At the February 9 Council meeting, a resolution was presented by Mayor Turner regarding the announced sale of Peabody Energy LLC's 5.06% interest in Prairie State Energy Campus, requesting the Federal Energy Regulatory Commission (FERC) to assess the impact the sale might have on communities that now obtain electric power from PSEC. The concern generated by the proposed sale centers around the fact that the announced sale price of \$57 million is significantly less than Peabody Energy's indicated initial investment of \$246 million, raising questions about "devaluing" the PSEC asset and the potential impact to electric customers.

After review, the following are points related to this issue:

- Prairie State Energy Campus is a 1600 MW state-of-the-art coal burning facility located in Washington County, Illinois with 95% of the output dedicated to eight Midwestern-based public power utilities. American Municipal Power is one of the eight participants with a 23.26% interest in the project. There are 68 communities across multiple states that have long-term power contracts with AMP for power coming from PSEC. Martinsville's contract calls for 5.8 MW, which represents approximately 15% of the City's electric power requirement.
- According to AMP, the proposed sale of Peabody Energy's 5.06% share (80 MW of the 1600 MW capacity) to Wabash Valley Power has no financial impact on AMP, its participating members, or to any other plant owners.
- Peabody Energy has the legal right to sell its share of PSEC to a third party for whatever price it deems appropriate. The sale does not reduce the long term asset value of PSEC nor does it change the financial obligation or contractual interest of AMP, or its participating members.

- The asset and debt liability associated with AMP's share of PSEC is on AMP's books, not the individual participants. The proposed Peabody sale does not affect the value in any way.
- Even if there were a direct relationship between the Peabody sale and total asset value, mathematically approximately a 4% difference might be expected. The devaluation of the total PSEC asset by 80% as has been mentioned has no basis in fact and cannot be correctly inferred from the proposed sale of a 5.06% share.
- There is no approval required of the other PSEC participants for Peabody to sell its share of Prairie State to Wabash. The other participants have first right of refusal to bid on the capacity being sold by Peabody, but all of them have formally notified each other that they have no interest in buying it. The "deal" between Peabody and Wabash now appears to simply be a matter of process with FERC, which is simply a transfer of assets procedure, i.e. FERC has no interest in the sale price as the "deal" is between a willing buyer and a willing seller.
- Any investigation undertaken by FERC that requires expenditures by Prairie State would most likely result in those costs being passed through to all owners, including AMP, and ultimately to participants. Additionally, there appears to be no clearly defined jurisdiction FERC would have in regard to the issue it is being asked to investigate.

Attached is a copy of the resolution presented at the February 9 Council meeting and a copy of the letter sent by Delegate Danny Marshall regarding this issue. Should Council decide to move ahead with this, attached for Council's consideration, are copies of a revised alternate resolution, , and a City letter following the same format as the Marshall letter.

  
LET

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WHEREAS the City of MARTINSVILLE executed a Power Sales Contract with American Municipal Power for 5.8 MWh of power in [Feb. 2008] in connection with the acquisition of an ownership interest in American Municipal Power's share of Prairie State Energy Campus;

WHEREAS the Council for the City of MARTINSVILLE executed the contract based on representations that participation in the Prairie State Energy Campus would provide the access to low-cost reliable power for the term of the Power Sales Contract;

WHEREAS the Prairie State project has had a history of cost overruns during the course of its construction and delays in placing both units of the 1600 MW facility into commercial operations;

WHEREAS the power rates for the City of MARTINSVILLE has far exceeded the projected \$46/MWh for the price of power that was presented to council;

WHEREAS the City of MARTINSVILLE is currently accruing future liabilities for the deferred costs of power under American Municipal Power's cost levelization and cost stabilization programs;

WHEREAS the announcement of Peabody Energy's sale of its 5.06% interest in the Prairie State Energy Campus to Wabash Valley Power Authority for \$57 million raises questions about the true asset value of the project;

WHEREAS the reduction in asset value suggests that the City of MARTINSVILLE and other AMP participant members also obligated under their respective Power Sales Contract Resource agreements now possess financial obligations that may exceed the value of their contractual interest in the project;

WHEREAS the questions concerning the true value of the Prairie State project and of the substantially reduced asset value within the first 5 years under the [307] year contract may trigger potential violations under state statute regarding the amount of indebtedness under the power sales contract;

BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF MARTINSVILLE, that the City Council will submit comments on the Joint Application for Authorization Under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Electricity, LLC and Lively Grove Energy Partners, LLC on January 27th, 2016; that the Council will request from FERC in those comments an assessment of whether the significantly reduced asset value of the Prairie State project in the proposed sale will create a financial hardship on the 200 communities now paying debt service on an asset that is now valued at 80% less than the amount of the indebtedness that the communities are now liable for under their respective power sales agreements; That the City Council will file said comments on or before February 26th, 2016 within the 21 days provided by the FERC procedures for approval of the Joint Application.



DANNY W. MARSHALL III  
POST OFFICE BOX 430  
DANVILLE, VIRGINIA 24043  
FOURTEENTH DISTRICT

COMMONWEALTH OF VIRGINIA  
HOUSE OF DELEGATES  
RICHMOND

February 17, 2016

COMMITTEE ASSIGNMENTS:  
AGRICULTURE, CHESAPEAKE AND  
NATURAL RESOURCES (GARRARD)  
COUNTY, CITIES AND TOWNS  
COMMERCE AND LABOR

Norman C. Bay, Chairman  
Cheryl A. LaFleur, Commissioner  
Tony Clark, Commissioner  
Colette D. Honorable, Commissioner  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Dear Chairman Bay and Commissioners:

I am writing to submit comments and a request regarding the Joint Application for Authorization under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Electricity, LLC and Lively Grove Energy Partners, LLC on January 27th, 2016. This agreement may adversely affect utility providers of my district and region.

This is a request for FERC to conduct an assessment of whether the significantly reduced asset value of the Prairie State project in the proposed sale will create a financial hardship on the 200 communities now paying debt service. It is my understanding that the asset is now valued at about 80% less than the amount of the indebtedness for which the communities are liable under their respective power sales agreements.

The City of Danville, is in my legislative district and the City of Martinsville borders my district. Both would be affected.

I ask that you examine the facts and consider any relief possible for these communities, as you make the determination regarding approval of the Joint Application. Thank you for your time and consideration.

Sincerely,  
  
Danny Marshall

Cc: Mayors and City Council Members of Danville and Martinsville, Virginia

DISTRICT (434) 797-5888 • RICHMOND (804) 598-1014 • E-MAIL: DELMARSHALL@HOUSE.VIRGINIA.GOV



RESOLUTION

REQUESTING FEDERAL ENERGY REGULATORY COMMISSION REVIEW OF THE IMPACT ON POWER COSTS OF PEABODY ENERGY'S PROPOSED SALE OF ITS 5.06% INTEREST IN PRAIRIE STATE ENERGY CAMPUS

WHEREAS, Prairie State Energy Campus is an operating coal-fired 1600 MW power plant located in Washington County, Illinois with 95% of the output dedicated to eight Midwestern-based public power utilities; and

WHEREAS, American Municipal Power is one of the eight public power utilities, owning a 23.26% interest in Prairie State Energy Campus; and

WHEREAS, the City of Martinsville along with 67 other communities across multiple states have long-term power contracts with AMP for power coming from PSEC; and

WHEREAS, Peabody Energy LLC recently announced the proposed sale of their 5.06% share of the PSEC project to Wabash Valley Power Association, Inc. for a reported \$57 million, almost \$190 million less than Peabody's indicated initial investment of \$246 million, generating concern the sale will impact the total asset value of PSEC and subsequently, power costs;

NOW, THEREFORE BE IT RESOLVED, on this 23rd day of February, 2016, Martinsville City Council does hereby submit this Resolution as comment on the Joint Application for Authorization under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Energy LLC, and Lively Grove Energy Partners LLC on January 27, 2016 requesting FERC to conduct an assessment of whether the proposed Peabody sale will impact electric costs for communities that have long-term power contracts through the eight public power utilities contracted for the purchase of power from Prairie State Energy Campus.

Danny Turner  
Mayor

Council Members  
Danny Turner, Mayor  
Jennifer Bowles, Vice-Mayor  
Sharon Brooks-Hodge  
Mark Stroud  
Gene Teague



City Manager  
Leon E. Towarnicki  
City Attorney  
Eric H. Monday  
Clerk of Council  
Karen Roberts

February 23, 2016

Norman C. Bay, Chairman  
Cheryl A. LaFleur, Commissioner  
Tony Clark, Commissioner  
Colette D. Honorable, Commissioner  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Dear Chairman Bay and Commissioners:

On behalf of the Council of the City of Martinsville, Virginia, please consider this letter as written comment regarding the Joint Application for Authorization under Section 203 of the Federal Power Act filed by Wabash Valley Power Association, Inc., Peabody Energy, LLC, and Lively Grove Energy Partners, LLC on January 27, 2016.

The heart of the issue is the proposed sale of Peabody Energy's 5.06% share of Prairie State Energy Campus to Wabash Valley Power Association, Inc. for a reported \$57 million, almost \$190 million less than Peabody's indicated initial investment of \$246 million.

This is a request for FERC to conduct an assessment of whether the proposed sale will impact electric costs for communities that have long-term contracts through the eight public power utilities contracted for the purchase of power from Prairie State Energy Campus.

Sincerely,

Leon Towarnicki  
City Manager

cc: Martinsville City Council Members

55 West Church Street, P. O. Box 1112, Martinsville, VA 24114-1112 276-403-5180 Fax: 276-403-5280  
www.martinsville-va.gov

Consider adoption of a City Investment Policy – Linda Conover explained the Investment Policy. She said this policy does not change anything they currently do, it just explains the procedure they already follow. Teague asked to make a suggestion to Item E on Page 1,

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requesting the Treasurer provide the investment reports to Council going forward. Hodge asked if we “shop” for best rates, Conover confirmed that the City sends out a request for proposals so they can lock in the best deals. A motion was made by Council Member Teague to adopt the Investment Policy with the requested change, Mayor Turner seconded the motion with all Council Members voting in favor.

City of Martinsville Investment Policy	
<p><b>Section 1. PURPOSE</b> This policy is to document the investment strategy objectives of the City of Martinsville (“City”) and define the allowable investments and restrictions that must be followed by the City, as set forth by City Code and Commonwealth of Virginia Statutes.</p> <p><b>Section 2. POLICY</b></p> <p>A. In recognition of its fiduciary roll in the management of all City funds entrusted to its care, it shall be the policy that all funds be invested with the care, skill, prudence, and diligence to ensure that sound investments are made to protect the City’s financial position and provide for ample returns on the investments.</p> <p>B. The Virginia Security for Public Deposits Act regulates all deposits made by Treasurers.</p> <p>C. It is the responsibility of the Treasurer and the Finance Director to manage the investment program of the City such that the City meets or exceeds all statutes and guidelines governing the deposit and investment of public funds in Virginia, including the Investment Code of Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board (GASB). In addition, the City will comply with all provisions relating to the investments and deposits included in any Bond Indenture, Financing Agreement, or similar document. The investment officials should not engage in or profit from personal or business activities that are directly related to and could affect their decisions and responsibilities as investors of government funds.</p> <p>D. Investment officials acting within the scope of statutory authority and the terms of the investment policy are indemnified for their actions.</p> <p>E. The Treasurer will prepare reports to show the balance of all investment accounts.</p> <p><b>Section 3. OBJECTIVES</b></p> <p>A. The primary objectives of the investment strategy, listed in priority order, shall be as follows:</p> <ol style="list-style-type: none"> <li>1. <b>Safety</b> – safety of principal is the foremost objective of the investment program.</li> <li>2. <b>Liquidity</b> – the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.</li> <li>3. <b>Yield (Return on Investment)</b> – the investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.</li> </ol> <p><b>Section 4. ALLOWABLE INVESTMENTS</b></p> <p>A. The following investment types are approved for use by the Treasurer in the investment of public funds, provided that the provisions of any Bond Indenture, Financing Agreement, or similar document are also satisfied:</p> <ol style="list-style-type: none"> <li>1. U.S. Treasury Bills, Notes, Bonds, and other direct obligations of the United States Government.</li> <li>2. U.S. Government agencies and instrumentality obligations that have a liquid market with a readily determinable market value.</li> <li>3. Certificates of deposit or other deposits of financial institutions located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized as provided by the Virginia Security for Public Deposits Act.</li> <li>4. U.S. dollar denominated Banker’s acceptances issued by a domestic bank, provided, however, that such financial institutions and state-chartered banks are rated by Moody’s Investor Services as P-1 or better and by Standard &amp; Poor’s as A-1 or better.</li> <li>5. Taxable obligations of the Commonwealth of Virginia and of its local governments and public bodies provided such obligations have a debt rating of at least “AA” or equivalent by Moody’s and/or Standard &amp; Poor’s.</li> </ol>	<ol style="list-style-type: none"> <li>6. Repurchase agreements executed through Federal Reserve Member banks or Primary Dealers in U.S. Government Securities and collateralized by Treasury or Agency obligations, the market value of which is at least 102% of the purchase price of the repo.</li> <li>7. The Commonwealth of Virginia Treasury Department’s Local Government Investment Pool (“LGIP”) and the Virginia State Non-Arbitrage Program.</li> </ol> <p><b>Section 5. DEPOSITS</b> All City deposits are required to be insured under the Federal Deposit Insurance Corporation (FDIC) and collateralized and structured under the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia. Local Treasurers are required to deposit all funds received as promptly as practical after receipt. Such deposits are to be made in the name of the City in a bank or savings and loan association authorized to act as depository therefore.</p> <p><b>Section 6. MATURITY RESTRICTIONS</b></p> <p>A. It is recognized that, prior to maturity date, the market value of securities in the City’s portfolio may fluctuate due to changes in market conditions. In accordance with the City’s primary investment objectives of liquidity and preservation of principal, every effort should be made to manage investment maturities to precede or coincide with the expected need for funds.</p> <p>B. Accordingly, the requirements established by the Code of Virginia and State Treasury Board guidelines are further restricted as follows:</p> <ol style="list-style-type: none"> <li>1. Funds shall be invested at all times in keeping with the seasonal pattern of the City’s cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored and updated on an ongoing basis by the Treasurer and Finance Director.</li> <li>2. The portfolio must be invested in securities maturing within five (5) years. If an investment may be redeemed by the City for its intended purpose without penalty within five (5) years, such investment shall be deemed in compliance with this maturity restriction.</li> <li>3. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.</li> </ol> <p><b>Section 7. PROHIBITED SECURITIES</b> Any security not specifically authorized in this Investment policy is expressly prohibited.</p> <p><b>Section 8. ADDITIONAL REQUIREMENTS &amp; REVISIONS</b></p> <p>A. All securities purchased for the City shall be held by the City’s Treasurer, and must be in the City’s name.</p> <p>B. It is the City’s policy to require dual signatures for any cash transfers. The individuals authorized to transfer funds shall be those listed on the actual accounts. Renewal or “rollover” investment transactions may be authorized by the Treasurer and communicated to the Finance Director.</p> <p>C. Any modifications to this investment policy shall be approved by the governing body of the City.</p>

Consider approval of consent agenda – A motion was made by Teague and seconded by Hodge to approve the consent agenda as presented, all Council Members voted in favor.

BUDGET ADDITIONS FOR 2/23/16				
ORG	OBJECT	DESCRIPTION	DEBIT	CREDIT
<b>FY16</b>				
<b>General Fund:</b>				
	01100909	490137 Recovered Costs - Public Safety		18,533
	01311085	501200 Police Dept - Overtime	3,381	
	01311085	502100 Police Dept - Social Security	210	
	01311085	502110 Police Dept - Medicare	49	
	01331108	501200 Sheriff Corrections - Overtime	13,834	
	01331108	502100 Sheriff Corrections - Social Security	858	
	01331108	502110 Sheriff Corrections - Medicare	201	
		Recovery of Off-duty Coverage Law Enforcement		
<b>Total General Fund:</b>			<b>18,533</b>	<b>18,533</b>

Comments by members of City Council – Hodge attended the business matchmaking event, stating that it was a good event and she wanted to commend the EDC for a good job. She asked the City Manager to provide a report of how the City works with other local businesses. Teague mentioned Fast Track March 1 and 2, 2016 and said it’s a successful event for the community and noted the new location. Turner recognized Lonnie Carter who

February 23, 2016

passed away earlier in the day. Turner asked if Martinsville was a community where the residents could pay for tickets with canned goods. Monday said he didn't believe we had the authority to accept any other forms of payment other than cash. Hodge mentioned the fee added to a traffic ticket that went towards equipment for patrol cars and asked for research on how that would work. Bowles congratulated the Martinsville Bulldogs on their win. She talked about Black History month and recognized previous African American City employees who had worked in the Police Department and School Board. She encouraged the younger generation to talk to their elders and learn their history. The Millennials of Martinsville and Henry County are close to their goal for the Flint Michigan donation.

Comments by City Manager – Towarnicki mentioned that the City has two booths at the trade show including MiNET, Water Department and Fire Department at one and the Police Department at the other. Applications for the Start-Up Martinsville program received 18 applications. Those have been reviewed and boot camp classes begin February 25, 2016. He said at least 15 of those applicants were invited to attend the classes and awards would be made at the end of the program.

City Attorney – City Attorney Monday addressed the bill that was referred to by Mayor Turner. Delegate Marshall put into the bill to authorize the creation of land bank authorities to manage delinquent or blighted properties.

Business from the Floor (not televised) – Dianne Ennis, 1216 Knollwood Place – wanted to thank Council for putting the asset management plan together.

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 voting in favor. The meeting adjourned at 9:09pm.

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Karen Roberts  
Clerk of Council

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Danny Turner  
Mayor



## City Council Agenda Summary

**Date:** March 8, 2016

**Item No:** 2.

**Department:** City Manager

**Issue:** Hear an update from Amanda Witt of the M-HC Chamber of Commerce regarding the Community Business Launch project.

**Summary:** Information will be provided regarding activities either completed or currently underway regarding the Community Business Launch project.

**Attachments:** None

**Recommendations:** No action needed - presented for information purposes only.

**Date:** March 8, 2016

**Item No:** 3.

**Department:** City Manager

**Issue:** Hear information regarding GO Virginia and the designation of regional councils across the state.

**Summary:** The Virginia Initiative for Growth and Opportunity in Each Region (GO Virginia) was initiated by the Virginia Business Higher Education Council (VBHEC) and the Council on Virginia's Future to foster private-sector growth and job creation through state incentives for regional collaboration by business, education, and government. Recognizing the harsh effect of deep federal budget cuts on a Virginia economy that is overly dependent on public-sector jobs, business leaders formed the GO Virginia campaign to work for regional cooperation on private-sector growth, job creation, and career readiness.

The coalition favors state incentives to encourage effective collaboration among business, education, and government in each region, providing a framework for implementation of the private sector-focused strategies of leading business organizations and political leaders. The GO Virginia coalition is waging a statewide grassroots campaign to mobilize business and community leaders, partners in education and government, and interested citizens to work for state policies that will help secure a future of expanding opportunity for all Virginians.

An important element of GO Virginia is the formation of 8 to 10 regional councils across the state, ideally grouped along similarities in transportation, economy, demographics, and other key regional interests. At the WPPDC Board meeting on February 25, the Board discussed the alignment of localities within the West Piedmont Planning District with possible options related to regional council formation. The matter is being placed on Council's agenda for March 8 for further discussion.

**Attachments:** Various materials related to this discussion

**Recommendations:** No action required although it would be appropriate for Council to communicate to WPPDC its preferred regional council alignment.

## WEST PIEDMONT PLANNING DISTRICT COMMISSION

### Go Virginia Update: Regional Council Geographic Designations

#### **Background**

The Virginia Initiative for Growth and Opportunity in Each Region (GO Virginia) was initiated by the Virginia Business Higher Education Council (VBHEC) and the Council on Virginia's Future to foster private-sector growth and job creation through state incentives for regional collaboration by business, education, and government. Recognizing the harsh effect of deep federal budget cuts on a Virginia economy that is overly dependent on public-sector jobs, business leaders formed the GO Virginia campaign to work for regional cooperation on *private-sector growth, job creation, and career readiness*.

At this time, it appears the General Assembly is in the process of approving somewhere in the neighborhood of \$39 million in state incentives to encourage effective collaboration among business, education, and government in each region, providing a framework for implementation of the private sector-focused strategies of leading business organizations and political leaders in both parties.

A key component of the effort will be the designation of regional councils tasked with reviewing proposals. It is envisioned that planning districts will work closely with and provide staff support to these regional councils which will have a majority of private sector appointees. *A key consideration for the WPPDC and other planning districts is the geographical alignment with other localities in neighboring regions. Staff seeks the input from the Commission on this issue.*

#### **Board Consideration**

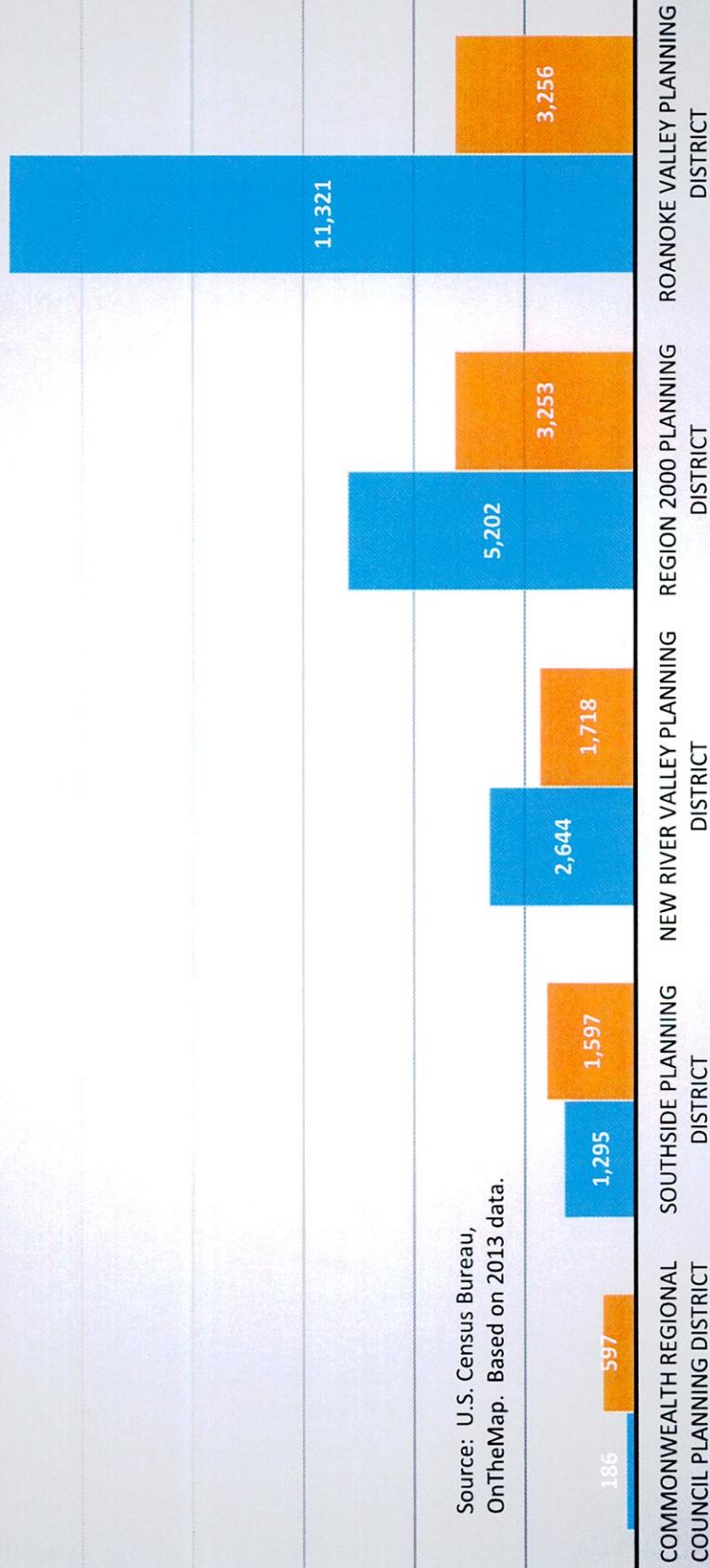
Thursday, February 25, 2016, at 7:00 pm at the offices of the West Piedmont Planning District Commission, 1100 Madison Street, Martinsville, VA

David R. Hoback  
Executive Director

<u>Go Virginia Regions Points of Consideration</u>	
<b>Roanoke/Lynchburg/NRV</b>	
<b>Pros</b>	
Franklin County/Rocky Mount are members of both the WPPD and the Roanoke Valley PDC's	Roanoke Valley & NRV(with exception of Floyd) are not tobacco region communities
Shared future I-73 Corridor with Roanoke Valley along US 220 through Franklin and Martinsville/ Henry County	Roanoke/Lynchburg are not EDA development districts
Stronger out/in commuting patterns between WPPD, Roanoke, Lynchburg and NRV Regions in comparison to the regions to the east.	More competition for GO VA per capita funds pool
WPPDC shares two VTRANS 2040 highway corridors of statewide significance with Roanoke/Lynchburg regions(US 220 & US 29)	Political clout of larger communities could be problematic
Per capita pool of GO VA project money is larger	A different set of issues and concerns in urban centered regions
Roanoke/NRV are ARC district communities	
Lynchburg Region(with exception of Amherst Co.)includes other tobacco communities for leveraging VTC funds	
Patrick/Floyd share the Blue Ridge Parkway & tourism opportunities	
Potential community of interests between the WPPD's cities and the Roanoke/Lynchburg regions	
WPPD/Roanoke/Lynchburg is the footprint for the Blue Ridge Economic Coalition initiative launched in 2015	
Three contiguous borders with the WPPD	



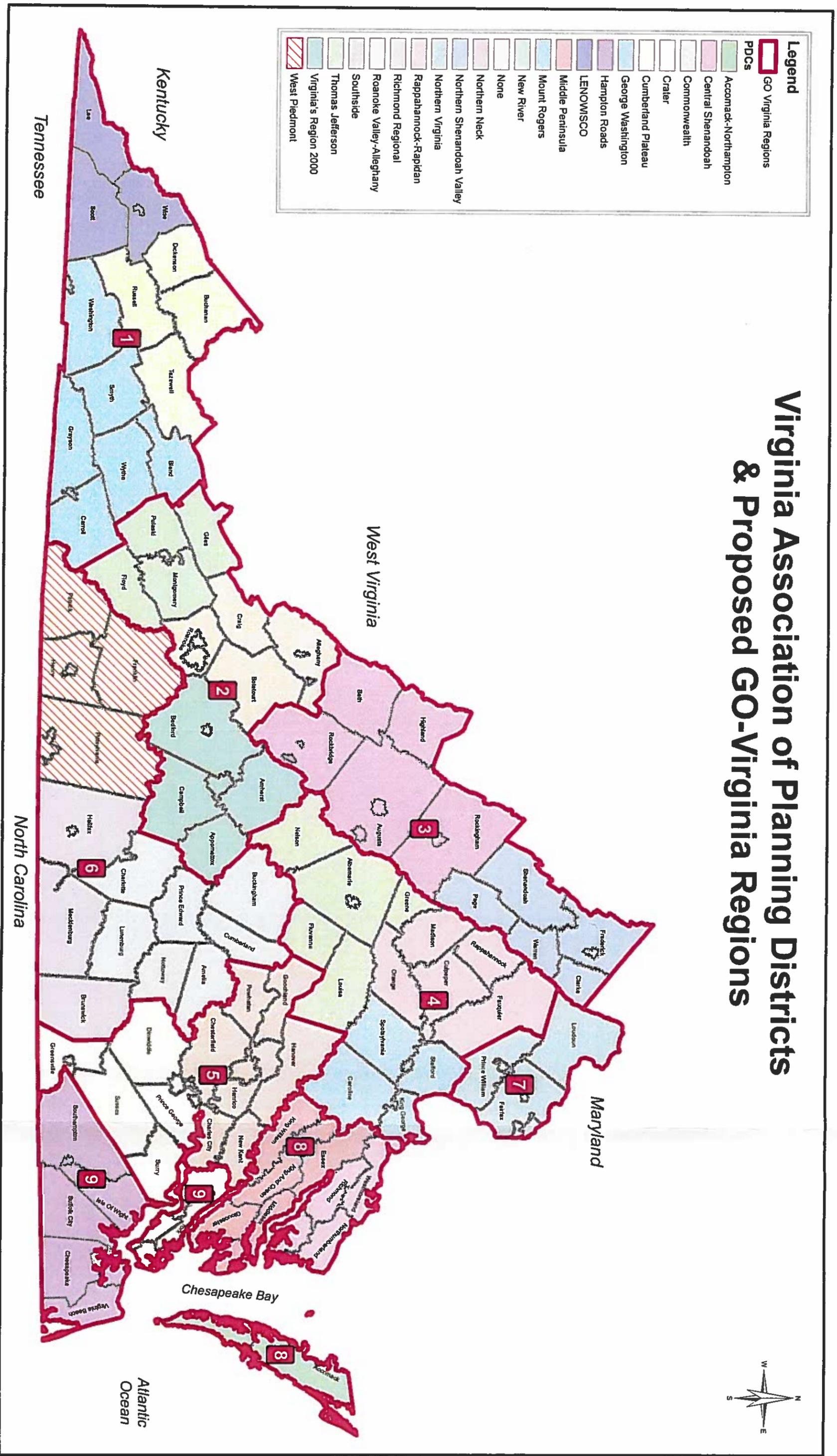
# Commutation Between the West Piedmont Planning District and Neighboring Planning Districts



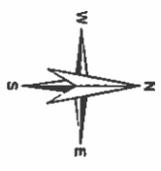
Source: U.S. Census Bureau, OnTheMap. Based on 2013 data.

■ Outcommuting from WPPD    ■ Incommuting to WPPD

# Virginia Association of Planning Districts & Proposed GO-Virginia Regions



Legend	
<span style="border: 1px solid red; display: inline-block; width: 15px; height: 10px;"></span>	GO Virginia Regions
PDCs	
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	Accomack-Norhampton
<span style="display: inline-block; width: 15px; height: 10px; background-color: #f4cccc;"></span>	Central Shenandoah
<span style="display: inline-block; width: 15px; height: 10px; background-color: #fce4d6;"></span>	Commonwealth
<span style="display: inline-block; width: 15px; height: 10px; background-color: #fff2cc;"></span>	Crater
<span style="display: inline-block; width: 15px; height: 10px; background-color: #fff2cc;"></span>	Cumberland Plateau
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	George Washington
<span style="display: inline-block; width: 15px; height: 10px; background-color: #f4cccc;"></span>	Hampton Roads
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	LENOWISCO
<span style="display: inline-block; width: 15px; height: 10px; background-color: #f4cccc;"></span>	Middle Peninsula
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	Mount Rogers
<span style="display: inline-block; width: 15px; height: 10px; background-color: #f4cccc;"></span>	New River
<span style="display: inline-block; width: 15px; height: 10px; background-color: #fff2cc;"></span>	None
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	Northern Neck
<span style="display: inline-block; width: 15px; height: 10px; background-color: #f4cccc;"></span>	Northern Shenandoah Valley
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	Northern Virginia
<span style="display: inline-block; width: 15px; height: 10px; background-color: #f4cccc;"></span>	Rappahannock-Rapidan
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	Richmond Regional
<span style="display: inline-block; width: 15px; height: 10px; background-color: #fff2cc;"></span>	Roanoke Valley-Alleghany
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	Southside
<span style="display: inline-block; width: 15px; height: 10px; background-color: #f4cccc;"></span>	Thomas Jefferson
<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9ead3;"></span>	Virginia's Region 2000
<span style="display: inline-block; width: 15px; height: 10px; background-color: #fff2cc;"></span>	West Piedmont



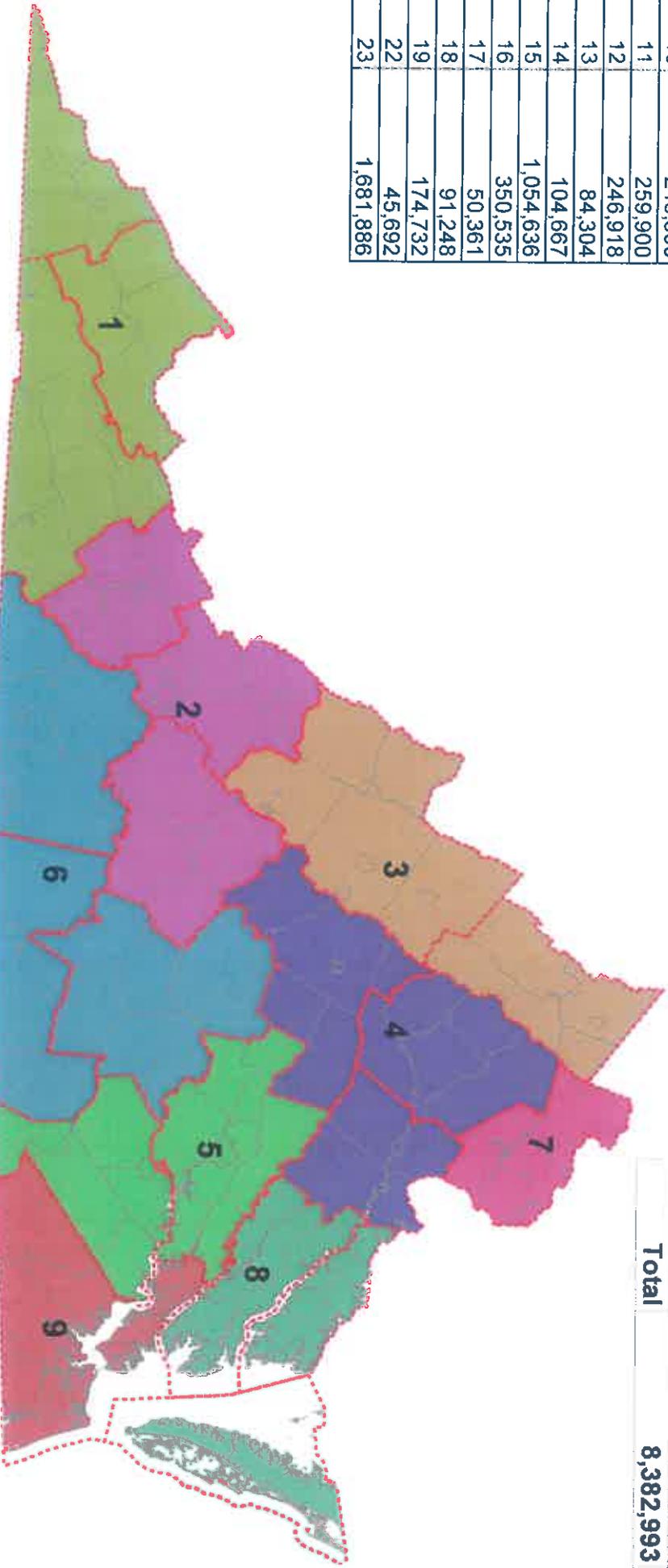
**Draft**

# Go Virginia Regions Option 1

## VAPDC Original Recommendation

Planning District	2015 Cooper Center Population Estimates
1	91,830
2	110,381
3	191,012
4	182,991
5	279,285
6	297,621
7	229,120
8	2,436,146
9	171,228
10	248,500
11	259,900
12	246,918
13	84,304
14	104,667
15	1,054,636
16	350,535
17	50,361
18	91,248
19	174,732
22	45,692
23	1,681,886

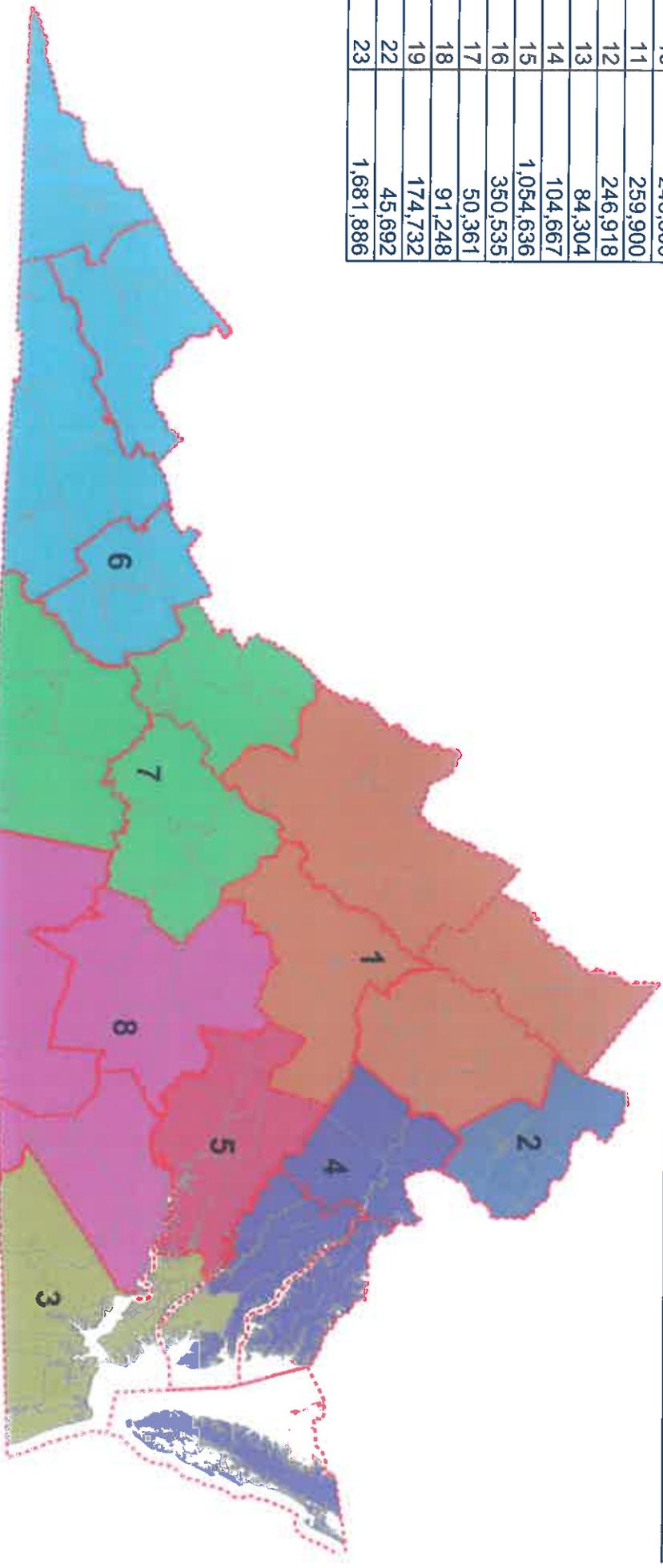
Go Virginia Regions	2015 Cooper Center Population Estimates
1	393,223
2	722,176
3	526,741
4	770,263
5	1,229,368
6	435,889
7	2,436,146
8	187,301
9	1,681,886
<b>Total</b>	<b>8,382,993</b>



# Go Virginia Regions Option 5

Planning District	2015 Cooper Center Population Estimates
1	91,830
2	110,381
3	191,012
4	182,991
5	279,285
6	297,621
7	229,120
8	2,436,146
9	171,228
10	248,500
11	259,900
12	246,918
13	84,304
14	104,667
15	1,054,636
16	350,535
17	50,361
18	91,248
19	174,732
22	45,692
23	1,681,886

Go Virginia Regions	2015 Cooper Center Population Estimates
1	946,469
2	2,436,146
3	1,718,958
4	500,764
5	1,054,636
6	576,214
7	786,103
8	363,703
<b>Total</b>	<b>8,382,993</b>



 PDC Boundaries\*

\* Gloucester is a member of PDC 18 and 23.  
Franklin is a member of PDC 5 and 12.

# Go Virginia Regions Option 3

Planning District	2015 Cooper Center Population Estimates
1	91,830
2	110,381
3	191,012
4	182,991
5	279,285
6	297,621
7	229,120
8	2,436,146
9	171,228
10	248,500
11	259,900
12	246,918
13	84,304
14	104,667
15	1,054,636
16	350,535
17	50,361
18	91,248
19	174,732
22	45,692
23	1,681,886

Go Virginia Regions	2015 Cooper Center Population Estimates
1	576,214
2	679,628
3	862,399
4	379,516
5	500,764
6	1,229,368
7	2,436,146
8	1,718,958
<b>Total</b>	<b>8,382,993</b>



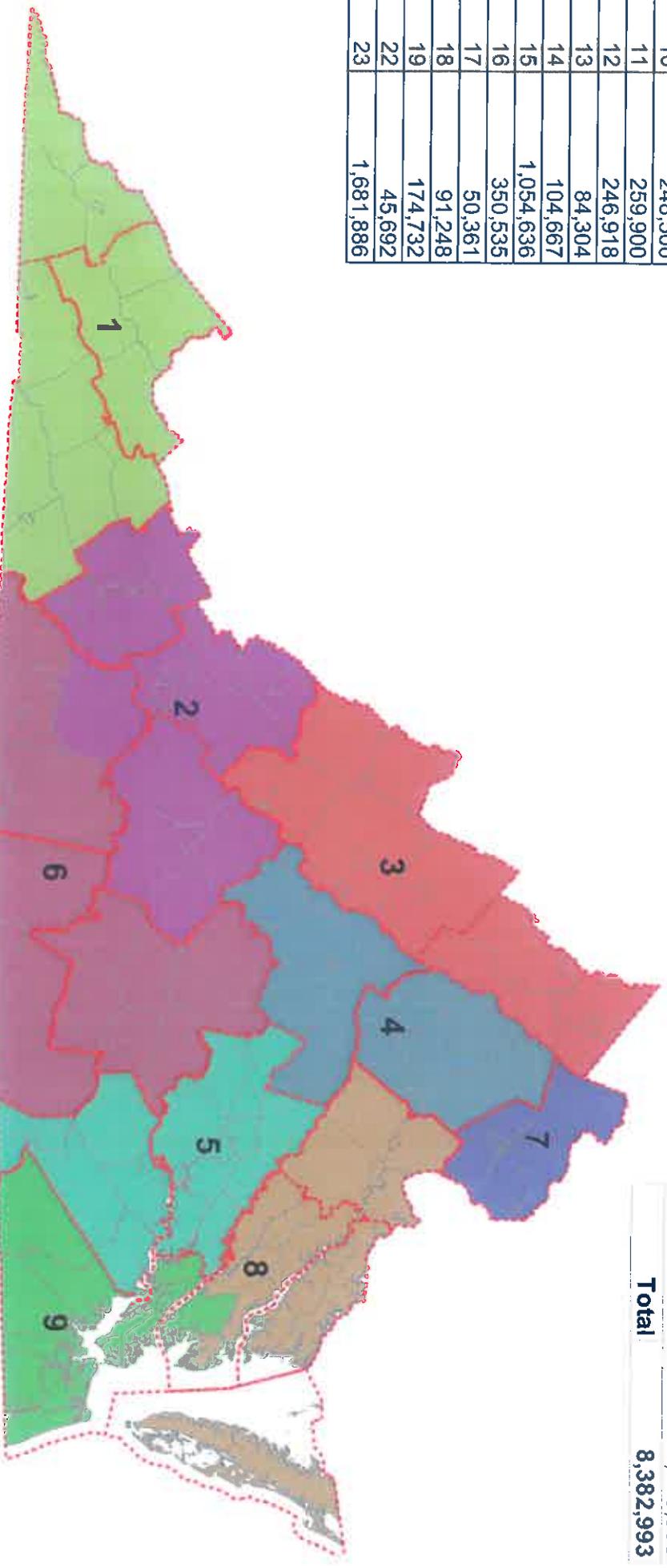
 PDC Boundaries\*

\* Gloucester is a member of PDC 18 and 23.  
Franklin is a member of PDC 5 and 12.

# Go Virginia Regions Option 2

Planning District	2015 Cooper Center Population Estimates
1	91,830
2	110,381
3	191,012
4	182,991
5	279,285
6	297,621
7	229,120
8	2,436,146
9	171,228
10	248,500
11	259,900
12	246,918
13	84,304
14	104,667
15	1,054,636
16	350,535
17	50,361
18	91,248
19	174,732
22	45,692
23	1,681,886

Go Virginia Regions	2015 Cooper Center Population Estimates
1	393,223
2	778,549
3	526,741
4	419,728
5	1,229,368
6	379,516
7	2,436,146
8	500,764
9	1,718,958
<b>Total</b>	<b>8,382,993</b>



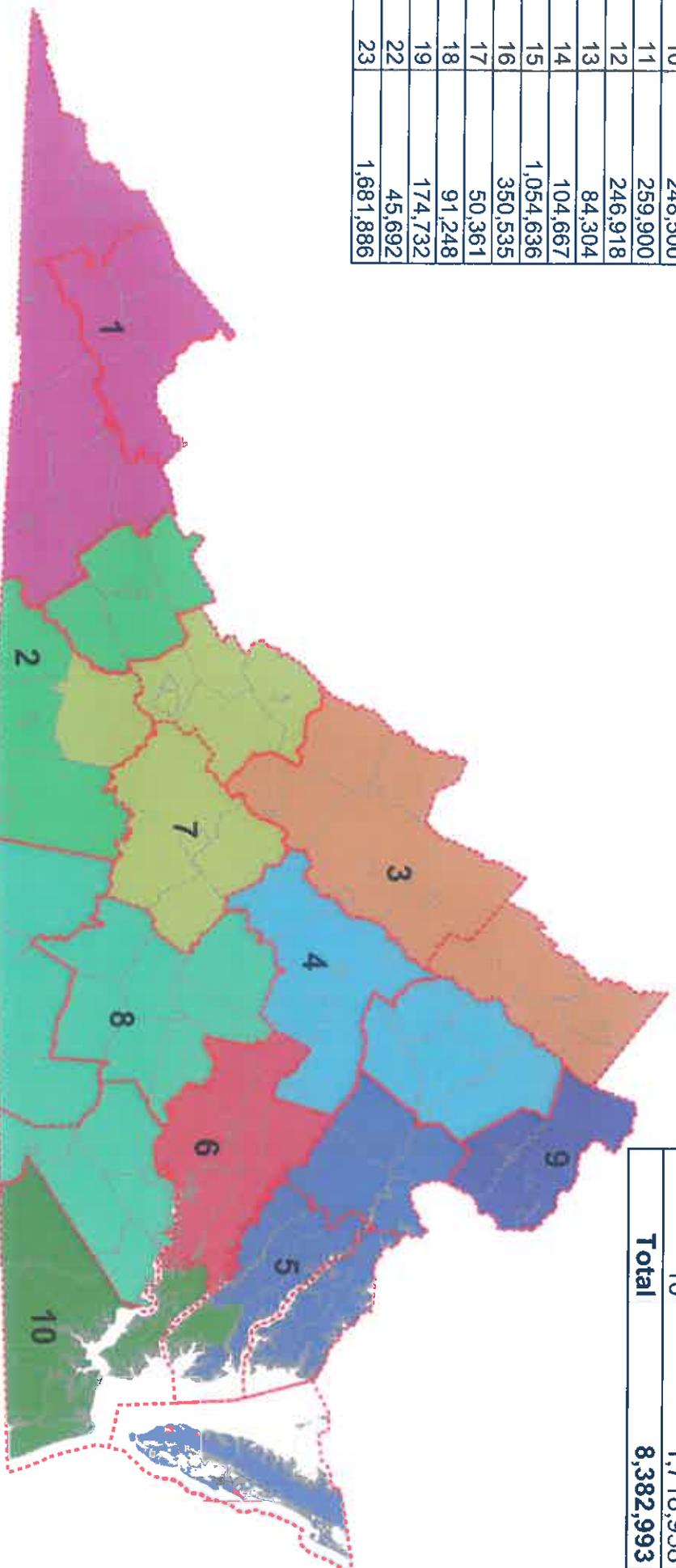
 PDC Boundaries

\* Gloucester is a member of PDC 18 and 23.  
Franklin is a member of PDC 5 and 12.

# Go Virginia Regions Option 4

Planning District	2015 Cooper Center Population Estimates
1	91,830
2	110,381
3	191,012
4	182,991
5	279,285
6	297,621
7	229,120
8	2,436,146
9	171,228
10	248,500
11	259,900
12	246,918
13	84,304
14	104,667
15	1,054,636
16	350,535
17	50,361
18	91,248
19	174,732
22	45,692
23	1,681,886

Go Virginia Regions	2015 Cooper Center Population Estimates
1	393,223
2	373,536
3	526,741
4	419,728
5	500,764
6	1,054,636
7	595,558
8	363,703
9	2,436,146
10	1,718,958
<b>Total</b>	<b>8,382,993</b>



 PDC Boundaries\*

\* Gloucester is a member of PDC 18 and 23.  
Franklin is a member of PDC 5 and 12.



## City Council Agenda Summary

**Date:** March 8, 2016

**Item No:** 4.

**Department:** Human Resources

**Issue:** Hear an update from the City's Human Resources Office regarding hiring trends.

**Summary:** Information will be provided regarding hiring trends related to efforts to fill vacant positions within the City's workforce.

**Attachments:** None

**Recommendations:** No action needed - presented for information purposes only.



## City Council Agenda Summary

**Date:** March 8, 2016

**Item No:** 5.

**Department:** Police

**Issue:** Hear a presentation from the Police Department regarding their 2015 Annual Report.

**Summary:** The Police Department has compiled information regarding departmental activities for calendar year 2015 into an annual report format and will present the information at the March 8 Council meeting.

**Attachments:** None. Information will be presented at the meeting.

**Recommendations:** This item is being presented for Council and public information purposes. No Council action is required.

**Date:** March 8, 2016

**Item No:** 6.

**Department:** Community Development

**Issue:** Hear a presentation from Community Development staff regarding the City's Architectural Review Board and Historic District designation.

**Summary:** Community Development staff will present information on the City's Architectural Review Board (ARB) – the history of the ARB; Historic District designations; and the impact the ARB/Historic District designations have had since inception.

**Attachments:** None. Information will be presented at the meeting.

**Recommendations:** This item is being presented for Council and public information purposes. No Council action is required.

**Date:** March 8, 2016

**Item No:** 7.

**Department:** Finance Department

**Issue:** Hear a staff update regarding City purchasing policies and procedures.

**Summary:** Information will be provided regarding the policies and procedures related to City purchasing. The City annually purchases thousands of dollars of materials, goods, supplies, services, professional services, and construction services. Frequent inquiries are made regarding how the City's purchasing process works, and whether it is possible to direct more purchasing to in-City vendors.

Purchasing staff will provide information on current operations as well as how interested vendors can access City purchasing needs and requirements.

**Attachments:** None

**Recommendations:** No action needed - presented for information purposes only.

**Meeting Date:** March, 8, 2016

**Item No:** 8.

**Department:** Finance

**Issue:** Consider approval on first reading of an ordinance authorizing the issuance of up to \$10,000,000 principal amount of water and sewer revenue bonds of the City of Martinsville, Virginia and providing for the form, details, and payment thereof, related to the City's sewer interceptor project.

**Summary:** The City proposes to issue water and sewer revenue bonds for the purpose of assisting in the acquisition, construction, renovation, and equipping of sewer system repairs, replacements, and capital improvements, and for certain costs of issuance of the Bonds, all for municipal purposes not to exceed \$10,000,000 in principal amount. Approval of this ordinance is required as an element of financing the project.

**Attachments:** Copy of Ordinance and Financing Agreement

**Recommendations:** Motion to approve the ordinance on first reading with roll call vote. Future expected actions related to this issue includes conducting a Public Hearing followed by approval of the Authorizing Ordinance on second reading at the March 22<sup>nd</sup> meeting.

**CITY OF MARTINSVILLE, VIRGINIA**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$10,000,000  
PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF THE CITY  
OF MARTINSVILLE, VIRGINIA AND PROVIDING FOR THE FORM, DETAILS AND  
PAYMENT THEREOF**

**Adopted on March 8, 2016 (first reading)**

Be it Ordained by the Council of the City of Martinsville, Virginia:

**Section 1**     **Definitions**

Unless the context shall clearly indicate some other meaning, the following words and terms shall for all purposes of the Ordinance and of any certificate, resolution or other instrument amendatory thereof or supplemental thereto for all purposes of any opinion or instrument or other documents therein or herein mentioned, have the following meanings:

**“Act”** shall mean the Public Finance Act, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended.

**“Bond” or “Bonds”** shall mean the City’s Water and Sewer Revenue Bond, Series 2016, in the aggregate principal amount of up to \$10,000,000, authorized to be issued hereunder.

**“Bond Counsel”** shall mean Sands Anderson PC or another attorney or firm of attorneys nationally recognized on the subject of municipal bonds selected by the City.

**“City”** shall mean the City of Martinsville, Virginia.

**“City Charter”** shall mean the City Charter of the City of Martinsville, Virginia, as amended.

**“Clerk”** shall mean the Clerk of the Council or the Deputy Clerk of the Council.

**“Commonwealth”** shall mean the Commonwealth of Virginia.

**“Council”** shall mean the City Council of the City of Martinsville.

**“Financing Agreement”** shall mean the Financing Agreement between VRA and the City related to issuance of the Bond for the financing of the Project.

**“Fund”** shall mean the Virginia Water Facilities Revolving Fund.

**“Mayor”** shall mean the Mayor or Vice Mayor of the City.

**“Paying Agent”** shall mean the City Treasurer acting as Paying Agent for the Bond hereunder or the successors or assigns serving as such hereunder.

**“Project”** shall mean specifically the acquisition, construction, renovation and equipping of sewer system repairs, replacements, and capital improvements, all for the City’s municipal purposes.

“**Registrar**” shall mean the Paying Agent, or the successors or assigns serving as such hereunder.

“**System**” shall mean the City’s water and sewer system.

“**VRA**” shall mean the Virginia Resources Authority, as administrator of the Fund.

## **Section 2     Findings and Determinations**

The Council hereby finds and determines that (i) the City is authorized to acquire, construct, operate and maintain water and sewer systems in the City (**together, the “System”**), which System is a revenue producing undertaking of the City (ii) the City is in need of funds to be used for the purposes of financing capital improvements, specifically the acquisition, construction, renovation and equipping of the Project, including payment of costs of issuance of the Bond; (iii) the obtaining of such funds will be for municipal purposes of the City, for the welfare of citizens of the City for purposes which will serve the City and its citizens pursuant to the authority of the City to provide funds for and otherwise support the activities of the City and the City’s municipal purposes; (iv) the most effective, efficient and expedient manner in which to provide such funds to the City is through the issuance of a water and sewer revenue bond, Series 2016, in an aggregate original principal amount not to exceed \$10,000,000 to be issued by the City as further described herein to be sold to VRA as administrator of the Fund, which has offered to purchase the same on certain terms and conditions pursuant to a commitment letter dated as of February 18, 2016 and the Financing Agreement (as defined herein); (v) the issuance of the Bond is within the power of the City to contract debts, borrow money and make and issue evidence of indebtedness; (vi) the Project constitutes a water or waste system within the meaning of Title 15.2, Chapter 51, Section 15.2-5101, of the Code of Virginia, 1950, as amended (**the “Virginia Code”**) and a wastewater treatment (including sewage and wastewater collection) facility within the meaning of the term “Project” as defined in Section 62.1-224 of the Virginia Code, (vii) the Council desires to issue the Bonds under the provisions of the Act and the City Charter, and a duly advertised and conducted public hearing has been held with respect to the Bonds on March 22, 2016 and, (viii) the issuance of the Bond is in the best interests of the City and its citizens. The maximum length of time that the Bond will be outstanding is thirty years from the date of issuance of the Bond. The Council further hereby finds and determines that the probable useful life of the Project financed by the Bond is thirty years and that the Bond is payable and shall mature within the probable useful life of the Project.

## **Section 3     Authorization, Form and Details of the Bond**

The Project, which shall constitute a part of the System, is hereby approved and the City is authorized to issue not more than \$10,000,000 principal amount of water and sewer revenue bonds, Series 2016 (**the “Bonds”**) pursuant to the City Charter and under the Act. The Bonds shall mature no later than thirty (30) years from the date of their issuance and the Bonds shall not bear interest. The Bonds shall be issued in fully registered form, shall mature or be subject to

mandatory sinking fund redemption on such dates and in such amounts as the City Manager or Assistant City Manager may approve and shall be subject to such optional and other redemption provisions as the City Manager or Assistant City Manager may approve. The proceeds from the sale of the Bonds shall be used to finance the Project.

The Bonds shall be issued to VRA, as administrator of the Fund, pursuant to the terms, conditions and provisions of this Ordinance and the Financing Agreement and upon such other terms as may be determined in the manner set forth in this Ordinance. The issuance and sale of the Bonds in one or more series from time to time in accordance with this Ordinance is authorized. The Bonds shall be in substantially the form herein, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance and by the VRA.

The Bonds shall be executed, for and on behalf of the City, by the Mayor or the Vice-Mayor of the City, either of whom may act, and shall have the corporate seal of the City impressed thereon, attested by the Clerk or Deputy Clerk of the City. The manner of execution and affixation of the seal may be by facsimile, provided, however that if the signatures of the Mayor or Vice Mayor are by facsimile, the Bonds shall not be valid until signed by the manual signature of the Clerk or Deputy Clerk. The Bonds shall be in substantially the form herein, with such variations, insertions or deletions as may be approved by the officer executing the Bonds on the City's behalf. The City Treasurer is hereby appointed as the Registrar for the Bonds.

**“FORM OF BOND”**

**ISSUE DATE:** \_\_\_\_\_, 2016

**UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA**

**\$10,000,000**

**Water and Sewer Revenue Bond, Series 2016**

THE CITY OF MARTINSVILLE (the “**Borrower**”), a public body politic and corporate of the Commonwealth of Virginia, acknowledges itself indebted and for value received, hereby promises to pay, solely from the revenues and other property hereinafter described and pledged to the payment of this Bond, to the order of Virginia Resources Authority (**VRA**), as Administrator of the Virginia Water Facilities Revolving Fund (the “**Fund**”), Richmond, Virginia, or registered assigns or legal representatives, the sum equal to the amount of principal advances made hereunder but not to exceed Ten Million and 00/100 Dollars (\$10,000,000.00), with interest on the disbursed and unpaid principal balance from the date of each disbursement until payment of the entire principal sum. This Bond shall not bear interest.

Commencing on \_\_\_\_\_, 20\_\_, and continuing semi-annually thereafter on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 in each year, principal due under this Bond shall be due and

payable in equal installments, with a final installment due and payable on \_\_\_\_\_, 20\_\_, when, if not sooner paid, all amounts due hereunder shall be due and payable in full provided however, that if principal advances up to the maximum authorized amount are not made, the principal amount due on this Bond shall not include such undisbursed amount. However, unless the Borrower and VRA agree otherwise in writing, until all amounts due hereunder shall have been paid in full, less than the full disbursement of the maximum authorized amount hereunder shall not postpone the due date of any semi-annual installment due hereon, or change the amount of such installment.

In addition, if any installment of principal is not received by the holder of this Bond within ten (10) days from its due date, the Borrower shall pay into the Fund, a late payment charge in an amount equal to five percent (5.0%) of such overdue installment. Principal is payable in lawful money of the United States.

No notation is required to be made on this Bond of the payment of any principal on normal installment dates. HENCE, THE FACE AMOUNT OF THIS BOND MAY EXCEED THE PRINCIPAL SUM REMAINING OUTSTANDING.

**THIS BOND IS A LIMITED OBLIGATION OF THE BORROWER AND IS PAYABLE SOLELY FROM CERTAIN REVENUES TO BE DERIVED FROM THE OWNERSHIP OR OPERATION OF THE BORROWER'S WATER AND WASTEWATER SYSTEM AS THE SAME MAY FROM TIME TO TIME EXIST, WHICH REVENUES HAVE BEEN PLEDGED PURSUANT TO THE FINANCING AGREEMENT (HEREINAFTER DEFINED) TO SECURE THE PAYMENT THEREOF. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE BORROWER, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THIS BOND OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE BORROWER IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF THIS BOND OR OTHER COSTS INCIDENT THERETO.**

This Bond is issued pursuant to the terms of the Financing Agreement between the Borrower and VRA dated as of March 1, 2016 (the "Financing Agreement") to evidence a loan by VRA to the Borrower to finance the Project Costs (as defined in the Financing Agreement). The obligations of the Borrower under this Bond and the Financing Agreement shall terminate when all amounts due and to become due pursuant to this Bond and Financing Agreement have been paid in full. Reference is hereby made to the Financing Agreement and any amendments thereto for the definitions and provisions, among others, describing the pledge and covenants securing this Bond, the nature and extent of the security, the terms and conditions upon which this Bond is issued, and the rights and obligations of the Borrower and the holders of this Bond.

The pledge of Revenues, as defined in the Financing Agreement, toward payment of the Bond in accordance with the terms of the Financing Agreement shall be on parity with the pledge of Revenues securing the Existing Parity Bonds, if any, as defined in the Financing Agreement and set forth on Exhibit F thereto. The Borrower may incur additional indebtedness secured by a pledge of the Revenues pursuant to the terms of the Financing Agreement.

Transfer of this Bond may be registered upon the registration books of the Bond Registrar. Prior to due presentment for registration of transfer, the Bond Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and the exercise of all other rights and powers of the owner.

This Bond is subject to optional prepayment to the extent and on the terms set forth in the Financing Agreement.

If an Event of Default (as defined in the Financing Agreement) occurs, the principal of this Bond may be declared immediately due and payable by the holder by written notice to the Borrower.

Notwithstanding anything in this Bond to the contrary, in addition to the payments of the principal provided by this Bond, the Borrower shall also pay such additional amounts, if any, which may be necessary to provide for payment in full of all amounts due under the Financing Agreement.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

IN WITNESS WHEREOF, the Borrower has caused this Bond to be signed by its Mayor or Vice-Mayor, to be attested by the Clerk of the City Council, its seal to be affixed hereto and to be dated as of \_\_\_\_\_, 2016.

CITY OF MARTINSVILLE, VIRGINIA

SEAL

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Mayor

ATTEST:

\_\_\_\_\_  
Clerk of the City Council

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ whose address for registration purposes is \_\_\_\_\_  
\_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Tax I.D. No.  
Transferee: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_

\_\_\_\_\_  
(NOTE: the signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.)

## SCHEDULE OF PRINCIPAL ADVANCES

The amount and date of principal advances not to exceed the face amount hereof shall be entered hereon by an authorized representative of the Virginia Resources Authority, as Administrator of the Fund, when the proceeds of each such advance are delivered to the Borrower.

<u>Amount</u>	<u>Date</u>	<u>Authorized Signatures</u>
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If any Bond has been mutilated, lost, stolen, or destroyed, the City shall execute and deliver a new Bond of like date and tenor in exchange and substitution for, and upon delivery to the Registrar and cancellation of, such mutilated Bond, or in lieu of and in substitution for such lost, stolen, or destroyed Bond; provided, however, that the City shall execute, authenticate, and deliver a new Bond only if its registered owner has paid the reasonable expenses and charges of the City in connection therewith and, in the case of a lost, stolen, or destroyed Bond (i) has filed with the Registrar evidence satisfactory to him or her that such Bond was lost, stolen, or destroyed and that the holder of the Bond was its registered owner and (ii) has furnished to the City indemnity satisfactory to the Registrar. If the Bond has matured, instead of issuing a new Bond, the City may pay the Bond without surrender upon receipt of the aforesaid evidence and indemnity.

### **Section 4     Pledge of Water and Sewer Revenues**

The Bond shall be a limited obligation of the City and, except to the extent payable from the proceeds of the sale of the Bond or the income, if any, derived from the investment thereof, is payable exclusively from the Revenues (as defined in the Financing Agreement) of the City's System which the City hereby pledges to the payment of the Bond pursuant to the terms of the Financing Agreement. The pledge of the Revenues securing the Bond shall be on parity with any Parity Bonds (as defined in the Financing Agreement) secured by such Revenues.

**Section 5      Application of Proceeds; Sale of Bond**

Proceeds derived from the sale of the Bond together with other monies available therefor shall be used to pay the costs of issuance and for the purposes specified in Section 2 of this Ordinance and otherwise used in accordance with the provisions of this Ordinance or an opinion of Bond Counsel.

**Section 6      Further Actions Authorized; Approval of Documents**

The Financing Agreement will be in substantially the form presented to and filed with the minutes of the meeting of this City Council at which this Ordinance is being adopted. The form of the Financing Agreement and the terms, conditions and provisions thereof are hereby approved by this City Council, and the Mayor, or City Manager, any of whom may act, are hereby authorized and directed to execute and deliver to the VRA the Financing Agreement in substantially such form, with such changes and amendments as the officer executing the same shall approve or as shall be necessary to satisfy VRA requirements, such approval to be conclusively evidenced by his execution and delivery thereof.

The Mayor, City Manager, City Finance Director, City Treasurer, City Clerk, bond counsel for the City and all other appropriate officers and employees of the City shall take all actions and execute all certificates and documents as shall be necessary to carry out the provisions of this Ordinance.

All other actions of City officials in conformity with the purposes and intent of this Ordinance and in furtherance of the issuance and sale of the Bonds as authorized herein are ratified, approved and confirmed. City officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds pursuant to this Ordinance and the Financing Agreement and to do all acts and things necessary or convenient to carry out the terms and provisions of such documents.

All ordinances, resolutions and proceedings in conflict herewith are, to the extent of such conflict, repealed. This Ordinance shall constitute the “Local Resolution” as such term is defined in Section 1.1 of the Financing Agreement.

**Section 7      Invalidity of Sections**

If any section, paragraph, clause or provision of this Ordinance shall be held invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining portions of this Ordinance.

**Section 8      Headings of Sections, Table of Contents**

The headings of the sections of this Ordinance and the Table of Contents appended hereto or to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of such sections of this Ordinance.

**Section 9      Effectiveness and Filing of Ordinance**

This Ordinance was presented to the Council and a public hearing concerning this Ordinance was held in accordance with applicable law by the Council at its meeting on March \_\_, 2016. The Council hereby declares that this Ordinance shall become effective upon its passage as provided for in the Act and pursuant to Section 3 of Chapter 3 of the City Charter. A certified copy of this Ordinance shall be filed by the Clerk with the Clerk of the Circuit Court of the City of Martinsville, Virginia. The filing of this Ordinance with the Clerk of the Circuit Court of the City of Martinsville, Virginia shall be deemed to be the filing of an initial resolution or ordinance with such Court for all purposes of the Act.

The Members of the Council voted as follows:

Ayes

Nays

Absent

Abstentions

Adopted this \_\_\_\_ day of March, 2016.

The undersigned Clerk of the City Council of the City of Martinsville, Virginia hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on March \_\_, 2016, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly called meeting and that, during the consideration of the foregoing ordinance, a quorum was present.

Dated this \_\_\_ day of March, 2016.

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Clerk, City Council of  
City of Martinsville, Virginia

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## City Council Agenda Summary

**Meeting Date:** March 8, 2016  
**Item No:** 9.  
**Department:** Finance  
**Issue:** Appropriation Approvals

**Summary:**

The attachment amends the FY16 Budget with appropriations in the following funds:

<u>General:</u>	\$	20,960 – Recovered Costs
<u>School Operating:</u>	\$	14,535 – State Grant

**Attachments:**  
Consent Agenda 3-8-16

**Recommendations:** Approve

**BUDGET ADDITIONS FOR 03/08/16**

<b>ORG</b>	<b>OBJECT</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
<b><u>FY16</u></b>				
<b><u>General Fund:</u></b>				
01100909	490104	Advance/Recovered Costs		1,623
01331108	501300	Sheriff/Corrections - Part-time & Temporary Wages	1,210	
01331108	502100	Sheriff/Corrections - Social Security	75	
01331108	502110	Sheriff/Corrections - Medicare	18	
01331108	506008	Sheriff/Corrections - Vehicle Equipment & Maint.	242	
01331110	506200	Sheriff/Annex - Prisoner Allowance	78	
		Reimbursement from Henry County for litter pickup-January		
01100909	490104	Advance/Recovered Costs		4,719
01812242	506089	County Ambulance Fuels	4,719	
		Reimbursements for fuels		
01100909	490104	Advance/Recovered Costs		14,618
01812242	506067	Misc. Exp. - RADAR Transit Program	14,618	
		Reimbursements for fuel		
<b>Total General Fund:</b>			<b>20,960</b>	<b>20,960</b>
<b><u>School Operating Fund:</u></b>				
18101918	418308	Project Graduation		14,535
71501100	561120	Instruction S & W	7,000	
71501100	562100	Social Security	434	
71501100	562150	Medicare	101	
71501100	562800	Miscellaneous Expense	2,000	
71501100	565511	Field Trips	5,000	
		State DOE Grant Award		
<b>Total School Operating Fund:</b>			<b>14,535</b>	<b>14,535</b>