

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., April 22, 2008.

Members present: Mayor W. D. Tharp; Councilwoman Mary L. Flood; Councilman Jeffrey B. Hubbard; Councilman C. G. Stanley, Jr.; Councilman Thomas M. Padgett; Councilman James A. Vest; and Vice Mayor Robert T. Wandrei.

Members absent: None

Staff present: City Manager Charles P. Kolakowski; City Attorney W. W. Berry, IV; and Clerk of the Council Teresa W. Hatcher.

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

Mayor Tharp stated that Garth Morck, Electric Department employee, was seriously injured in an accident and is reported to be in fair condition, undergoing more tests, and appears to be recovering.

Mayor Tharp extended sympathies to Councilman Vest on the death of his brother, Bishop Frank H. Vest.

Mayor Tharp extended congratulations to Councilman Vest upon his recent marriage.

The Mayor stated that the City Manager is returning home to be with his father who is facing a serious illness.

Mayor Tharp declared that the minutes of a regular Council meeting held on April 8, 2008, were approved as distributed.

City Manager Kolakowski reported on the following:

- Two City employees have been seriously injured in the past few months – it should be recognized that what the employees do in many instances is hazardous, they do a good job, and they put their lives on the line every day, just doing their job – he expressed appreciation to the employees
- Clean-up Day sponsored by Keep Bedford Beautiful Commission was held on April 26 and was very successful – 130 residents participated

Councilman Hubbard, Chairman of the Property Committee, stated the committee met earlier in the evening in closed session to discuss property issues.

Councilman Vest, Chairman of the Finance Committee, stated the committee met earlier in the evening regarding the bond issue.

Mayor Tharp stated that he recently attended the Region 2000 Commission on Local Government which was co-sponsored by the City of Bedford and Bedford County and held at the Bedford Welcome Center.

City Manager Kolakowski stated the next item on the agenda was a public hearing regarding the proposed issuance of City bonds in the estimated maximum principal amount of \$5,500,000, all of which may be issued as general obligation bonds or a portion of which (up to an estimated maximum principal amount of \$3,400,000) may be issued as electric system revenue bonds. The purpose of the proposed bonds is to finance rolling stock and various capital improvements, including but not limited to electric system improvements and water and sewer system improvements.

Mayor Tharp opened the public hearing at 7:35 p.m.

The notice of public hearing follows:

NOTICE OF PUBLIC HEARING

On Tuesday, the 22nd day of April, 2008, the Council of the City of Bedford, Virginia, will conduct a public hearing on the proposed issuance of City bonds in the estimated maximum principal amount of \$5,500,000, all of which may be issued as general obligation bonds or a portion of which (up to an estimated maximum principal amount of \$3,400,000) may be issued as electric system revenue bonds. The purpose of the proposed bonds is to finance rolling stock and various capital improvements, including but not limited to electric system improvements and water and sewer system improvements.

The public hearing will be conducted at 7:30 p.m. in City Council Chambers, Municipal Building, 215 East Main Street, Bedford, Virginia. Interested persons may appear at such time and place and present their views.

Teresa Hatcher
Clerk of the Council
City of Bedford, Virginia

As there were no comments, the Mayor closed the public hearing at 7:35 p.m.

The Consent Agenda consisted of the following items:

- Reappointment of Mr. Michael Johnson and Mr. Mark Petersen to serve on the Recreation Advisory Committee, said terms to expire June 30, 2011.
- Reappointment of Pat Hunziker, Amber Hunziker and Jim Revell to serve on the Keep Bedford Beautiful Commission, said terms to expire June 30, 2011.

- Reappointment of Mrs. Libby Berry to the Regional Library Board, said term to expire June 30, 2012.
- Request to block the following streets for “The Battle at Liberty” on Sunday, April 27, 2008, from 2:00 p.m. to 3:30 p.m. Affected businesses, as well as the Police Department, Fire Department and Rescue Squad will be notified. The request to block streets on Sunday, April 27, 2008, is as follows:

2:00-3:00 pm: The entire length of Depot Street (west and east connecting in to Court Street).

2:00-2:15 pm: West Main to the corner of Crenshaw. After the US forces clear Crenshaw in their attack heading east toward Bridge St., Crenshaw can reopen to traffic turning off West Main Street.

2:00-3:30 pm: West Main from the corner of Crenshaw to the corner of Court Street needs to remain closed for the duration of the battle.

2:15-3:00 pm: The west end of Plunkett St up to the end of Court Street.

2:00-3:30 pm: All of Court Street (a major part of the battle will range along its entire length, including the adjoining East Depot St.

2:00-3:30 pm: North Bridge Street from the southern corner of Bedford Ave. south to the intersection of South Bridge Street and Washington Street.

2:00-3:30 pm: East Main Street to the eastern edge of the Bedford Museum.

Note: There will be minimal cavalry (horses) used in Sunday's battle (no more than 3-4).

Note: Spectators will be supervised by police, local National Guard soldiers, and Army Junior ROTC cadets in uniform.

On motion by Councilman Vest, seconded by Councilman Stanley, voted upon and carried unanimously by a roll call vote, Council adopted the Consent Agenda. Roll call vote follows:

Councilwoman Flood	aye
Councilman Hubbard	aye
Councilman Padgett	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Mayor Tharp	aye

The City Manager stated it is determined to be necessary and expedient for the City to finance rolling stock and various capital improvements, including but not limited to electric system improvements and water and sewer system improvements and to borrow money in the maximum principal amount of \$5,500,000 as general obligation public improvement bonds. The bonds shall be issued as general obligations of the City for the payment of principal and interest. The Ordinance was drafted by Christopher Kulp of Hunton & Williams, who serves as the City's

bond counsel. The ordinance has been posted in three locations in the City, in accordance with §2-30 of the City Code. Mr. Kolakowski stated that City Council is requested to adopt the Ordinance to finance the various public improvement projects.

On motion by Councilman Vest, seconded by Councilman Hubbard, voted upon and carried unanimously by a roll call vote, Council adopted the proposed ordinance to finance the various public improvement projects. Roll call vote follows:

Councilman Hubbard	aye
Councilman Padgett	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Mayor Tharp	aye

The Ordinance follows as adopted:

ORDINANCE NO. 08-10

ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS OF THE CITY OF BEDFORD, VIRGINIA, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,500,000

WHEREAS, the City of Bedford, Virginia (the “City”), desires to finance rolling stock and various capital improvements, including but not limited to electric system improvements and water and sewer system improvements (the “Project”);

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

1. It is determined to be necessary and expedient for the City to finance the costs of the Project, to borrow money for such purpose and to issue the City’s general obligation public improvement bonds therefor.
2. Pursuant to the Public Finance Act of 1991 and the City Charter, there are authorized to be issued general obligation public improvement bonds of the City in a principal amount not to exceed \$5,500,000 to provide funds, together with other available funds, to finance the costs of the Project.
3. The bonds shall bear such date or dates, mature at such time or times not exceeding 40 years from their date or dates, bear interest at such rate or rates, be in such denominations and form, be executed in such manner and be sold at such

time or times and in such manner as the Council of the City may hereafter provide by appropriate resolution or resolutions.

4. The bonds shall be general obligations of the City for the payment of principal of and premium, if any, and interest on which its full faith and credit shall be irrevocably pledged. In the alternative or as additional security, a portion of the bonds (up to an estimated maximum principal amount of \$3,400,000) may be issued as electric system revenue bonds for which the net revenues of the City's electric system may be pledged to the payment of principal of and premium, if any, and interest thereon.

5. The City Clerk, in collaboration with the City Attorney, is authorized and directed to see to the immediate filing of a certified copy of this ordinance in the Circuit Court of Bedford County, Virginia.

6. This ordinance shall take effect immediately.

City Manager Kolakowski stated it is determined to be necessary to finance various public improvements, including the purchase of rolling stock, electric system improvements and water and sewer improvements and to borrow money in the maximum principal amount of \$5,500,000 as general obligation public improvements bonds. The bonds shall be general obligations of the City for the payment of principal and interest. The Resolution, providing for the issuance, sale and award of the general obligation public improvement bonds, Series 2008, was drafted by Christopher Kulp with Hunton and Williams, who serves as the City's bond counsel. City Council is requested to adopt a Resolution to finance the various public improvements, including the purchase of rolling stock, electric system improvements and water and sewer improvements.

On motion by Councilman Stanley, seconded by Councilman Vest, voted upon and carried unanimously by a roll call vote, Council adopted the resolution authorizing the issuance and sale of General Obligation Public Improvement bonds. Roll call vote follows:

Councilman Padgett	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	aye
Mayor Tharp	aye

The resolution follows as adopted:

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$5,472,438 GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2008, OF THE CITY OF BEDFORD, VIRGINIA, HERETOFORE AUTHORIZED, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, on April 22, 2008, the Council (the “City Council”) of the City of Bedford, Virginia (the “City”), adopted an ordinance authorizing the issuance of general obligation public improvement bonds in a principal amount not to exceed \$5,500,000 to finance rolling stock and various capital improvements, including but not limited to electric system improvements and water and sewer system improvements (the “Project”); and

WHEREAS, the City Manager and Davenport & Company LLC, as the City’s financial advisor (the “Financial Advisor”), have recommended to the City Council that the City issue and sell a single issue of general obligation public improvement bonds through a private placement with a qualified banking or financial institution;

WHEREAS, the Financial Advisor on behalf of the City solicited bids for the purchase of such bonds and three bids were received; and

WHEREAS, it appears that RBC Bank (USA) (the “Bank”) offers to purchase such bonds at the lowest interest cost and upon the most favorable terms to the City;

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

1. Issuance of Bonds. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, there shall be issued and sold a series of general obligation public improvement bonds of the City to provide funds, together with other available moneys of the City, to finance the Project and to pay costs of issuing the such bonds. Such bonds shall be sold to the Bank pursuant to the terms of its bid and this Resolution.

2. Bond Details. The bonds shall be designated “General Obligation Public Improvement Bonds, Series 2008,” (the “Bonds”), shall be in registered form, shall be in the aggregate principal amount of \$5,472,438, shall be dated the date of their delivery, shall be numbered R-1 upward and shall be sold to the Bank at a price of 100% of the principal amount thereof. Interest on the Bonds shall be payable semi-annually, calculated on the basis of a 360-day year of twelve 30-day months on each May 1 and November 1, commencing November 1, 2008. The Bonds shall bear interest at rates and shall mature on May 1 in years and amounts, as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$ 96,128.99	2.89%
2015	1,214,608.94	2.99
2023	4,161,700.07	3.62

If the date on which any payment is due with respect to the Bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day. "Business Day" shall mean a day on which banking business is transacted, but not including a Saturday, Sunday or legal holiday, or any other day on which banking institutions are authorized by law to close in the Commonwealth of Virginia.

Principal and interest shall be payable by the Registrar (as hereinafter defined) by check or draft mailed to the registered owner at the address as it appears on the registration books kept by the Registrar on the fifteenth day of the month preceding each interest payment date. Principal and interest shall be payable in lawful money of the United States of America.

3. Redemption Provisions.

(a) Optional Redemption.

The Bonds maturing on May 1, 2011, may be redeemed prior to maturity at the option of the City in whole or in part at any time, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with any interest accrued to the date fixed for redemption. The Bonds maturing on May 1, 2015, may be redeemed prior to maturity at the option of the City in whole or in part at any time on or after May 1, 2013, at a redemption price equal to 100% the principal amount of Bonds to be redeemed, together with any interest accrued to the date fixed for redemption. The Bonds maturing on May 1, 2023, may be redeemed prior to maturity at the option of the City in whole or in part at any time on or after May 1, 2018, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with any interest accrued to the date fixed for redemption.

(b) Mandatory Redemption.

The Bonds maturing on May 1, 2011, are required to be redeemed on May 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, as follows:

<u>Year</u>	<u>Amount</u>
2009	\$31,134.54
2010	32,034.33
2011 (Final maturity)	32,960.12

The Bonds maturing on May 1, 2015, are required to be redeemed on May 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, as follows:

<u>Year</u>	<u>Amount</u>
2009	\$158,562.18
2010	163,303.19
2011	168,185.95
2012	173,214.71
2013	178,393.83
2014	183,727.81

2015 (Final maturity)

189,221.27

The Bonds maturing on May 1, 2023, are required to be redeemed on May 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, as follows:

<u>Year</u>	<u>Amount</u>
2009	\$213,776.96
2010	221,515.69
2011	229,534.56
2012	237,843.71
2013	246,453.65
2014	255,375.27
2015	264,619.86
2016	274,199.10
2017	284,125.11
2018	294,410.43
2019	305,068.09
2020	316,111.56
2021	327,554.80
2022	339,412.28
2023 (Final maturity)	351,699.00

4. Execution and Form of Bonds. The Bonds shall be signed by the manual signature of the Mayor or Vice Mayor and the City's seal shall be affixed thereon and attested by the City Clerk or any Deputy City Clerk. The Bonds shall be issued as typewritten bonds in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or Vice Mayor, whose approval shall be evidenced conclusively by the execution and delivery of the Bonds.

5. Pledge of Full Faith and Credit. The full faith and credit of the City are irrevocably pledged for the payment of principal of and interest on the Bonds. Unless other funds are lawfully available and appropriated for timely payment of the Bonds, the City Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of and interest on the Bonds.

6. Registration, Transfer and Owners of Bonds. The Bonds shall be issued in registered form without coupons, payable to the registered holder or registered assign. The City Treasurer is hereby appointed paying agent and registrar for the Bonds (the "Registrar"). The City may in its discretion appoint at any time a qualified bank or trust company as successor Registrar. The Registrar shall maintain registration books for the registration and registration of transfers of the Bonds. Upon presentation and surrender of a Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute and deliver in exchange, a new Bond or Bonds having an equal aggregate principal amount, in authorized denominations, of the same form and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner or his duly authorized

attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person exclusively entitled to payment of principal 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 registration books on the fifteenth day of the month preceding each interest payment date.

7. Preparation and Delivery of Bonds. The officers of the City are authorized and directed to take all proper steps to have the Bonds prepared and executed in accordance with their terms and to deliver the Bonds to the Bank upon payment therefor.

8. Arbitrage Covenants. 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 Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the Bonds to be includable in the gross income of the registered owners thereof under existing law. 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 of the registered owners thereof under existing law. The City shall pay any such required rebate from its legally available funds.

9. 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 in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code, 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.

10. Limitation on Private Use. The City covenants that it shall not permit the proceeds of the Bonds or the facilities financed with the proceeds of the Bonds to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with 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 or the facilities financed with 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 receives 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.

11. Qualified Tax-Exempt Obligations. The City designates the Bonds as “qualified tax-exempt obligations” for the purpose of Section 265(b)(3) of the Code. The City represents and covenants as follows:

(a) The City will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in calendar year 2008, including the Bonds, for the purpose of such Section 265(b)(3);

(b) The City, all its “subordinate entities,” within the meaning of such Section 265(b)(3), and all entities which issue tax-exempt obligations on behalf of the City and its subordinate entities have not issued, in the aggregate, more than \$10,000,000 of tax-exempt obligations in calendar year 2008 (not including “private activity bonds,” within the meaning of Section 141 of the Code, other than “qualified 501(c)(3) bonds,” within the meaning of Section 145 of the Code), including the Bonds;

(c) Barring circumstances unforeseen as of the date of delivery of the Bonds, the City will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the City and such other entities in calendar year 2008, result in the City and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2008 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Bonds; and

(d) The City has no reason to believe that the City and such other entities will issue tax-exempt obligations in calendar year 2008 in an aggregate amount that will exceed such \$10,000,000 limit;

provided, however, that if the City receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (a) or (c) above is not required for the Bonds to be a qualified tax-exempt obligation, the City need not comply with such covenant.

If at any time there is a Change in Deductibility (as defined below), the interest rate payable on the Bonds shall increase to the rate which will provide to the Bank the effective yield which it would have received had there not been a Change in Deductibility. A Change in Deductibility shall mean any determination by the Internal Revenue Service or any court of competent jurisdiction that the obligation of the City hereunder is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, as a result or as a consequence of (i) an action, or failure to act, by the City or (ii) a breach of any representation of warranty made by the City to the Bank relating to the status of the Bonds as qualified tax-exempt obligations.

12. SNAP Investment Authorization. The City Council has heretofore received and reviewed the Information Statement (the “Information Statement”) describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool I (the “Contract”), and the City Council has determined to authorize the City Treasurer to utilize SNAP in connection with the investment of the proceeds of the Bonds, if the Mayor, in consultation with the City Treasurer, determine that the utilization

of SNAP is in the best interest of the City. The City Council acknowledges the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the Contract.

13. Provision of Financial Information. The Director of Finance of the City is hereby authorized and directed to provide, for so long as the Bonds remain outstanding (1) a copy of the City's comprehensive annual financial report to the Bank within 180 days following the end of the prior fiscal year, (b) a copy of the City's final adopted budget within 30 days following its adoption by the City Council and (c) such other public information as the Bank may reasonably request.

14. 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.

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

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

“EXHIBIT A” FOLLOWS

REGISTERED

REGISTERED

No. R-1

\$ _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF BEDFORD
General Obligation Public Improvement Bond
Series 2008**

INTEREST RATE

MATURITY DATE

DATED DATE

_____%

May 1, ____

May 1, 2008

REGISTERED OWNER: RBC BANK (USA)

PRINCIPAL AMOUNT: DOLLARS

The City of Bedford, Virginia (the "City"), for value received, promises to pay, upon surrender hereof to RBC Bank (USA) (the "Bank") or its 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 interest hereon from its date semiannually on each May 1 and November 1, beginning November 1, 2008, at the annual rate stated above, calculated on the basis of a 360-day year of twelve 30-day months.

If the date on which any payment is due with respect to this bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day. "Business Day" shall mean a day on which banking business is transacted, but not including a Saturday, Sunday or legal holiday, or any other day on which banking institutions are authorized by law to close in the Commonwealth of Virginia. Principal and interest are payable in lawful money of the United States of America by the City Treasurer, who has been appointed paying agent and registrar for the bonds (the "Registrar"). Principal of and interest on this bond are payable in lawful money of the United States of America

This bond is one of an issue of \$5,472,438 General Obligation Public Improvement Bonds, Series 2008, of like date and tenor, except as to number, denomination, rate of interest, privilege of redemption and maturity, and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991. This bond has been authorized and issued pursuant to an ordinance and a resolution adopted by the City Council on April 22, 2008, to provide funds to finance rolling stock and various capital improvements, including but not limited to electric system improvements and water and sewer system improvements, and pay the costs of issuing this bond.

Bonds maturing on May 1, 2011, may be redeemed prior to maturity at the option of the City in whole or in part at any time, at a redemption price equal to 100% of the principal amount of bonds to be redeemed, together with any interest accrued to the date fixed for redemption. Bonds maturing on May 1, 2015, may be redeemed prior to

maturity at the option of the City in whole or in part at any time on or after May 1, 2013, at a redemption price equal to 100% of the principal amount of bonds to be redeemed, together with any interest accrued to the date fixed for redemption. Bonds maturing on May 1, 2023, may be redeemed prior to maturity at the option of the City in whole or in part at any time on or after May 1, 2018, at a redemption price equal to 100% of the principal amount of bonds to be redeemed, together with any interest accrued to the date fixed for redemption.

Bonds maturing on May 1, 2011, are required to be redeemed on May 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, as follows:

<u>Year</u>	<u>Amount</u>
2009	\$31,134.54
2010	32,034.33
2011 (Final maturity)	32,960.12

Bonds maturing on May 1, 2015, are required to be redeemed on May 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, as follows:

<u>Year</u>	<u>Amount</u>
2009	\$158,562.18
2010	163,303.19
2011	168,185.95
2012	173,214.71
2013	178,393.83
2014	183,727.81
2015 (Final maturity)	189,221.27

Bonds maturing on May 1, 2023, are required to be redeemed on May 1 in years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the date fixed for redemption, as follows:

<u>Year</u>	<u>Amount</u>
2009	\$213,776.96
2010	221,515.69
2011	229,534.56
2012	237,843.71
2013	246,453.65
2014	255,375.27
2015	264,619.86
2016	274,199.10
2017	284,125.11
2018	294,410.43
2019	305,068.09
2020	316,111.56
2021	327,554.80
2022	339,412.28
2023 (Final maturity)	351,699.00

A-2

The full faith and credit of the City are irrevocably pledged for the payment of principal and interest on this bond. Unless other funds are lawfully available and appropriated for timely payment of this bond, the City Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all taxable property within the City sufficient to pay when due the principal of and interest on this bond.

The City has designated this bond as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. If at any time there is a Change in Deductibility (as defined below), the interest rate payable hereunder shall increase to the rate which will provide to the Bank the effective yield which it would have received had there not been a Change in Deductibility. A Change in Deductibility shall mean any determination by the Internal Revenue Service or any court of competent jurisdiction that the obligation of the City hereunder is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, as a result or as a consequence of (i) an action, or failure to act, by the City or (ii) a breach of any representation of warranty made by the City to the Bank relating to the status of this bond as a qualified tax-exempt obligation.

This bond is subject to default upon the occurrence of either of the following events:

1. The City fails to make payment of principal of or interest on this bond on the applicable payment date; or

2. The application for the appointment of a receiver for the City or the filing of a petition under any provisions of the Bankruptcy Code by or against the City or any assignment for the benefit of creditors by or against the City.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal of and interest on this bond and the exercise of all rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on the fifteenth day of the month preceding each interest payment date.

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, and this bond, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

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

(SEAL)

Mayor, City of Bedford, Virginia

City Clerk, City of Bedford, Virginia

A-4

The City Manager reported that the week of May 11 - 17, 2008, has been designated as Business Appreciation Week in Virginia, in recognition of the many benefits to Virginia communities derived from their industries. In appreciation of our local industries, Council is being requested to adopt a Resolution declaring Business Appreciation Week in the City.

On motion by Councilwoman Flood, seconded by Councilman Stanley, voted upon and carried unanimously by a roll call vote, Council adopted the resolution declaring Business Appreciation Week in the City. Roll call vote follows:

Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	aye
Councilman Padgett	aye
Mayor Tharp	aye

The resolution follows as adopted:

BUSINESS APPRECIATION WEEK 2008

WHEREAS, Governor Timothy M. Kaine has recognized May 11-17, 2008 as **BUSINESS APPRECIATION WEEK** in the **COMMONWEALTH OF VIRGINIA**, and called this observance to the attention of all citizens; and,

WHEREAS, the City of Bedford encourages all of its businesses and supports entrepreneurship to create a vibrant, sustaining small business community; and

WHEREAS, the citizens of the City of Bedford benefit from the positive business climate, economic growth, and job opportunities that are the contributions of businesses; and

WHEREAS, Bedford has joined the Commonwealth in creating long-term economic revitalization by embracing diversity in its business community, fully integrating technology into business practices, and preserving the economic well-being and safety for its citizens; and

WHEREAS, businesses in the City of Bedford play a significant role in moving Virginia forward by positively impacting our healthy economy; and

WHEREAS, Business Appreciation Week increases public awareness of the valuable contributions that businesses make in our community.

NOW, THEREFORE, the City Council of the City of Bedford does hereby recognize May 11-17, 2008 as **BUSINESS APPRECIATION WEEK** in the **City of Bedford**, and call this observance to the attention of all our citizens.

Councilman Hubbard moved that Council adjourn into closed session pursuant to Section 2.2-3711(a)(7) of the Code of Virginia of 1950, as amended, for consultation with legal counsel concerning potential litigation. Vice Mayor Wandrei seconded the motion. The motion was voted upon and carried by the following roll call vote:

Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Hubbard	aye
Councilman Padgett	aye
Councilman Stanley	aye
Councilman Vest	aye
Mayor Tharp	aye

Council adjourned into closed session at 7:40 p.m. The following staff members attended: City Manager Kolakowski, City Attorney Berry, and Assistant City Manager Warner.

Council reconvened into open session at 8:04 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 Councilman Hubbard, seconded by Councilwoman Flood, voted upon and carried by a roll call vote, Council adopted the resolution. Roll call vote follows:

Councilwoman Flood	aye
Councilman Hubbard	aye
Councilman Padgett	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Mayor Tharp	aye

Mayor Tharp adjourned the meeting at 8:05 p.m. until May 13, 2008, at 5:30 p.m. for a work session on the budget.