

12-28-93 Minutes

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:30 p.m., December 28, 1993.

Members present: Mayor G. Michael Shelton; Councilman Larry D. Brookshier; Councilwoman Joanne A. Grahame; Councilman Payton M. Otey; Councilman Ronnie C. Rice; and Vice Mayor James A. Vest.

Members absent: Councilman W. D. Tharp.

Staff present: City Manager Jack A. Gross; City Attorney W. W. Berry, IV; and Clerk of the Council Teresa W. Hatcher.

Mayor Shelton opened the meeting and led all present in saying the Pledge of Allegiance to the Flag.

Mayor Shelton declared that the minutes of a regular Council meeting held on December 14, 1993, were approved as mailed.

Councilman Rice spoke regarding the 122 north/south connector road. Mr. Rice questioned a street sign at Shady Knoll which indicates Norfolk Avenue. Councilwoman Grahame stated that it is so listed on the city map.

Councilman Rice also suggested that Council consider increasing the speed limit on the north/south connector road. The speed limit is presently set at 35 mph.

The City Manager indicated that the road is designed for 45 mph.

Councilman Rice suggested that the Safety Committee consider the matter of increasing the speed limit on the north/south connector road.

The City Manager indicated that Council has a corrected copy of the proposed resolution authorizing issuance and sale of electric system revenue refunding bonds.

On motion by Councilman Otey, seconded by Councilman Brookshier, voted upon and carried, Council waived the reading of the revised resolution authorizing issuance and sale of electric system revenue refunding bonds.

Councilwoman Grahame moved that the resolution be adopted. The motion was seconded by Councilman Otey.

Discussion ensued.

The motion was then voted upon and carried by the following roll call vote:

Councilman Brookshier aye

Councilwoman Grahame aye

Councilman Otey	aye
Councilman Rice	aye
Councilman Tharp	absent
Vice Mayor Vest	aye
Mayor Shelton	aye

The resolution follows as adopted:

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF
ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES
1994, IN THE MAXIMUM AMOUNT OF \$17,000,000, OF
THE CITY OF BEDFORD, VIRGINIA, TO REFUND ALL OR
A PORTION OF THE CALLABLE ELECTRIC SYSTEM
REVENUE REFUNDING BONDS, SERIES 1986, OF THE
CITY OF BEDFORD, VIRGINIA, AND PROVIDING FOR THE
FORM, DETAILS AND PAYMENT THEREOF**

WHEREAS, there are outstanding \$14,875,000 of the \$15,225,000 Electric System Revenue Refunding Bonds, Series 1986 (the "1986 Bonds"), of the City of Bedford, Virginia (the "City"), authorized by an ordinance and a resolution each adopted by the City Council of the City (the "City Council") on October 10, 1986, which bonds were issued to refund \$13,105,000 of the City's \$13,700,000 Electric System Revenue Bonds, Series 1985 (the "1985 Bonds");

WHEREAS, it appears that the City can effect considerable savings by issuing its electric system revenue refunding bonds (the "Bonds") to refund all or a portion of the \$14,615,000 principal amount of the 1986 Bonds maturing on and after June 1, 1997 (the "Refunded Bonds"), and to pay costs to be incurred in connection such refunding;

WHEREAS, the City has made arrangements with AMBAC Indemnity Corporation for the issuance of its Municipal Bond Insurance Policy to insure payment of principal of and interest on the Bonds;

WHEREAS, the City Council has determined that it is in the best interest of the City to sell such bonds as a single issue through negotiation with Scott & Stringfellow, Inc. (the "Underwriter");

WHEREAS, on November 17, 1993, the issuance of such refunding bonds was approved by the State Council on Local Debt as required by Section 15.1-227.8, Code of Virginia of 1950, as amended; and

WHEREAS, there have been presented to this meeting the most recent drafts of the following documents proposed in connection with the issuance and sale of the Bonds:

(a) Draft dated December 20, 1993, of a Second Supplemental Agreement of Trust between the City and Signet Trust Company, Richmond, Virginia, as trustee (the "Trustee"), dated as of January 1, 1994 (the "Second Supplemental Trust Agreement"), providing for the issuance, security and form of the Bonds as Additional Bonds pursuant to an Agreement of Trust between the Authority and Bank of Virginia Trust Company (now Signet Trust Company) dated as of June 1, 1985 (the "Master Trust Agreement"), as supplemented and amended by a First Supplemental Agreement of Trust dated as of October 1, 1986 (the "First Supplemental Trust Agreement, together with the Master Trust Agreement and the Second Supplemental Trust Agreement, the "Trust Agreement"), and providing for the escrowing of a portion of the proceeds of the Bonds to refund the Refunded Bonds; and

(b) Draft dated December 15, 1993, of a Preliminary Official Statement relating to the public offering of the Bonds, (the "Preliminary Official Statement");

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

1. Issuance and Sale. There shall be issued, pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, electric system revenue refunding bonds of the City in the maximum principal amount of \$17,000,000 (a) to provide funds to refund the Refunded Bonds, including funds to pay principal of and premium and interest on the Refunded Bonds to their redemption date, and (b) to pay costs incurred in connection with such refunding and issuing the Bonds.

2. Bond Details. The Bonds shall be designated "Electric System Revenue Refunding Bonds, Series 1994," shall be dated January 1, 1994, shall be in registered form, in denominations of \$5,000 and multiples thereof, and shall be numbered R-1 upward. Subject to paragraph 4, the Bonds shall mature in installments on each June 1 beginning no later than the year 1995 and ending no later than the year 2025. Interest on the Bonds shall be payable from their date beginning June 1, 1994, and semiannually on each June 1 and December 1 thereafter. The City Council authorizes the issuance and sale of the Bonds to the Underwriter on terms as shall be satisfactory to the City Manager; provided, however, that the Bonds (a) shall have a "true" or "Canadian" interest cost not to exceed 6.0% taking into account any original issue discount or premium, (b) shall be sold to the Underwriter at a price not less than 98% of the original aggregate principal amount thereof (excluding any original issue discount), and (c) shall comply with the requirements of the State Council on Local Debt.

3. Redemption Provisions. The Bonds may be subject to redemption prior to maturity at the option of the City on or after dates, if any, determined by the City Manager, in whole or in part at any time, at a redemption price equal to the principal amount of the Bonds, together with any accrued interest to the redemption date, plus

a redemption premium not to exceed 3% of the principal amount of the Bonds, such redemption premium to be determined by the City Manager.

4. Sale of Bonds. The sale of the Bonds is authorized upon the following terms. The City Manager shall (a) determine the principal amount of the Bonds, subject to the limitations set forth in paragraph 2, (b) determine the interest rates of the Bonds, subject to the limitations set forth in paragraph 2, (c) determine the maturity schedule of the Bonds, subject to the limitations set forth in paragraph 2, (d) determine the price to be paid for the Bonds by the Underwriter, subject to the limitations set forth in paragraph 2, and (e) determine the redemption provisions of the Bonds, subject to the limitations set forth in paragraph 3, all as the City Manager determines to be in the best interests of the City. Prior to the sale of the Bonds, the City Manager may change the dated date of the Bonds to a date later than January 1, 1994, to facilitate the sale and delivery of the Bonds.

Following the determination of the terms of the Bonds and their sale, the City Manager shall execute a bond purchase agreement with the Underwriter (the "Bond Purchase Agreement") and deliver the Bond Purchase Agreement to a representative of the Underwriter. The Bond Purchase Agreement shall set forth the final terms of the Bonds and be in a form approved by the City Manager in collaboration with the City Attorney and the City's bond counsel, the execution thereof by the City Manager to constitute conclusive evidence of the City Manager's approval of such Agreement. Following the sale of the Bonds, the City Manager shall file the Bond Purchase Agreement with the City Clerk. The actions of the City Manager in selling the bonds shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the City Council.

5. Execution and Authentication. The Mayor, City Manager and City Clerk are hereby authorized and directed to have the Bonds prepared and executed pursuant to the Trust Agreement, to deliver them to the Trustee for authentication, and to cause the Bonds so executed and authenticated to be delivered to or for the account of the Underwriter upon payment of the price to be determined by the City Manager and specified in the Bond Purchase Agreement.

6. Pledge of Security. The Bonds shall be equally and ratably secured under the Trust Agreement on a parity with the outstanding principal amount of the 1985 Bonds and the 1986 Bonds not being refunded by the issuance of the Bonds. The Bonds shall be issued as Additional Bonds under the Trust Agreements and shall be limited obligations of the City, payable solely from the Revenues, as defined in the Trust Agreement, and the funds created by the Trust Agreement, and nothing in the Bonds or the Trust Agreement shall be deemed to create or constitute an indebtedness or pledge of the Commonwealth of Virginia or any political subdivision thereof, including the City.

7. Official Statement. The draft of the Preliminary Official Statement describing the Bonds, copies of which have been provided to the members of the City Council, is approved as the form of the Preliminary Official Statement by which the Bonds will be offered for sale, with such completions, omissions, insertions and changes not inconsistent with this Resolution as the City Manager may consider appropriate. The City Manager shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement. The City Manager is authorized on behalf of the City, to execute the final Official

Statement. The City shall arrange for the delivery to the Underwriter of a reasonable number of copies of the final Official Statement, within seven business days after the Bonds have been sold, for delivery to each potential investor requesting a copy of the Official Statement and to each person to whom the Underwriter initially sells Bonds.

8. Official Statement Deemed Final. The City Manager is authorized, on behalf of the City, to deem the Preliminary Official Statement and the final Official Statement to be final as of their dates within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission from the Preliminary Official Statement of such pricing and other information permitted to be omitted pursuant to such Rule. The distribution of the Preliminary Official Statement and the execution of the final Official Statement by the City Manager shall be conclusive evidence that each has been deemed final.

9. Second Supplemental Trust Agreement. The City Manager is authorized and directed to execute the Second Supplemental Trust Agreement and deliver it to the Trustee. The Second Supplemental Trust Agreement shall be in substantially the form presented to this meeting, which is approved, with such completions, omissions, insertions and changes as may be approved by the City Manager, the execution thereof by the City Manager to constitute conclusive evidence of the City Manager's approval of any such completions, omissions, insertions and changes of such Agreement.

10. Redemption of Refunded Bonds. The City Manager is authorized and directed to determine which maturities of the 1986 Bonds shall constitute the Refunded Bonds. The 1986 Refunded Bonds are specifically and irrevocably called for redemption on July 1, 1996, at a redemption price of 102% of the principal amount of the Refunded Bonds, plus accrued interest. The Second Supplemental Trust Agreement shall provide for giving notice of redemption to the registered owners of the Refunded Bonds in accordance with the Trust Agreement authorizing the Refunded Bonds.

11. Section 503(b) of the Master Trust Agreement. In accordance with Section 503(b) of the Master Trust Agreement the following matters are hereby stated:

(a) The redemption price of the Refunded Bonds is 102% of the principal amount thereof, plus accrued interest at the interest rate set forth on the face of each 1986 Bond to June 1, 1996.

(b) The amount required to be on deposit at all times in the Debt Service Reserve Fund is anticipated to be approximately \$1,160,600 after issuance of the Bonds and is calculated as set forth in Section 708 of the Master Trust Agreement.

(c) The expenses incidental to such redemption and issuance of the Bonds are estimated at \$240,000. Bond Proceeds in the amount of approximately \$225,000 will be used to pay the bond insurance premium and approximately \$50,000 will be used to pay accrued interest on the Bonds. The remaining proceeds will be deposited in an escrow fund to refund the Refunded Bonds.

(d) The Bonds are being issued to refund the Refunded Bonds and to pay issuance expenses incidental thereto. No capitalized interest is to be financed by the Bonds.

12. Arbitrage Covenants. (a) The City represents that there have not been issued, and covenants that there will not be issued, any obligations that will be treated as part of the same issue of obligations as the Bonds within the meaning of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code").

b. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, or otherwise cause interest on the Bonds to be includable in the gross income of the registered owners thereof under existing statutes. Without limiting the generality of the foregoing, the City shall comply with any provision of law which may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bonds, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law.

13. Non-Arbitrage Certificate and Elections. Such officers of the City as may be requested are authorized and directed to execute an appropriate certificate setting forth the expected use and investment of the proceeds of the Bonds, and any elections such officers deem desirable regarding rebate of earnings to the United States, for purposes of complying with Section 148 of the Code. Such certificate and elections shall be in such form as may be requested by bond counsel for the City.

14. Limitation on Private Use. The City covenants that it shall not permit the proceeds of the Bonds to be used in any manner that would result in (a) 5% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City received an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

15. Other Actions. All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bonds are approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bonds.

16. Repeal of Conflicting Resolutions. All resolutions or parts of resolutions

in conflict herewith are repealed.

17. Effective Date. This Resolution shall take effect immediately.

Councilwoman Grahame, President of the Bedford Main Street, Inc., Board of Directors, stated that in August the Bedford Main Street Board voted to initiate a form of long-range planning called visioning, a process that allows a community to find a preferred future for itself. The Bedford Main Street Board determined that a public/private partnership needs to be created, which would include citizens from the business sector, the public sector, civic groups, and the community at large to provide the broad based viewpoints representing the community. Mrs. Grahame stated that the Board also determined that visioning could not be strictly limited to the boundaries of centertown. Councilwoman Grahame stated that the focus would be limited to the following three critical issues: economic development, government services, and education. Mrs. Grahame, as President of Bedford Main Street, Inc. Board, asked Council to join with representatives from the private sector in the visioning process so citizen input can be ensured in the planning process and enter the new century with a new sense of direction and shared goals.

Discussion ensued.

It was the consensus of Council to support the efforts of Bedford Main Street, Inc.

Discussion ensued regarding a retreat to be held by Council in late February focusing on long range planning.

Discussion ensued regarding the speed limit on the 122 north/south connector road.

Mayor Shelton suggested to look at setting the speed limit at 40 mph and the Police Department continue monitoring the situation and come back with a different recommendation as necessary.

Mayor Shelton closed the meeting at 8:00 p.m.