

September 14, 2010

A regular meeting of the Council of the City of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:05 p.m., September 14, 2010.

Members present: Mayor W. D. Tharp; Councilwoman Mary L. Flood; Councilman Steve C. Rush; Councilman C. G. Stanley, Jr.; 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 declared that the minutes of a regular Council meeting held on August 24, 2010, were approved as distributed.

City Manager Kolakowski reported on the following:

- A request had been received from Bedford County asking Council to consider waiving the water and sewer facility fees for the Bedford County Skateboard Park. The County has waived the fees for the City dam rehabilitation project being conducted in Bedford County. Mr. Kolakowski asked that Council approve waiving the facility fees in a sign of cooperation.

Mayor Tharp stated the request to waive the facility fees and a Closed Session dealing with personnel issues would be added to the agenda.

The City Manager continued his report:

- Reminder: Centerfest will be held on September 25 – there will be many vendors and a lot of participation by the downtown merchants

Councilman Vest stated that he and the City Manager will meet during the week of September 27 to work on the revision to his evaluation.

The Mayor reported he signed three proclamations during the past week regarding: Constitution Week; Domestic Violence (the Bedford Domestic Violence Services Agency is having a fund raising gala on October 21 at the Elks Home); and Mr. Robert Harris, owner of Harris Printing Company, celebrating 30 years in Bedford.

Mayor Tharp stated the request by Bedford County for the City to waive the water and sewer facility fees at the County Skate Park and a Closed Session dealing with personnel issues were added to the agenda.

The Mayor opened the public hearing regarding the Electric Rate Levelization Loan at 7:00 p.m.

The Public Hearing Notice follows:

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## NOTICE OF PUBLIC HEARING

On Tuesday, the 14<sup>th</sup> day of September, 2010, the Council of the City of Bedford, Virginia, will conduct a public hearing on the proposed issuance of indebtedness of the City in the estimated maximum principal amount of \$1,350,000. The purpose of the proposed indebtedness is to finance working capital, including obtaining a loan to provide a more levelized power supply cost, to benefit the City's electric system. The proposed indebtedness will be secured by a pledge of revenues of the City's electric system.

The public hearing will be conducted at 7:00 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 W. Hatcher, Clerk of the Council  
City of Bedford, Virginia

As there were no comments, the Mayor closed the public hearing at 7:12 p.m.

City Manager Kolakowski stated it has been determined to be necessary and expedient for the City to finance working capital costs of the City's electric system by utilizing a rate levelization loan from American Municipal Power, Inc. in a maximum principal amount not to exceed \$1,350,000. The bonds shall be secured by the operating revenues of the electric system. 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. The City Manager stated that Council was requested to adopt the Ordinance to approve the rate levelization loan with American Municipal Power, Inc.

Vice Mayor Wandrei moved that the ordinance be adopted as presented. The motion was seconded by Councilman Stanley.

Councilman Vest asked what was changed in the revised ordinance that was given to Council.

City Attorney Berry stated the City had requested to have a cap on the interest rate, which American Municipal Power could not do; however, the following sentence was added to paragraph 2:

An estimated loan schedule using a proposed 2.5% interest rate has been presented to the City, and AMP has agreed to notify the City of any changes in the rate of such interest as soon as practicable after the change in such charges is known by AMP.

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The City Manager explained that the electric rate levelization loan is a result of the sharp increase in costs through the next year imposed upon all electric systems in the PJM system based upon an auction done two years ago for reliability services. Mr. Kolakowski said the thought is that instead of trying to collect all of this money in a short time period (over the next six to eight months) and imposing the sharp increase on the City's retail, commercial, and residential customers, the expense would be averaged over a three year period.

Vice Mayor Wandrei asked where the increase came from.

The City Manager said the increase is part of transmission cost (PJM charge). The City Attorney stated this cost came from the federal government.

The motion to adopt the ordinance was then voted upon and carried unanimously by the following roll call vote:

Councilwoman Flood	aye
Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Mayor Tharp	aye

The ordinance follows as adopted:

**ORDINANCE NO. 10-9**

**ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A RATE LEVELIZATION ARRANGEMENT FOR THE BENEFIT OF ITS ELECTRIC SYSTEM AND IN CONNECTION THEREWITH TO OBTAIN A WORKING CAPITAL LOAN IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,350,000**

**WHEREAS**, in order to obtain a source of economical electric power and energy the City previously decided to purchase electric power and energy from AMP or have AMP arrange for the same;

**WHEREAS**, accordingly the City of Bedford, Virginia (the "City"), and American Municipal Power, Inc. ("AMP") entered into a Master Services Agreement (the "Agreement") dated March 2, 2006, under which certain services may be provided under schedules thereto;

**WHEREAS**, in order to levelize power costs for the power delivery period from July 1, 2010, through June 30, 2013, AMP has agreed to provide a rate levelization loan to the City for the power delivery period July 1, 2010, through June 30, 2011, which will be

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repaid over the power delivery period from December 1, 2011, through no later than the invoice for power delivery through June 30, 2013;

**WHEREAS**, the City Council desires to authorize the City Manager to undertake the necessary actions to obtain such rate levelization loan and execute any documents necessary in connection therewith;

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 working capital costs of the City's electric system (the "System"), to borrow money for such purpose and to incur indebtedness secured by the revenues of the System.

2. Pursuant to the Public Finance Act of 1991 and the City Charter, the City Manager is authorized to obtain a loan from AMP in a principal amount not to exceed \$1,350,000, the proceeds of which will be used by the City to levelize power costs of the System for the power delivery period July 1, 2010, through June 30, 2011. Such loan shall be repaid in full no later than June 30, 2013. Interest and carrying charges shall accrue on any remaining balance during the repayment period based upon AMP's line of credit. An estimated loan schedule using a proposed 2.5% interest rate has been presented to the City, and AMP has agreed to notify the City of any changes in the rate of such interest as soon as practicable after the change in such charges is known by AMP.

3. The form of the power sales schedule (the "Schedule") presented to this meeting, which evidences such loan and the terms of the City's repayment obligation, is hereby approved. The City Manager is authorized to execute the Schedule in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Ordinance as the City Manager, in consultation with the City Attorney, may approve. The approval by the City Manager of the final form of the Schedule shall be evidenced conclusively by his execution and delivery thereof to AMP, and no further action is required by the City Council.

4. The City's repayment obligation under the Schedule shall be a limited obligation of the City, payable solely from revenues of the System, and nothing in the Schedule or in this Ordinance shall be deemed to create or constitute an indebtedness or pledge of the Commonwealth of Virginia or any political subdivision thereof, including the City. The City's repayment obligation under the Schedule shall constitute a junior lien pledge after the pledge of Revenues securing Parity Obligations issued pursuant to the Agreement of Trust dated as of August 1, 2005, between the City and First Citizens Bank & Trust Company, as Trustee.

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5. All other actions of officers of the City in conformity with the purposes and intent of this Ordinance and in furtherance of the loan from AMP 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 execution and delivery of the Schedule and the incurrence of the loan from AMP.

6. 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.

7. This ordinance shall take effect immediately.

The City Manager stated Section 58.1-3005 of the Code of Virginia of 1950, as amended, requires that Council shall annually levy a tax on tangible personal property located within the City. The 2010 Personal Property Tax rates were established at the June 8, 2010, regularly schedule meeting of City Council. Section 58.1-3506 of the Code of Virginia of 1950, as amended allows for the separate classification of certain property and allows for a separate tax rate to be set for each class, should City Council so choose. Subsection (a) (19) of this section addresses vehicles owned and regularly used by Veterans.

City Manager Kolakowski reported that in the past Disabled Veterans were exempted from paying the City Decal fees. Upon the adoption of an ordinance eliminating the decal fee and including that revenue within the Personal Property Tax rate, veterans felt that a benefit they had once enjoyed had been taken away. The proposed ordinance has been developed and presented for approval in which the tax rate is amended to .00 per one hundred dollars of one hundred per centum (100%) of assessed value on taxable tangible personal property, separately classified in Section 58.1-3506 (a)(19), vehicles owned by Veterans, of the Code of Virginia of 1950, as amended. This tax rate would apply to only one vehicle, owned and regularly used by a veteran, which meet the requirements of this section. The effective date of this ordinance is to be retroactive to January 1, 2010. Mr. Kolakowski stated that Council was requested to adopt the ordinance re-establishing the personal property tax rate for property as described in Section 58.1-3506 (a)(19) of the Code of Virginia of 1950, as amended.

Vice Mayor Wandrei moved that the ordinance be adopted. The motion was seconded by Councilman Stanley.

Mayor Tharp noted that this is not for just any disabled veteran but only for those veterans who are 100% disabled.

Councilman Stanley asked if the ordinance should be for those veterans whose disabilities are service-connected.

Commissioner of the Revenue Valerie Wilson noted that the ordinance states the disability must be service-connected.

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

Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Mayor Tharp	aye

The ordinance follows as adopted:

**ORDINANCE NO. 10-10**

**AN ORDINANCE LEVYING TAX UPON  
TANGIBLE PERSONAL PROPERTY AND  
AMENDING THE TAX RATE FOR VEHICLES  
OWNED BY VETERANS AS SET FORTH IN  
SECTION 58.1-3506(a) (19) OF THE CODE OF VIRGINIA  
OF 1950, AS AMENDED FOR THE CALENDAR YEAR  
BEGINNING JANUARY 1, 2010**

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

The City Council of the City of Bedford, Virginia, at a regularly scheduled meeting held June 8, 2010, levied, for the calendar year 2010, a tax rate of \$2.43 per one hundred dollars of one hundred per centum (100%) of assessed value on all taxable tangible personal property, including property separately classified in Section 58.1-3503 of the Code of Virginia of 1950, as amended, unless exempted from taxation or subject to a different rate under that ordinance.

It is the desire of the City Council of the City of Bedford, Virginia, to establish a tax rate of .00 for one motor vehicle owned and regularly used by a veteran who has either lost, or lost the use of, one or both legs, or an arm or a hand, or who is blind or who is permanently and totally disabled as certified by the Department of Veterans Services. In order to qualify, the veteran shall provide a written statement to the commissioner of revenue or other assessing officer from the Department of Veterans Services that the veteran has been so designated or classified by the Department of Veterans Services as to meet the requirements of this section, and that his disability is service-connected. For purposes of this section, a person is blind if he meets the provisions of § [46.2-739](#); in accordance with Section 58.1-3506 (a) (19), of the Code of Virginia of 1950, as amended.

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The tax rate established for the calendar year 2010, be amended to be .00 per one hundred dollars of one hundred per centum (100%) of assessed value on taxable tangible personal property, separately classified in Section 58.1-3506 (a)(19), vehicles owned by Veterans, of the Code of Virginia of 1950, as amended. The effective date of this ordinance shall be retroactive to January 1, 2010.

City Manager Kolakowski reported that the City of Bedford has received a VML Risk Management Grant for \$4,000 awarded to the Police Department. The Grant monies will be used to purchase Opticom Traffic signal preemption devices for police vehicles. This is a reimbursement grant with no match. The City Manager requested that Council appropriate the funds (\$4,000) to the Revenue Account 100033.418927, and appropriate (\$4,000) to the Expenditure Account 10033110.557250.

On motion by Councilman Stanley, seconded by Vice Mayor Wandrei, voted upon and carried unanimously, Council accepted the grant and appropriated \$4,000 to Revenue Account 100033.418927 and appropriated \$4,000 to the Expenditure Account 10033110.557250. Roll call vote follows:

Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Rush	aye
Mayor Tharp	aye

City Treasurer Debbie Roberts presented the following report on uncollected taxes:

**REAL ESTATE TAX STATUS AS OF AUGUST 14, 2010**

<b>TAX YEAR</b>	<b>ASSESSMENT</b>	<b>UNCOLLECTED</b>	<b>COLLECTED</b>
2005-2006	\$2,637,738.45	\$45.65	99.9983%
2006-2007	\$3,252,727.22	\$62.37	99.9981%
2007-2008	\$3,232,761.76	\$86.67	99.9973%
2008-2009	\$3,290,017.42	23,789.65	99.2769%
2009-2010	\$3,536,975.04	\$103,068.50	97.0860%

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**PERSONAL PROPERTY TAX STATUS AS OF AUGUST 14, 2010**

2005	\$1,146,951.51	\$10,084.37	99.1208%
2006	\$930,010.15	\$2,329.79	99.7495%
2007	\$978,356.20	\$ 2,373.02	99.7575%
2008	\$1,102,758.52	\$10,231.21	99.0722%
2009	\$1,182,019.37	\$18,021.94	98.4753%

State Relief Annual Reimbursement is \$280,647.01

**REAL ESTATE TAX STATUS AS OF JUNE 30, .2010**

<b>TAX YEAR</b>	<b>ASSESSMENT</b>	<b>UNCOLLECTED</b>	<b>COLLECTED</b>
2005-2006	\$2,637,738.45	\$45.65	99.9983%
2006-2007	\$3,252,727.22	\$62.37	99.9981%
2007-2008	\$3,232,761.76	\$86.67	99.9973%
2008-2009	\$3,290,017.42	\$26,196.63	99.2038%
2009-2010	\$3,536,900.04	\$132,743.23	96.2469%

**PERSONAL PROPERTY TAX STATUS AS OF JUNE 30, 2010**

2005	\$1,146,951.51	\$10,084.77	99.1207%
2006	\$930,010.15	\$2,329.79	99.7495%
2007	\$978,356.20	\$ 2,373.02	99.7574%
2008	\$1,102,231.22	\$11,481.99	98.9583%
2009	\$1,181,183.52	\$20,714.36	98.2463%

State Relief Annual Reimbursement is \$280,647.01

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On motion by Vice Mayor Wandrei, seconded by Councilman Stanley, voted upon and carried by a roll call vote, Council waived the water and sewer facility fees for the Bedford County Skateboard Park. Roll call vote follows:

Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Rush	aye
Councilman Stanley	aye
Mayor Tharp	aye

Councilman Vest moved that Council adjourn into closed session pursuant to Section 2.2-3711(a)(1), personnel, of the Code of Virginia of 1950, as amended,. Councilman Stanley seconded the motion. The motion was voted upon and carried by the following roll call vote:

Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Mayor Tharp	aye

Council adjourned into closed session at 7:26 p.m.

Council reconvened into open session at 7:36 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 Wandrei, seconded by Councilman Rush, voted upon and carried by a roll call vote, Council adopted the resolution. Roll call vote follows:

Councilwoman Flood	aye
Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Mayor Tharp	aye

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On motion by Councilman Vest, seconded by Councilman Stanley, voted upon and carried by a roll call vote, Council appointed Mr. G. E. Murray, Jr., to fill the vacancy on City Council due to the resignation of Jeffrey B. Hubbard on an interim basis until a successor is chosen under the election statutes. Roll call vote follows:

Councilman Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Vice Mayor Wandrei	aye
Councilwoman Flood	aye
Mayor Tharp	aye

Mayor Tharp adjourned the meeting at 7:37 p.m.