

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:35 p.m., April 12, 2005.

Members present: Mayor E. Thomas Messier; Councilwoman Mary L. Flood; Councilman C. G. Stanley, Jr.; Vice Mayor W. D. Tharp; and Councilman Robert T. Wandrei.

Members absent: Councilman Jeffrey B. Hubbard and Councilman Thomas M. Padgett.

Staff present: City Manager F. Craig Meadows; City Attorney W. W. Berry, IV; and Clerk of the Council Teresa W. Hatcher.

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

Mayor Messier declared that the minutes of an adjourned Council meeting held March 22, 2005, and the minutes of a regular Council meeting held on March 22, 2005, were approved as distributed.

The City Manager reported on the following items:

- Virginia Department of Transportation six year plan public hearing – April 19 in Salem
- 2005 Virginia Municipal League Policy Committee Nominations - deadline April 29
- Elderfest – May 5-6 at the Bedford Moose Lodge
- Presentation – “The Dollars and Sense of Protecting Community Character” – May 18 – 7:30 p.m. – 9:00 p.m. at Appomattox County High School
- Region 2000 Regional Commission Spring 2005 dinner meeting – April 21 at Sweet Briar College, reception at 5:45 p.m. and dinner at 6:30 p.m.
- Information has been compiled regarding the possibility of working with the Elks National Home to develop a driving range/golf course type activity – this information will be discussed at the Council budget retreat.
- The FY 2005-06 proposed budget will be presented at the City Council meeting on April 26. The budget retreat will be held on May 2 at the Bedford Welcome Center.
- An outdoor movie event “Hollywood in the Hills” will be held on May 21 at the recreation field at Bedford Elementary School
- There was a situation that occurred last week whereby a couple of horses fell into a sinkhole behind the old Fisher’s Restaurant – several departments pulled together to assist, include the electric department, public services, and police. Mr. Meadows stated the horses were saved, which was a prime example of a small town community pulling together. Mr. Meadows commended those individuals involved in taking care of the situation quickly.

Mayor Messier, on behalf of Council, commended those involved.

Mayor Messier complimented the Police Department for quickly taking care of a situation at the Bedford Public Library.

The Mayor reported that Habitat for Humanity is having a house dedication on April 17 at 2134 McGhee Street at 3:00 p.m.

The Consent Agenda consisted of the following items:

- Bedford Main Street, Inc. is requesting that Council authorize blocking the following streets for the “Tour of Shenandoah Cycle Race Stage 4 Finish” on Friday, April 29, 2005. The request is for a rolling street closure on the route entering town, and the late afternoon closure of West Main Street from the corner at Bridge Street to Center Street.
- Bedford Main Street, Inc. is requesting that Council authorize blocking Center Street (between Main and Washington Streets) from 5:30 p.m. – 10:00 p.m. for the “Red, White & Bluegrass Festival” on Friday, May 27, 2005.
- Bedford Main Street, Inc. is requesting that City Council authorize blocking Center Street at the Farmer’s Market from 5:30 p.m. to 11:30 p.m. on Monday, July 4, 2005, for the “Libertyfest” concert.
- Bedford Main Street, Inc. is requesting that Council authorize blocking the following streets for “Hunter’s Retreat: The Battle at Liberty” on Saturday, July 23, 2005, and Sunday, July 24, 2005. The request to block streets on Saturday, July 23, 2005, is as follows: Rolling street closure for military parade from the Bedford County Court House to Avenel via East Main Street, North Bridge Street, Bedford Avenue and Avenel Avenue beginning at approximately 9:00 a.m. The streets to be blocked on Sunday, July 24, 2005, from 2:00 p.m. until 3:00 p.m., are noted in the battle description from Major Bill Brown, Army JROTC.
- Bedford Main Street, Inc. is requesting that Council authorize blocking Center Street (between Main and Washington Streets) from 2:00 p.m. – 11:30 p.m. for the “Bedford Blues & BBQ” on Saturday, August 6, 2005.
- Bedford Main Street, Inc. is requesting that Council authorize blocking the following streets for “Centerfest” 2005 on Friday, September 23, from 6:00 p.m. until 11:30 p.m. and Saturday, September 24 from 6:00 a.m. until Midnight:

East Main Street between Otey Street and Bridge Street;
West Main Street between Bridge Street and Ballard Street;
South Bridge Street between Main Street and Washington Street;
North Bridge Street between Main Street and south side of entrance into parking lot at Hunan Restaurant;
West Depot Street between North Bridge Street and alley running between Dr. Unterbrink’s Office and Bill Wentz’s Office (connecting West Main to West Depot);
South Street between East Main Street and Washington Street;

Farmers Market Parking Lot;
Center Street between entrance to Bedford Federal Parking Lot and West
Main Street

- Rolling Thunder, Inc. is requesting the temporary closing of streets for a POW/MIA procession (map of route submitted) through the City on September 17, 2005. The procession will leave Liberty High School in time to arrive at the National D-Day Memorial at 12:30 p.m. for a ceremony. They expect a minimum of 100 motorcycles to take part. The County Sheriff's department will provide both security at the High School and traffic control, and will advise the Virginia State Police as well. Chief Graham and his department have agreed to provide escort and traffic control along the route inside the City limits.

On motion by Councilman Wandrei, seconded by Vice Mayor Tharp, voted upon and carried, the Consent Agenda was adopted.

The Clerk of Council read aloud the following resolution:

**RESOLUTION HONORING
JIMMY D. POWERS
FOR HIS CONTRIBUTIONS TO THE CITY OF BEDFORD**

WHEREAS, the Bedford Life Saving and First Aid Crew, Inc., was formed on July 8, 1943 and has provided emergency medical care for the Bedford community 24 hours a day, 7 days a week since its inception; and

WHEREAS, the Bedford Life Saving and First Aid Crew, Inc., depends on dedicated and trained volunteers from the community to provide exceptional service; and

WHEREAS, Jimmy D. Powers has been a member of the Bedford Life Saving Crew for 50 years -- since May 21, 1955, the "primitive time" when sophisticated equipment included the iron lung and communications were conducted via phone tree; and

WHEREAS, Jimmy D. Powers has dedicated 50 years to faithful service including attending meetings, running day calls, night calls, inter-hospital transports and every other kind of life saving service imaginable; and

WHEREAS, Jimmy D. Powers has been trained in every aspect of life saving from vehicle extrication to his most recent recertification as an Emergency Medical Technician; and

WHEREAS, Jimmy D. Powers, a native of Bedford, has served as an excellent example and touched the lives of many citizens of Bedford through his tireless efforts and civic involvement;

NOW THEREFORE, BE IT RESOLVED, that the City Council adopts this Resolution in honor and recognition of Jimmy D. Powers on April 12, 2005. Likewise, the Council calls upon all citizens of the City of Bedford to honor Jimmy D. Powers and his family for their tremendous contribution to life in the City of Bedford.

Mayor Messier presented a framed copy of the resolution to Mr. Powers.

Mr. Isaac Podyma, Bedford International Alliance exchange student, gave a presentation regarding his trip to France.

Ms. Cecelia Smith, Bedford County Youth & Family Services, explained the Comprehensive Services Act for At-Risk Youth and Families (CSA). The CSA is a Virginia law designed to help troubled youths and their families.

Ms. Amanda Stanley, Community Resources & Prevention Coordinator with Bedford County Youth & Family Services, presented an update on the Bedford community coalition and the substance abuse survey that was administered at the schools.

The City Manager stated that Christmas in April of Bedford, Inc., is requesting that Council authorize the waiving of building permit fees in connection with the group's scheduled projects within the City, as well as any landfill tipping fees that might be applicable. Four homes have been selected for this year in the City. The estimated cost for the permit fees and landfill tipping fees would be \$600.00. The City Manager stated the staff recommends the waiving of the fees; however, permits should be required for both zoning and building code purposes. In addition, it should be understood that any removal of asbestos must be done under EPA guidelines.

On motion by Vice Mayor Tharp, seconded by Councilman Wandrei, voted upon and carried, Council waived the building permit fees and landfill tipping fees for projects to be undertaken by Christmas in April of Bedford, Inc., within the City.

City Manager Meadows stated the Roanoke Valley/Allegheny Regional Commission is requesting Council to adopt a resolution opposing a proposal by the Federal Aviation Administration to close the Roanoke Regional Airport's Air Traffic Control Tower between the hours of midnight and 5:00 a.m. Mr. Meadows stated this proposal by the FAA could have significant impact on passenger safety, as well as economic development for Bedford. The City Manager reported that the Roanoke Regional Airport is the largest airport in the area and the air traffic control tower is the only tower now operating 24-hours per day in western and southwestern Virginia. The tower is also responsible for controlling late night and early morning air travel for the Lynchburg Airport.

The City Manager stated that Council is requested to adopt the proposed resolution and authorize the staff to send copies of the adopted resolution to area legislators and Congressmen, the FAA administrator and the councils and boards of area governments.

On motion by Councilman Wandrei, seconded by Councilwoman Flood, voted upon and carried, Council waived the reading of the proposed resolution regarding the Roanoke Regional Airport.

Councilman Wandrei moved that the resolution be adopted. The motion was seconded by Councilman Stanley, voted upon and carried by the following roll call vote:

Councilwoman Flood	aye
Councilman Hubbard	absent
Councilman Padgett	absent
Councilman Stanley	aye
Vice Mayor Tharp	aye
Councilman Wandrei	aye
Mayor Messier	aye

The resolution follows as adopted:

RESOLUTION

WHEREAS, Roanoke's Air Traffic Control Tower ("Roanoke Tower") was operated at the Roanoke Regional Airport, ("Roanoke Airport") on a 24 hour basis for many years until its hours were limited by the Federal Aviation Administration ("FAA") after the air traffic controllers strike in the early 1980's; and,

WHEREAS, in order to protect the public and promote economic development in the area served by the Roanoke Airport, which consists of 19 counties and contains more than three quarters of a million citizens, the Airport Commission, regional governments and federal legislative representatives worked tirelessly for more than 15 years to restore 24-hour tower operations; and,

WHEREAS, the 24-hour local coverage was finally re-established at the Roanoke Airport in July of 1999; and,

WHEREAS, the FAA has recently proposed that the Roanoke Tower again be closed between the hours of midnight and 5 a.m. as a way to cut costs; and,

WHEREAS, the safety and terrain issues present in 1999 remain today; and,

WHEREAS, closing the Roanoke Tower during late night hours would unnecessarily jeopardize public safety and harm economic development in the region as follows:

1. The Roanoke Airport is the largest airport and the Roanoke Tower is the only 24-hour tower in western and southwestern Virginia and has the added responsibility for handling late night and early morning air traffic for the Lynchburg Airport;
2. In order to provide for the well-being of pilots, passengers and the citizens of the service area, it is most desirable and safer to have controllers in the Roanoke Tower at all times who can hear pilots and see the airfield in order to assist aircraft in difficulty and respond to emergency situations;
3. That same level of safety and response to aviation users of the Roanoke and Lynchburg Regional Airports cannot be provided by controllers located at the FAA's Washington Center, which is hundreds of miles from this area, available only by radio, and already serving many other air service areas and hundreds of aircraft;
4. The Roanoke Airport has cargo carriers operating large aircraft, general aviation aircraft and occasional large jet charters, including, without limitation, aircraft carrying Virginia Tech athletic teams, which operate between the hours of midnight and 5:00 a.m. in reliance on the Roanoke Tower being in operation;
5. Although passenger aircraft frequently need to and do land at the Roanoke Airport after midnight due to schedules, or weather and mechanical delays, passenger carriers would refuse to land at such times if the Roanoke Tower were closed;
6. Having the Roanoke Tower open and available to handle passenger and cargo aircraft on a 24-hour basis is vital to economic development and the growth in the region; and
7. Due to visibility problems and applicable FAA regulations, if the hours of the Roanoke Tower were limited, land that would be critical for future airport growth cannot be developed.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Bedford expresses its strongest possible opposition to the FAA's proposal to close the Roanoke Tower between the hours of midnight and 5:00 a.m.; and,

BE IT FURTHER RESOLVED, that the Clerk of City Council is directed to forward an attested copy of this resolution to The Honorable John Warner, The Honorable George Allen, The Honorable Virgil Goode, The Honorable Robert W. Goodlatte, The Honorable Rick Boucher, FAA Administrator Marion C. Blakey and the governing bodies of the jurisdictions served by the Roanoke and Lynchburg regional airports.

City Manager Meadows stated that on January 20, 1994, the City issued its \$16,450,000 Electric System Revenue Refunding Bonds, Series 1994. Mr. Meadows reported the City can effect considerable savings by issuing electric system revenue bonds to (a) refund all or a portion of the 1994 Bonds maturing on June 1 in the years 2005, 2006, 2009, 2014, 2025 (the "Refunded Bonds"), (b) fund a debt service reserve fund and (c) pay costs of refunding the Refunded Bonds and the costs of issuing such bonds. The City's Financial Advisor, Davenport & Company, LLC, has recommended to Council that the City issue and sell a single issue of electric system revenue refunding bonds in the maximum principal amount of \$16,000,000 through negotiation with Morgan Keegan & Company, Inc., and Banc of America Securities (the "Underwriters"). Mr. Meadows stated that based on preliminary information the City has received, it appears that the net present savings to the City by proceeding with this refunding is going to be over one-half million dollars.

On motion by Vice Mayor Tharp, seconded by Councilwoman Flood, voted upon and carried, Council waived the reading of the resolution regarding the electric system bond refinancing.

On motion by Councilman Wandrei, seconded by Vice Mayor Tharp, voted upon and carried by a roll call vote, Council adopted the resolution providing for the issuance, sale and award of the electric system revenue refunding bonds in a principal amount not to exceed \$16,000,000. Roll call vote follows:

Councilman Stanley	aye
Vice Mayor Tharp	aye
Councilman Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	absent
Councilman Padgett	absent
Mayor Messier	aye

The resolution follows as adopted:

RESOLUTION OF THE CITY OF BEDFORD, VIRGINIA, TO PROVIDE FOR THE ISSUANCE AND SALE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES 2005, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$16,000,000, PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF AND PROVIDING FOR THE REFUNDING OF THE CITY'S ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES 1994, [AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS RELATED TO SUCH FINANCING]

WHEREAS, the Council (the "Council") of the City of Bedford, Virginia (the "City"), desires to establish a program for financing improvements and extensions to its electric system (the "System") by the issuance of bonds payable from revenues of the System and other moneys pledged thereto;

WHEREAS, on January 20, 1994, the City issued its \$16,450,000 Electric System Revenue Refunding Bonds, Series 1994 (the "1994 Bonds");

WHEREAS, the City can effect considerable savings by issuing its electric system revenue refunding bonds to (a) refund all or a portion of the 1994 Bonds maturing on June 1 in the years 2005, 2006, 2009, 2014, 2025 (the "Refunded Bonds"), (b) fund a debt service reserve fund and (c) pay costs of refunding the Refunded Bonds and the costs of issuing such bonds;

WHEREAS, the City Manager and Davenport & Company LLC, the City's financial advisor (the "Financial Advisor"), have recommended to the Council that the City issue and sell a single issue of electric system revenue refunding bonds through negotiation with Morgan Keegan & Company, Inc. and Banc of America Securities (the "Underwriters");

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

- (a) Agreement of Trust, draft dated April 4, 2005, between the City and First Citizens Bank & Trust, Raleigh, North Carolina, as trustee (the "Trustee"), as supplemented by a First Supplemental Agreement of Trust, draft dated April 4, 2005 (collectively, the "Trust Agreement"), pursuant to which such bonds are to be issued, and including the form of such bonds as Exhibit A attached thereto;
- (b) Bond Purchase Agreement, draft dated April 4, 2005 (the "Bond Purchase Agreement"), between the City and the Underwriters providing for the purchase of such bonds;
- (c) Continuing Disclosure Agreement, draft dated April 4, 2005 (the "Continuing Disclosure Agreement"), pursuant to which the City agrees to undertake continuing disclosure obligations pursuant to Rule 15c2-12

promulgated by the Securities and Exchange Commission for the benefit of the holders of such bonds;

- (d) Preliminary Official Statement, draft dated April 4, 2005 (the "Preliminary Official Statement"), of the City relating to the public offering of such bonds; and
- (e) Escrow Deposit Agreement, draft dated April 4, 2005 (the "Escrow Deposit Agreement"), between the City and The Bank of New York, as trustee for the 1994 Bonds, providing for the investment of the proceeds of such bonds to refund the Refunded Bonds;

WHEREAS, the City Manager, in collaboration with the Financial Advisor, has recommended that it may be in the best interest of the City to purchase a municipal bond insurance policy to insure payment of principal of and interest on such bonds if the cost of such municipal bond insurance policy results in an overall interest cost savings to the City;

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

1. Issuance and Sale. The City hereby authorizes the issuance and sale of electric system revenue refunding bonds in an aggregate principal amount not to exceed \$16,000,000 (the "Bonds") pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, to provide funds to refund the Refunded Bonds, including funds to pay principal of and premium and interest on the Refunded Bonds until their earliest redemption date, to fund a debt service reserve fund and to pay costs incurred in connection with such refunding and the costs of issuing the Bonds, including the cost of any municipal bond insurance.

2. Trust Agreement. The City Manager is hereby authorized and directed to execute the Trust Agreement and deliver it to the Trustee. The Trust Agreement shall be in substantially the form submitted to this meeting, which is approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the City Manager, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

3. Bond Details. The Bonds shall be designated "Electric System Revenue Refunding Bonds, Series 2005," or such other designation as may be determined by the City Manager, shall be dated such date as may be determined by the City Manager, shall be in registered form, in denominations of \$5,000 and integral multiples thereof, and shall be numbered R-1 upward. Each Bond shall bear interest at such rate as shall be determined at the time of sale, payable semiannually on dates determined by the City Manager, calculated on the basis of a 360-day year of twelve 30-day months. Subject to Section 5, the Council authorizes the issuance and sale of the Bonds to the Underwriters

upon terms as shall be satisfactory to the City Manager; provided, however, that (a) the true or “Canadian” interest cost of the Bonds shall not exceed 5.5% per year (taking into account any original issue discount or premium), (b) the Bonds shall have a final maturity no later than December 31, 2025, and (c) the Bonds shall be sold to the Underwriters at a price not less than 99% of the aggregate principal amount thereof (without taking into account any original issue discount).

4. 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 2.0% of the principal amount of the Bonds, such redemption premium to be determined by the City Manager.

5. Sale of Bonds. The sale of the Bonds to the Underwriter is authorized upon the following terms. The City Manager, in collaboration with the Financial Advisor, shall (a) determine the principal amount of the Bonds, subject to the limitations set forth in Section 1, (b) determine the interest rates of the Bonds, maturity schedule of the Bonds and the price to be paid for the Bonds by the Underwriters, subject to the limitations set forth in Section 3, (c) determine the redemption provisions of the Bonds, subject to the limitations set forth in Section 4, and (d) determine the dated date and the principal and interest payment dates of the Bonds, all as the City Manager determines to be in the best interests of the City.

Following the determination of the terms of the Bonds and their sale, the City Manager shall execute the Bond Purchase Agreement and deliver it to the Underwriters. The Bond Purchase Agreement shall be in substantially the form submitted to this meeting, which is approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the City Manager, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes. 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 Council.

6. Pledge of Security. The Bonds shall be limited obligations of the City, payable solely from Revenues (as defined in the Trust Agreement) and the funds created by the Trust Agreement and pledged to the payment of the Bonds, 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. Approval of Underwriters. The Council hereby approves of the selection of Morgan Keegan & Company, Inc. and Banc of America Securities as Underwriters for the Bonds.

8. Preparation and Delivery of Bonds. The Mayor or Vice-Mayor is hereby authorized and directed to execute the Bonds by manual or facsimile signature, the City’s seal to be affixed thereto or a facsimile thereof printed thereon and attested by the City

Clerk or Deputy City Clerk, to deliver the Bonds to the Trustee for authentication, and to cause the Bonds so executed and authenticated to be delivered to the Underwriters upon payment of the purchase price.

9. Official Statement. The City authorizes the Underwriters to distribute the Preliminary Official Statement in form deemed “near final” as of its date, within the meaning of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission, to prospective purchasers of the Bonds, with such completions, omissions, insertions and changes as may be approved by the City Manager, in collaboration with the Financial Advisor. Such distribution shall constitute conclusive evidence of the approval of the City Manager as to any such completions, omissions, insertions and changes and that the City has deemed the Preliminary Official Statement to be near final as of its date.

10. Official Statement Deemed Final. The City Manager is hereby authorized and directed to approve such completions, omissions, insertions and other changes to the Preliminary Official Statement necessary to reflect the terms of the sale of the Bonds and the details thereof appropriate to complete it as an official statement in final form (the “Official Statement”) and to execute and deliver the Official Statement to the Underwriters. The Underwriters are hereby authorized to distribute the Official Statement to the purchasers of the Bonds. Execution of the Official Statement by the City Manager shall constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes and that the Official Statement has been deemed final by the City as of its date within the meaning of the Rule.

11. Escrow Deposit Agreement. The City Manager, the City Treasurer and the Director of Finance, any of whom may act, are authorized and directed to execute the Escrow Deposit Agreement. The Escrow Deposit Agreement shall be in substantially the form presented to this meeting, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the City Manager, in collaboration with the City Attorney and the City’s bond counsel, the execution thereof by the City Manager, the City Treasurer or the Director of Finance, or any of them, to constitute conclusive evidence of approval of the Escrow Deposit Agreement. The Escrow Deposit Agreement shall provide for the irrevocable deposit of a portion of the proceeds of the Bonds in an escrow fund (the “Escrow Fund”) which shall be sufficient, when invested in noncallable, direct obligations of the United States Government (the “Government Obligations”), to provide for payment of principal of and premium, if any, and interest on the Refunded Bonds; provided, however, that such Bond proceeds shall be invested in such manner that the Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the “Code”). The Bank of New York is authorized and directed to execute an initial and final subscription form for the purchase of the Government Obligations.

12. Redemption of Refunded Bonds. The City Manager is authorized and directed to determine which of the Refunded Bonds, if any, shall be refunded. The 1994 Bonds to be refunded, if any, are specifically and irrevocably called for redemption on the earliest practical redemption date after giving effect to the requisite notice requirements. The Escrow Deposit Agreement shall provide for notice of redemption to be given in

accordance with the trust agreement and the resolution providing for the issuance of the Refunded Bonds to the registered owners of the Refunded Bonds.

13. Continuing Disclosure. The Mayor and Vice-Mayor, either of whom may act, and the City Manager are hereby authorized and directed to execute the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall be in substantially the form presented to this meeting, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing such Agreement, the execution thereof to constitute conclusive evidence of their approval of such completions, omissions, insertions and changes.

14. Municipal Bond Insurance. The City Manager is authorized to obtain, on behalf of the City, municipal bond insurance to guarantee the payment of principal of and interest on the Bonds if the City Manager, in collaboration with the Financial Advisor and the Underwriters, determines that selling the Bonds insured by such a policy would be in the best interest of the City. The City Manager is hereby authorized to agree to such changes to the form of the Trust Agreement, the Preliminary Official Statement and the Bonds as he may consider appropriate to comply with requirements of the bond insurer.

15. Non-Arbitrage Certificate and Elections. The officers of the City are hereby authorized and directed to execute, deliver and file all certificates and documents and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds and the refunding of the Refunded Bonds, including without limitation (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Code, and regulations thereunder, applicable to “arbitrage bonds,” (b) making any elections that such officers deem desirable regarding any provision requiring rebate to the United States of “arbitrage profits” earned on investment of proceeds of the Bonds, and (c) filing Internal Revenue Service Form 8038-G. The foregoing shall be subject to the advice, approval and direction of bond counsel.

16. 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.

17. Repeal of Conflicting Resolutions. All resolutions or parts of resolutions in conflict herewith are repealed.

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

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED

REGISTERED

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_____ \$ _____

UNITED STATES OF AMERICA
 COMMONWEALTH OF VIRGINIA
 CITY OF BEDFORD, VIRGINIA
 Electric System Revenue Refunding Bond
 Series 2005

INTEREST RATE DATE	CUSIP	MATURITY DATE	DATED
_____ %	_____	_____, ____	_____, 2005

REGISTERED OWNER: CEDE & CO.

PRINCIPAL
 AMOUNT:
 DOLLARS

The **City of Bedford, Virginia** (the “City”), for value received, hereby promises to pay upon surrender hereof at the corporate trust office of **First-Citizens Bank & Trust Co., Raleigh, North Carolina**, as trustee, or its successor in trust (the “Trustee”), under the Agreement of Trust (as hereinafter defined), solely from the source and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, subject to prior redemption as hereinafter provided, and to pay, solely from such source, interest hereon semiannually on each _____ and _____, beginning _____, _____, at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months. Interest is payable (a) from _____, _____, if this bond is authenticated prior to _____, _____, or (b) otherwise from the _____ or _____ that is, or immediately precedes, the date on which this bond is authenticated (unless payment of interest hereon is in default, in which case this bond shall bear interest from the date to which interest has been paid). Interest is payable by check or draft mailed to the

registered owner hereof at its address as it appears on the [fifteenth] day of the month preceding each interest payment date on registration books kept by the Trustee; provided, however, that if the Bonds (as hereinafter defined) are registered in the name of a securities depository or its nominee as registered owner or at the option of a registered owner of at least \$1,000,000 of Bonds, payment will be made by wire transfer pursuant to the most recent wire instructions received by the Trustee from such registered owner. If a principal or interest payment date is not a Business Day (as defined in the Agreement of Trust) such payment shall be made on the next succeeding Business Day with the same effect as if made on the day such payment was due and no additional interest shall accrue hereon. Principal, premium, if any, and interest are payable in lawful money of the United States of America.

Notwithstanding any other provision hereof, this bond is subject to book-entry form maintained by DTC, and the payment of principal, premium, if any, and interest, the providing of notices and other matters shall be made as described in the City's Letter of Representations to DTC.

This bond is one of an issue of \$_____ Electric System Revenue Refunding Bonds, Series 2005 (the "Bonds"), of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity. The Bonds are issued to refund the City's \$16,450,000 Electric System Revenue Refunding Bonds, Series 1994, maturing on June 1 in the years 2005, 2006, 2009, 2014 and 2025. The Bonds are issued under an Agreement of Trust dated as of _____, 2005, between the City and the Trustee, as supplemented by a First Supplemental Agreement of Trust dated as of _____, 2005 (collectively, the "Agreement of Trust"), and are equally and ratably secured on a parity as to the pledge of Revenues (as defined in the Agreement of Trust). Additional bonds secured by a pledge of Revenues on a parity with the Bonds may be issued under the terms and conditions set forth in the Agreement of Trust. Reference is hereby made to the Agreement of Trust for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the rights of the holders of the Bonds and the terms upon which the Bonds are issued and secured.

The Bonds and the premium, if any, and the interest thereon are limited obligations of the City payable solely from Revenues, except to the extent payable from the proceeds of the Bonds, income from investments, certain reserves and proceeds of insurance, which Revenues and other moneys have been pledged as described in the Agreement of Trust to secure payment thereof. The Bonds and the premium, if any, and the interest thereon shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the City, shall be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident thereto except from Pledged Revenues and other moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the City, is pledged to the payment of the principal of or premium, if any, or interest on the Bonds or other costs incident thereto.

The Bonds may not be called for redemption by the City except as provided herein and in the Agreement of Trust.

Optional Redemption. Bonds maturing on or after _____, ____, are subject to redemption prior to maturity at the option of the City on or after _____, ____, in whole or in part at any time, upon payment of the following redemption prices (expressed

as a percentage of principal amount of Bonds to be redeemed) plus interest accrued to the redemption date:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
_____, ____, to _____, ____	%
_____, ____, to _____, ____	
_____, ____, and thereafter	

Mandatory Redemption. Bonds maturing on _____, ____, are required to be redeemed prior to maturity in part in accordance with the sinking fund requirements of the Agreement of Trust on _____ in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
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The amount of the Bonds to be redeemed may be reduced in accordance with the provisions of Section 607 of the Agreement of Trust.

Extraordinary Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the City in whole at any time upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date upon the occurrence of any of the following:

Loss of title to or use of substantially all of the System as a result of the exercise of the power of eminent domain or failure of title which results or is likely to result in the City being thereby prevented from carrying on normal operations of the System for a period of 18 months.

A change in the Constitution of Virginia or of the United States of America or a legislative or administrative action (whether local, state or Federal) or a final decree, judgment or order of any court or administrative body (whether local, state or Federal) contested by the City in good faith that causes the Agreement of Trust to become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed herein or unreasonable burdens or excessive liabilities to be imposed upon the City.

Damage to or destruction of the System to such extent that i.the System cannot be reasonably repaired, rebuilt or restored within a period of 18 months to its condition immediately preceding such damage or destruction,ii. the City is prevented from carrying on normal operations of the System for a period of 18 months, or the Consulting Engineer (as defined in the Agreement of Trust) determines that the cost of repairs, rebuilding or restoration of the System would exceed the economic value of the System to the City.

If less than all the Bonds are called for redemption, they shall be redeemed from maturities in such order as determined by the City. If less than all of the Bonds of any maturity are called for redemption, the Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. The portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof. In selecting Bonds for

redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

If any of the Bonds or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, not less than 30 nor more than 60 days prior to the redemption date, by facsimile, registered or certified mail or overnight express delivery, to the registered owner of the Bonds. Such notice may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (2) the City retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Agreement of Trust and shall not be deemed to be Outstanding under the provisions of the Agreement of Trust. If a portion of this Bond shall be called for redemption, a new Bond in principal amount equal to the unredeemed portion hereof will be issued to DTC or its nominee upon the surrender hereof, or if the book-entry system is discontinued, to the registered owners of the Bonds.

The registered owner of this Bond shall have no right to enforce the provisions of the Agreement of Trust or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Agreement of Trust or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Agreement of Trust. Modifications or alterations of the Agreement of Trust, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Agreement of Trust.

The Bonds are issuable as registered bonds in the denomination of \$5,000 and integral multiples thereof. Upon surrender for transfer or exchange of this Bond at the office of the Trustee, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, the City shall execute, and the Trustee shall authenticate and deliver in exchange, a new Bond or Bonds in the manner and subject to the limitations and conditions provided in the Agreement of Trust, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate and registered in the name or names as requested by the then registered owner hereof or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Trustee may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the [fifteenth] day of the month preceding each interest payment date.

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

This Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Agreement of Trust or be valid until the Trustee shall have executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN WITNESS WHEREOF, the City of Bedford, Virginia, has caused this bond to be signed by its Mayor, its seal to be affixed hereto and attested its City Clerk, and this Bond to be dated the date first above written.

[SEAL]

Mayor, City of Bedford, Virginia

City Clerk, City of Bedford, Virginia

CERTIFICATE OF AUTHENTICATION

Date Authenticated: _____

This Bond is one of the Bonds described in the within mentioned Agreement of Trust.

**FIRST-CITIZENS BANK & TRUST CO.,
as Trustee**

By _____

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(please print or typewrite name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

: :
: :
: _____:

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing _____, Attorney, to transfer said Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

(Signature of Registered Owner
NOTICE: 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.

Vice Mayor Tharp moved that Council adjourn into closed session pursuant to Section 2.2-3711(a)(3) of the Code of Virginia of 1950, as amended, for discussion of possible acquisition of property; closed session pursuant to Section 2.2-3711(a)(1) of the Code of Virginia of 1950, as amended, for discussion of personnel matters; and closed session pursuant to Section 2.2-3711(a)(7) of the Code of Virginia of 1950, as amended, for discussion with legal counsel. Councilwoman Flood seconded the motion. The motion was voted upon and carried by the following roll call vote:

Vice Mayor Tharp	aye
Councilman Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	absent
Councilman Padgett	absent
Councilman Stanley	aye
Mayor Messier	aye

Council adjourned into closed session at 8:14 p.m. The following non-council members attended parts of the closed session: City Manager Meadows, City Attorney Berry, and Chief of Police Graham.

Council reconvened into open session at 9:16 p.m.

The Clerk of Council read aloud the following resolution:

BE IT RESOLVED that the Council of the City of Bedford hereby certifies that (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Council.

On motion by Vice Mayor Tharp, seconded by Councilman Wandrei, voted upon and carried by a roll call vote, Council adopted the resolution. Roll call vote follows:

Councilman Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	absent
Councilman Padgett	absent
Councilman Stanley	aye
Vice Mayor Tharp	aye
Mayor Messier	aye

Vice Mayor Tharp moved that the City Manager, on behalf of the City of Bedford, exercise the option dated July 13, 2004, to purchase from WII Realty Management, Inc., the land at the northwest intersection of Independence Boulevard and Orange Street for a price of \$225,000 and that the City Council appropriate that amount from the unappropriated reserve for that purpose. The motion was seconded by Councilman Wandrei, voted upon and carried by the following roll call vote:

Councilwoman Flood	aye
Councilman Hubbard	absent
Councilman Padgett	absent
Councilman Stanley	aye
Vice Mayor Tharp	aye
Councilman	Wandrei
aye	
Mayor Messier	aye

Mayor Messier adjourned the meeting at 9:18 p.m.