

May 23, 2017

The regular meeting of the Council of the City of Martinsville, Virginia was held on May 23, 2017 in Council Chambers, Municipal Building, at 7:30 PM with Mayor Gene Teague presiding. Council Members present included Gene Teague, Sharon Hodge, Chad Martin, Jennifer Bowles, and Kathy Lawson. Staff present included City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Clerk of Council Karen Roberts, Finance Director Linda Conover, and Police Chief Sean Dunn.

Mayor Teague called the meeting to order and advised Council would go into Closed Session beginning at 7:00 PM. In accordance with Section 2.1-344 (A) of the Code of Virginia (1950, and as amended) and upon a motion by Council Member Lawson, seconded by Council Member Hodge, with the following 5-0 recorded vote: Mayor Teague, aye; Council Member Bowles, aye; Vice Mayor Martin, aye; Council Member Lawson, aye; and Council Member Hodge, aye. Council convened in Closed Session to discuss the following matters: (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. 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. A motion was made by Council Member Lawson, seconded by Council Member Hodge, with the following 5-0 recorded vote in favor to return to Open Session: Vice Mayor Martin, aye; Council Member Lawson, aye; Council Member Hodge, aye; Mayor Teague, aye; and Council Member Bowles, aye.

Mayor Teague read a statement coming out of Closed Session regarding the the Tobacco Commission and the grant given to Dr. Boaz's medical school.

On May 18, the Tobacco Commission voted to clawback the grant given to Dr. Boaz's medical school. The sole vote against the clawback was Sen. Stanley. The amount of the grant is \$800K. At present the clawback obligation rests with the medical school.

As with all other Tobacco Commission grants, the City did not require a personal guarantee, as such guarantees cannibalize the credit of the start-ups, which are needed to secure conventional financing, as was the case here, with River/BRB. The City treated Dr. Boaz and the medical school no differently than any other start-up, allowing it to have unhindered access to conventional credit markets. Simply put, this is the way the City has approached all start-up ventures it has decided to support.

In addition to the City and Tobacco Commission, a local bank and a number of private donors and investors made a significant investments in Dr. Boaz's vision.

Significant reasons which factored in to Council's decision to endorse the medical school grant were:

- A. A recognized and thus far unfulfilled market niche for a medical school in Southwest/Southside Virginia;
- B. The City's commitment to economic development through educational facilities, as with City support for NCI;
- C. Proximity to NCI and the Fayette Street corridor, which is a development priority of Council;
- D. Dr. Boaz' personal reputation as founder of VMNH.

Further, the City has been consistently supportive of Dr. Boaz' efforts:

1. Endorsing the Tobacco Grant.
2. Donating a adjacent land at the Fayette Street site.
3. Stating a willingness to alter the historical district and enterprise zone boundaries to take in the Fayette Street site.
4. Publicly supporting Dr. Boaz when the Tobacco Commission initially voted to delay the clawback.

In addition, the City considered significant additional support, conditioned upon Dr. Boaz's ability to produce \$12M in additional investments (which did not occur):

5. Considering a \$3M bond issue.
6. Explored becoming a CDE for the issuance of tax credits.

The City has consistently supported Dr. Boaz' efforts to get the medical school underway, and the project, unfortunately, foundered because of Dr. Boaz' and the medical school's inability to secure sufficient private investment.

Although it's only been less than a week since the Commission voted and the City has not yet received a formal demand for repayment, the City intends to address this issue head on in a publicly transparent manner.

Council is exploring all options, in the event the City is required to make repayment, to structure the payments over a period of time to minimize the impact of the City's budget to the greatest extent possible, and to explore other economic development proposals which may significantly reduce the repayment obligation.

It is also entirely reasonable to require an explanation of how grant funds, consisting of public money, were spent—and the City will require such an explanation.

As these plans come into greater, detailed focus, Council will keep our citizens informed of progress.

Following the invocation by Council Member Lawson and Pledge to the American Flag, Teague welcomed everyone to the meeting.

Consider approval of minutes of the May 9, 2017 Work Session and the May 9, 2017 Council Meeting – Council Member Lawson made a motion to approve the minutes as presented; Council Member Hodge seconded the motion with all Council Members voting in favor.

Recognize City Employees who are eligible for Service Awards – April 1 through June 30, 2017 - City Manager Towarnicki stated that the service awards are a way to recognize the City employees. Mayor Teague read the list of employees and recognized their years of service.

**SERVICE AWARD RECIPIENTS
FOURTH QUARTER - FISCAL YEAR 16-17
FOR THE PERIOD OF APRIL 1 – JUNE 30, 2017**

NAME	DEPARTMENT	YEARS OF SERVICE
AMANDA SHOUP	Treasurer's Office	5
CATHERINE BURTON	Commonwealth Attorney's Office	5
DINA DAVIS	Sheriff's Department	5
DWAYNE ROBERTSON	Fire/EMS	5
DWAYNE SPENCER	Public Works	5
HARLEY DURHAM	Police Department	5
KAREN ROBERTS	City Manager's Office	5
KATHRYN DODSON	Finance	5
MICHELLE LYONS	Police Department	5
LANE CLARK	Police Department	10
LAWRENCE CLARK	Sheriff's Department	10
MARK PETERS	Police Department	10
MICHAEL LAW	Sheriff's Department	10
JIMMY RIGNEY	Electric Department	10
DALLAS HAIRSTON	Commissioner of Revenue's Office	15
EARL PRESTON	Sheriff's Department	15
JEFFREY CORCORAN	Sheriff's Department	15
TODD OWEN	Fire/EMS	15
ANITA SOWERS	Police Department	20
CONNIE CANNADAY	Sheriff's Department	20
KEVIN TURNER	Sheriff's Department	20
MILDRED MONTGOMERY	Sheriff's Department	20

Consider presentation of a proclamation honoring Worth Harris Carter, Jr. – City Manager Towarnicki thanked the family for attending. Mayor Teague said Mr. Carter had an important impact on the City from a service and financial perspective as well as on education. Teague read the proclamation and Council Members presented the proclamation to Mr. Carter’s family. Council Member Hodge expressed gratitude from her family and said her father spoke highly of Mr. Carter and the assistance he provided her father as an entrepreneur. Mr. Carter’s son thanked Council and the community for recognizing his father’s commitment, stating his father was “steady” and humble.



Proclamation

HONORING WORTH HARRIS CARTER, JR.

WHEREAS, Longtime community leader and banker, Worth Harris Carter, Jr, passed away on Friday, April 7, 2017, at the age of 79; and

WHEREAS, Worth H. Carter, Jr. began his banking career as an examiner for the Federal Reserve Bank of Richmond, VA examining banks in Virginia, West Virginia, Maryland, North Carolina, and South Carolina from January, 1960 to January, 1964, and from January, 1964 to June, 1973 as Vice-President and Comptroller at Piedmont Trust Bank in Martinsville; and

WHEREAS, Beginning in June, 1973 Mr. Carter ventured out on his own, eventually organizing and opening 10 new community banks in Rocky Mount, Martinsville, Danville, Floyd, South Boston, Lynchburg, Galax, Fredericksburg, Staunton, and Roanoke, all eventually merging in 2006 as Carter Bank & Trust; and

WHEREAS, Mr. Carter served as Chairman and CEO of Carter Bank & Trust, growing the bank from 1 office with 8 employees and \$1.2 million in total assets in 1974, to 123 offices throughout Virginia and North Carolina with approximately 975 employees and \$4.5 billion in total assets; and

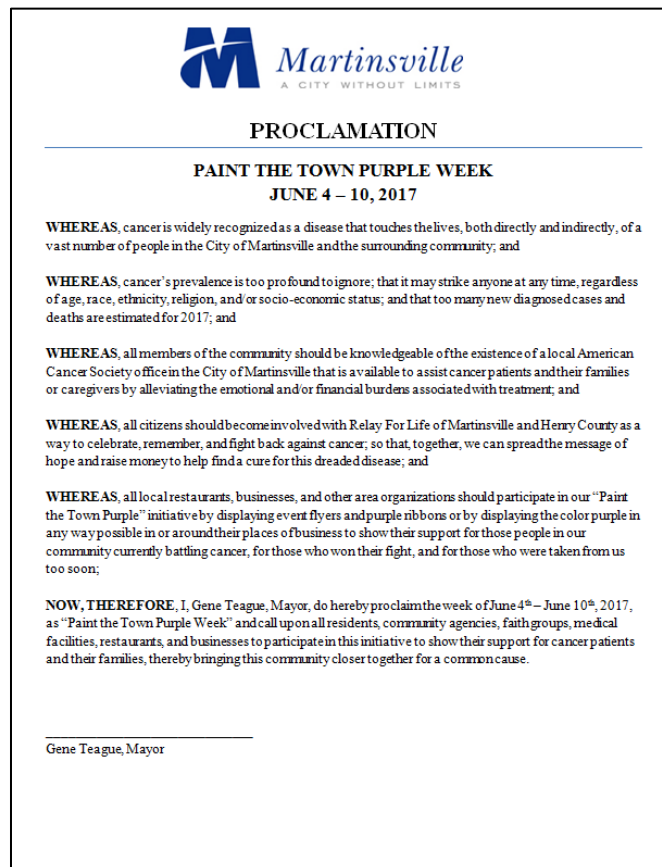
WHEREAS, Mr. Carter also devoted time to the community, particularly related to education serving for 21 years on the Martinsville City School Board, 11 years as its Chairman;

NOW, THEREFORE, on this 23rd day of May, 2017, Martinsville City Council hereby honors the late Worth Harris Carter, Jr. for the contributions he made not only to our community but also to others, for the entrepreneurial spirit he exemplified, and for helping make our community a much better place for all. We extend our condolences to the entire Carter family.

M. Gene Teague, Mayor

May 23, 2017

Presentation of a proclamation recognizing June 4-10, 2017 as Paint the Town Purple Week – Council Member Lawson read the proclamation and Council Members presented it to Michelle Grant, Volunteer for the American Cancer Society. Grant thanked Council and shared upcoming Relay for Life event details. Council Member Lawson pointed out that the Police Department has a Relay for Life team for anyone looking to donate.



Read and present a proclamation recognizing the Martinsville Circuit Court Clerk's Office as the first office in Virginia to certify the Clerk and all staff in the Career Development Program of the Virginia Court Clerk's Association – Mayor Teague emphasized that the Martinsville Circuit Court Clerk's office is the first in the state to receive this certification throughout the entire office. Vice Mayor Martin read the proclamation and Council Members presented copies to Clerk's Office employees. Ashby Pritchett introduced his coworkers and recognized their years of service, stating that his staff averages 27.5 years of service in the Martinsville office. Pritchett said they are honored and grateful to receive this recognition and is thankful for the longevity of the department. The staff continues to take advantage of the newest technology and continues to get better at what they do. Council Member Bowles thanked the staff and said she hears good things about the office. City Attorney Monday explained that the staff works in an atmosphere that can be intimidating at times and over his 40 years of experience with the department, the staff puts the residents who visit the office at ease. Council Member Lawson said they were always professional and patient. Mayor Teague said the department is a role model for other departments in the City.



Proclamation

**HONORING THE CLERK AND STAFF OF THE
MARTINSVILLE CIRCUIT COURT CLERK'S OFFICE**

WHEREAS, In 2014 the Virginia Court Clerks' Association established the Career Development Program to encourage professionalism by improving the personal skills, knowledge, and abilities of Circuit Court Clerks and Deputy Clerks; and

WHEREAS, Martinsville Circuit Court Clerk Ashby Pritchett completed all the required professional and educational requirements in 2014, earning the title of "Certified Court Manager" in the Court Management Program at the National Center for State Courts; and

WHEREAS, Jean Nunn and Erika Hamilton completed educational requirements in 2014, followed by Terry Morton and Betty Wagoner in early 2015, and Jennifer Coplin in early 2016; and

WHEREAS, With the completion of the educational and training requirements, the Martinsville Circuit Court Clerk's Office is the first office in Virginia to certify the Clerk and all staff in the Career Development Program of the Virginia Court Clerks' Association, earning the newly authorized professional credential of "Master Circuit Court Clerk" and "Master Deputy Circuit Court Clerk";

NOW, THEREFORE, on this 23rd day of May, 2017, Martinsville City Council hereby recognizes and commends Martinsville Circuit Court Clerk Ashby Pritchett, Chief Deputy Jean Nunn, and Deputy Clerks Terry Morton, Erika Hamilton, Betty Wagoner, and Jennifer Coplin for their achievement in earning the "Master" designation and for their continuation of professional and outstanding service to the citizens of Martinsville.

M. Gene Teague, Mayor

Hear an update from the Public Works Department regarding various projects and operations – Due to illness, Chris Morris was unable to attend and will be providing an update at the June 13 Council meeting.

Consider scheduling a joint City Council – Martinsville Planning Commission Public Hearing for June 13, 2017 for the City's Zoning Ordinance update – City Manager Towarnicki summarized discussions at the previous Planning Commission meeting and presented a letter from the Planning Committee Commissioner Tim Martin to set that public hearing for June 13, 2017. Council Member Lawson and Council Member Hodge expressed concerns about providing residents adequate notice of the public hearing. Council Member Bowles and Vice Mayor Martin requested that notice be shared with local churches and the ministerial group. Assistant City Manager Wayne Knox said a mailing will be sent out to residents along with a copy on the City's website, at the Library and a notice would be included in the newspaper. Mayor Teague suggested that those previous meetings with the Planning Commission be aired over the next few weeks to help educate the public. City Attorney Monday explained that whatever the current use of a resident's property is would not be affected. Council Member Hodge made a motion to set a joint public hearing for June 13, 2017, motion was seconded by Council Member Bowles with all members voting in favor.

Consider setting public hearing for Council's June 13, 2017 meeting for the purpose of receiving names of citizens interested in an appointment for one 3-year term on the

May 23, 2017

Martinsville City School Board, beginning July 1, 2017 and ending June 30, 2020 – Mayor

Teague explained that interested parties are not required to be present but their name would need to be mentioned at the public hearing to be considered as a candidate. Council will conduct interviews before the June 27 Council meeting and depending on the number of applicants, possibly after the Council meeting adjourns. Council Member Lawson made a motion to set the public hearing for June 13, Council Bowles seconded the motion with all Council Members voting in favor.

SCHOOL BOARD

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

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

Meetings are held on the second Monday of each month.

CONTACT: Mr. Zeb Talley, Interim Superintendent, 403-5820, 746 Indian Trail, Martinsville, VA 24112

Name & Address	Initial Appointment	Term Expires	Full Term
Eric Hruza, 707 Mulberry Rd	6/30/16	6/30/19	1
Donna Dillard, 912 Forest Lake Dr.	8/24/16	6/30/17	0
Victor Correa, 1242 Sam Lions Tr.	6/10/14	6/30/17	1
Lawrence Mitchell, 700 Second St.	6/16/15	6/30/18	1
Joan Montgomery, 807 Corn Tassel Tr.	6/16/15	6/30/18	1

Consider approval on first reading of an ordinance authorizing the issuance of up to \$11,740,000 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 – City Manager Towarnicki detailed the previous steps taken in the approval needed for the interceptor project financing. Bids were received last week and came in about \$2million less than expected. Council Member Bowles made a motion to approve the ordinance on first reading, Council Member Lawson seconded the motion with the following Roll Call vote: Council Member Lawson, aye; Mayor Teague, aye; Vice Mayor Martin, aye; Council Member Hodge, aye; and Council Member Bowles, aye.

CITY OF MARTINSVILLE, VIRGINIA

AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$11,740,000 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 May 23, 2017 (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 2017, in the aggregate principal amount of up to \$11,740,000, 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 2017, in an aggregate original principal amount not to exceed \$11,740,000 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 as revised by an extension commitment letter dated as of March 3, 2017 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 June 13, 2017 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 \$11,740,000 principal amount of water and sewer revenue bonds, Series 2017 (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: _____, 2017

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA

§

Water and Sewer Revenue Bond, Series 2017

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 _____ and 00/100 Dollars (\$ _____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 SYSTEMS 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 June 1, 2017 (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 presentation 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 _____, 2017.

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.

Amount	Date	Authorized Signatures

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.

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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 June 13, 2017. 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.

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The Members of the Council voted as follows:

<u>Ayes</u>	<u>Nays</u>
<u>Absent</u>	<u>Abstentions</u>

Adopted this ___ day of _____, 2017.

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 _____, 2017, 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 _____, 2017.

Clerk, City Council of
City of Martinsville, Virginia

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Business from the Floor – Patrick H. Wright, Spruce Street stated if Christ is not allowed to be discussed as a religious figure in schools, then schools should consider teaching about Christ as a historical figure.

May 23, 2017

Ural Harris, 217 Stewart Street said every time he reads about Tobacco Funds that it is given to a business with assets and he does not understand why it would be given to the school and why was it not presented to the Board of Directors. He expressed concern about the decisions made regarding the medical school over the past years. Harris presented a list of questions to Council and said he and other residents would like answers.

Comments by members of City Council – Council Member Bowles reminded residents to vote in June for Governor and Lt Governor. She congratulated the Start-Up winners especially her friend and owner of Blessed Life Tees. She congratulated all 2017 graduates. Bowles has participated in training through the YMCA and suggested anyone interested in this mentor program should contact Terry Carter at the YMCA. Council Member Hodge explained that the money awarded to the Start-Up candidates is the path to economic development and she thanked those who applied for taking the risk. Council Member Lawson said applications are being accepted for free-swimming lessons offered by the Delvin Hairston Memorial fund. Mayor Teague congratulated the Start-Up Candidates, stating that 22 businesses have started up with the assistance of these funds. He expressed appreciation to Amanda Witt and CPEG for their work on the program, stating that there was a variety of businesses represented.

Comments by City Manager – City Manager Towarnicki said that the Municipal building would be closed Monday for Memorial Day and shared Memorial Day event details at People's Cemetery on Second Street at 10:30am, Roselawn at 12:00noon and Carver Memorial at 6:30pm. Towarnicki said there were seven businesses that were awarded funds this time the number of other residents who applied for the funds was amazing; Towarnicki said it was encouraging to see that level of interest of residents to venture out and start a business. Mayor Teague also recognized Dr. Godwin and others from Patrick Henry Community College for the training provided for the program. Towarnicki shared that there are numerous vacancies on City Boards and Commissions and encouraged residents to apply. He said Strategic-Planning details was sent to Council and reminded them to send him any comments or requests for changes.

Comments by City Attorney – City Attorney Monday thanked Council, City employees and residents for their condolences and compassion during the passing of his mother.

There being no further business, Council Member Hodge made a motion to adjourn the meeting; the motion was seconded with all Council Members voting in favor. The meeting adjourned at 8:40pm.

Karen Roberts
Clerk of Council

Gene Teague
Mayor