

February 28, 2017

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 28, 2017.

Members present: Mayor Robert T Wandrei; Vice Mayor Tim Black; Councilman Stacey L. Hailey; Councilman Bruce M. Johannessen; Councilman Steve C. Rush; Councilman Bryan Schley; 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.

Town Manager Kolakowski reported on the following:

- The Outreach Director for Congressman Garrett, Matthew Becker, stopped by to introduce himself and to make himself available for information from the Congressman – Mr. Kolakowski reviewed what they discussed.
- Some of the members of Council visited the Bedford Science and Technology Center (BSTC) earlier in the day – another visit will be scheduled to see the rest of the school.

Councilman Black, Chairman of the Finance Committee, said the committee met on February 27 and discussed the following: the Town received a couple of recoveries that were not expected; reviewed the meals tax situation with the increase – through January that equated to approximately \$76,000 – that money will potentially be for the economic development fund; reviewed the cost of living analysis; and the electric refinancing of the bond.

The Town Manager reported that the American Municipal Power Inc. (AMP) Electric System Improvement Revenue 2016 BAN matures on March 28, 2017. Pursuant to the Loan Agreement Town Council must pass a resolution authorizing officers of the Town to undertake such actions necessary to refinance the 2016 Note and issue the 2017 Note with an amount not to exceed \$8,000,000 (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 issue the 2017 annual renewing Bond Anticipation Note through American Municipal Power.

On motion by Councilman Black, seconded by Councilman Rush, voted upon and carried unanimously by a roll call vote, Council adopted the resolution to issue the 2017 annual

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renewing Bond Anticipation Note through American Municipal Power. Roll call vote follows:

Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Rush	aye
Councilman Schley	aye
Councilman Vest	aye
Mayor Wandrei	aye

The resolution follows as adopted:

**RESOLUTION OF THE TOWN OF BEDFORD,  
VIRGINIA, PROVIDING FOR THE ISSUANCE OF A  
REVENUE NOTE IN A PRINCIPAL AMOUNT NOT  
TO EXCEED \$8,000,000, TO REFINANCE THE  
TOWN'S OUTSTANDING REVENUE NOTE  
(ELECTRIC SYSTEM) DATED MARCH 29, 2016**

**WHEREAS**, the Town of Bedford, Virginia (the "Town"), previously issued and sold its Revenue Note (Electric System) dated March 29, 2016 (the "2016 Note"), to American Municipal Power, Inc. ("AMP"), pursuant to the terms of a Loan Agreement dated as of March 1, 2016 (the "Loan Agreement"), between the Town and AMP;

**WHEREAS**, the 2016 Note matures on March 28, 2017;

**WHEREAS**, the Town desires to refinance the 2016 Note by issuing an electric system revenue note (as further described herein, the "2017 Note"), pursuant to the terms of the Loan Agreement, subject to the terms and conditions herein; and

**WHEREAS**, the Council of the Town (the "Council") desires to authorize the officers of the Town to issue the 2017 Note and undertake such other actions as may be necessary to effectuate the loan from AMP and to refinance the 2016 Note;

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

**Issuance of 2017 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 hereby authorized to obtain a loan from AMP in a principal amount not to exceed \$8,000,000, to evidence such loan by the issuance of the 2017 Note, and to use the proceeds thereof to refinance the 2016 Note and pay the related costs of issuance and refinancing. The loan shall be repaid no later than March 31, 2018,

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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 8.0% per year.

**Authorization of 2017 Note.** The form of the 2017 Note attached hereto as Exhibit A is hereby approved. The Mayor and Town Manager, either of whom may act, are hereby authorized to execute and deliver the 2017 Note in substantially such form, 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 2017 Note shall be applied to the refinancing of the 2016 Note and to pay the related costs of issuance and refinancing. The actions of the Town Manager in approving the final terms of the 2017 Note shall be conclusive, and no further action shall be necessary on the part of the Council.

**Payment and Redemption Provisions.** The principal of and interest on the 2017 Note shall be payable on the dates and in the manner set forth in the 2017 Note and the Loan Agreement.

**Pledge of Net Revenues.** The 2017 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 2017 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.

**Arbitrage Covenants.** The Town hereby 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 2017 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 2017 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.

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**Private Activity Bond Covenants.** The Town hereby covenants that it shall not permit the proceeds of the 2017 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.

**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 2017 Note and the refinancing of the 2016 Note are hereby ratified, approved and confirmed. The Town officials are hereby 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 2017 Note and the refinancing of the 2016 Note.

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

Mayor Wandrei adjourned the meeting at 7:12 p.m. until Monday, March 6, 2017, at 5:30 p.m. in the Council Hall for a budget work session.