

February 23, 2016

A regular meeting of the Council of the Town of Bedford, Virginia, was held in the Council Hall of the Municipal Building at 7:00 p.m., February 23, 2016.

Members present: Mayor Robert T. Wandrei; Councilman Tim Black; Councilman Robert D. Carson; Councilman Stacey L. Hailey; Vice Mayor Steve C. Rush; Councilman Beckham A. Stanley; and Councilman James A. Vest

Members absent: None

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

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

Mayor Wandrei declared that the minutes of a regular Council meeting held on February 9, 2016, were approved as distributed.

Town Manager Kolakowski reported on the following:

- welcomed two members of the Boy Scouts, Josh and Jacob, who were attending the meeting for their merit badge requirements
- read a note from the Tuck Chiropractic Clinic thanking the Town for its hard working effort during the winter months - said that 99.9% of that work is done by the Public Works, the Police, and the Electric Departments who have done yeoman work in keeping us safe on the roads, keeping the power on, and the traffic moving - he expressed appreciation for all the efforts that have been done over this winter
- the train study for the train stop in Bedford is ongoing - the data is being gathered that is required for the ridership survey and also the cost benefit analysis - reported that in the proposed budget from the state Senate side there is a provision that has been proposed in the past day requiring DRPT to do an analysis of the Bedford stop and requiring them to look at the information that is put forth to them - thanked Senator Newman for getting it to this point
- Central Virginia Manufacturing is doing some serious expansion, looking to purchase some additional equipment, continuing to hire additional workers, and also working into the high schools by getting a couple of students as interns and training them in welding. Valley Processing is expanding its operations, it has 42 employees, and will be adding another production line soon.
- On a visit to Bedford Science and Technology Center (BSTC) the staff talked to the teacher of the electrician's class - a visit of that class to the Electric Department's Operations Center is being planned - it was discovered that a number of graduates from that class have gone on to be linemen in other electrical systems - the purpose of the site visit is to try to attract the students to consider staying in Bedford and becoming linemen.

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Brian Schley, Chairman of the Bedford Main Street Design Committee, announced that an award from Bedford Main Street will be presented to Michael and Lauren Siehien for the work they did in establishing the Azul Restaurant.

Andy Dooley, Bedford County Board of Supervisors, reviewed events that will be held in Bedford this year, which included: Special Olympics Softball; men's slo-pitch tournaments; the overflow for the Commonwealth Games if needed. Mr. Dooley said the fireworks will be held on July 3.

Mayor Wandrei congratulated Mr. Dooley and the members of the Bedford County Board of Supervisors for funding the new Bedford Middle School.

Sandra Boyes, 1574 Newton Circle, said she spoke with a Virginia Tech professor who reminded her of a State Champion Tree, a giant red mulberry, at 528 South Street. She stated she gave the Public Works Director and the Assistant Town Manager the specs on the tree. Ms. Boyes said the professor told her that there is a Tree Steward Program in Virginia and each locality can opt into it if they wish to. Ms. Boyes said she recently received a letter from an attorney with some defamatory comments made about her and attributed to some members of the staff of the Town. Ms. Boyes said she thought it would be good to have a meeting with Mr. Vest and Mr. Wandrei because they are mature members and perhaps one of the younger members and with Mr. Kolakowski, Mr. Warner, Mr. Hale, the engineer, and with Mr. Lawhorne to clear this up. She said this could be just an attorney trick to upset. Ms. Boyes stated she was being transparent and honest bringing this to Council openly. She asked that a date for a meeting be selected so she could share the contents of that letter.

Ms. Boyes asked if the Town could get into the Tree Steward Program. Assistant Town Manager Warner said he will look into it.

Councilman Vest asked that Council look into possible dates to have a retreat to look at the vision of Bedford and where Council would like the Town to go in the next year and in the next five years. He requested that Council set a date for this retreat on a Saturday either in March or early April that works for all.

The Town Manager said that he and Mr. Warner were discussing this earlier in the day and April would be probably be the earliest this retreat could be put together. Mayor Wandrei asked that the proposed dates be presented at the March 1 Council work session.

Councilman Black, Chairman of the Electric Committee, said the committee met and discussed the bond refunding, the issue at the Snowden Hydro Plant, and the customer charges.

Councilman Vest, Chairman of the Finance Committee, said the Finance Committee met at the same time and discussed the same issues discussed at the work session.

Town Manager Kolakowski said that the staff has determined that the Town can affect overall debt service savings by issuing a Bond Anticipation Note (BAN) to currently refund the outstanding principal balance of the Electric System 2005 Series & 2005B Series bonds and to refund the AMP Line of Credit (LOC) secured for Centerville Circuit 1 project. American Municipal Power, Inc. (AMP) will issue an Electric System Improvement Revenue BAN to the Town of Bedford not to exceed \$9,290,824 (final amount to be determined) pursuant to the Virginia Public Finance Act of 1991. Under the loan agreement, debt service is payable solely from the revenues of the Town's Electric Fund. The Resolution was drafted by Christopher Kulp of Hunton & Williams, who serves as the Town's Bond Counsel. Mr. Kolakowski said that Council was requested to adopt the Resolution to refund the 2005 Series, 2005B Series, and AMP Line of Credit with an annual renewing Bond Anticipation Note through American Municipal Power.

Councilman Black moved that Council adopt the resolution to refund the 2005 Series, 2005B Series, and AMP Line of Credit with an annual renewing Bond Anticipation Note through American Municipal Power not to exceed the balance of the outstanding loan and the cost of issuance.

Mayor Wandrei said he thought that is in the parameters outlined in the loan agreement so the resolution does cover this "not to exceed." He said that Council should go with just the resolution then since it is already covered. Councilman Stanley seconded the motion. The motion was then voted upon and carried unanimously by a roll call vote, Roll call vote follows:

Councilman Black	aye
Councilman Carson	aye
Councilman Hailey	aye
Vice Mayor Rush	aye
Councilman Stanley	aye
Councilman Vest	aye
Mayor Wandrei	aye

The resolution follows as adopted:

**RESOLUTION OF THE TOWN OF BEDFORD,
VIRGINIA, AUTHORIZING THE TOWN MANAGER
TO ENTER INTO A LOAN AGREEMENT FOR THE
BENEFIT OF THE ELECTRIC SYSTEM AND IN
CONNECTION THEREWITH TO ISSUE A
REVENUE NOTE IN A PRINCIPAL AMOUNT NOT
TO EXCEED \$9,500,000, AND TO REFUND
CERTAIN OUTSTANDING ELECTRIC SYSTEM
OBLIGATIONS**

WHEREAS, the Town of Bedford, Virginia (the "Town"), has outstanding its \$12,560,000 Electric System Revenue Refunding Bonds, Series 2005 (the "2005

Bonds”), its \$2,064,710 Electric System Revenue Bond, Series 2005B (the “2005B Bond”) and its \$675,000 Promissory Note dated May 15, 2015 (the “2015 Note”);

WHEREAS, the Town administration has advised that the Town can realize debt service savings by refunding or prepaying the outstanding portions of the 2005 Bonds, the 2005B Bond and the 2015 Note (such refunded or prepaid portions, the “Refunded Obligations”);

WHEREAS, the Town desires to refund the Refunded Obligations by entering into a loan agreement (the “Loan Agreement”) with American Municipal Power, Inc. (“AMP”), and evidencing the Town’s repayment obligations thereunder through the issuance of an electric system revenue note (as further described herein, the “Note”), subject to the terms and conditions herein;

WHEREAS, the form of the Loan Agreement (including as Exhibit A the form of the Note) has been presented to this meeting of the Council of the Town (the “Council”); and

WHEREAS, the Council desires to authorize the officers of the Town to issue the Note, execute the Loan Agreement and undertake such other actions as may be necessary to effectuate the loan from AMP and refund the Refunded Obligations;

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

1. Issuance of Note and Use of Proceeds. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 and the Town Charter, the Town Manager is authorized to obtain a loan from AMP in a principal amount not to exceed \$9,500,000, to evidence such loan by the issuance of the Note, and to use the proceeds thereof to refund the Refunded Obligations and pay the related costs of issuance and refunding. The loan shall be repaid no later than December 31, 2036, and shall bear interest at an interest rate determined pursuant to the terms set forth in the Loan Agreement up to a maximum rate equal to 8% per year.

2. Authorization of Loan Agreement and Note. The forms of the Loan Agreement and the Note submitted to this meeting are hereby approved. The Mayor and Town Manager, either of whom may act, are authorized to execute and deliver the Loan Agreement and the Note in substantially such forms, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or the Town Manager, whose approval shall be evidenced conclusively by the execution and delivery thereof. The proceeds of the Note shall be applied in the manner set forth in the Loan Agreement. The actions of the Town Manager in approving the final terms of the Note shall be conclusive, and no further action shall be necessary on the part of the Council.

3. Payment and Redemption Provisions. The principal of and interest on the Note shall be payable on the dates and in the manner set forth in the Note and the Loan Agreement.

4. Pledge of Net Revenues. The Note shall be a limited obligation of the Town, payable solely from the revenues (the “Revenues”) of its electric system (the

“System”), subject to the right of the Town first to apply Revenues to the payment of operating expenses of the System. Notwithstanding the preceding sentence, the System shall not include any facilities owned by the Town and accounted for separately by the Town, including without limitation, the electric distribution facilities purchased by the Town pursuant to an Equipment Sale and Lease Agreement dated October 17, 1995, between the Town and Appalachian Power Company, unless and until the Council takes affirmative action by resolution to include such facilities within the definition of System. Nothing in the Note, the Loan Agreement or this Resolution shall be deemed to create or constitute an indebtedness or pledge of the Commonwealth of Virginia or any political subdivision thereof, including the Town.

5. Redemption or Prepayment of Refunded Obligations. The Mayor and the Town Manager, either of whom may act, are authorized and directed to (a) take all proper steps to call for redemption or prepayment the Refunded Obligations on the earliest practical date after giving effect to the requisite notice requirements and (b) prepare and deliver any such notices and correspondence necessary therefor.

6. Arbitrage Covenants. The Town covenants that it shall not take or omit to take any action the taking or omission of which will cause the obligations issued by AMP to fund its loan to the Town (the “AMP Obligations”) 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 AMP Obligations to be includable in the gross income of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the Town shall comply with any provision set forth in a tax compliance agreement prepared for the AMP Obligations and the Note that may require the Town at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Note, unless the Town receives an opinion of nationally recognized bond counsel that compliance with any such covenant is not required to prevent interest on the AMP Obligations from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The Town shall pay any such required rebate from legally available funds.

7. Private Activity Bond Covenants. The Town covenants that it shall not permit the proceeds of the Note or the facilities refinanced therewith to be used in any manner that would result in (a) 5% or more of such proceeds or facilities 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 facilities 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 person other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the Town receives an opinion of nationally recognized bond counsel that compliance with any such covenant is not required to prevent the interest on the AMP Obligations from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the Town need not comply with such covenant.

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8. Other Actions. All other actions of Town officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Note and the refunding of the Refunded Obligations are ratified, approved and confirmed. The Town officials are authorized and directed to execute and deliver all certificates and other 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 Note and the refunding or prepayment of the Refunded Obligations.

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

Mayor Wandrei adjourned the meeting at 7:25 p.m. until March 1, 2016, at 5:30 p.m. in the Council Hall for a budget work session.