MARTINSVILLE CITY COUNCIL
MEETING AGENDA

Tuesday, April 22, 2025

Martinsville's Vision

Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.

Martinsville's Mission

Martinsville City proudly promotes a safe, healthy, thriving community dedicated to delivering excellent services and meaningful public participation.

PRESIDING:	LC Jones, Mayor
CITY COUNCIL MEMBERS:	Kathy Lawson, Vice Mayor
	Julian Mei
	Rayshaun Gravely
	Aaron Rawls
STAFF:	Aretha R. Ferrell-Benavides, City Manager & City Clerk
	Peyton Nibblett, Deputy City Clerk
	Law Offices of Sands Anderson, City Attorney

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AMENDED

Revisions have been noted & highlighted.

Closed Session -- REMOVED

Work Session - 6pm, Council Chambers

1. Briefings and Presentations

a. Electric Department Update

b. Building Relocation Options Briefing

2. Discuss Consent Agenda Items

a. Discuss and Consider Approval of April 1, 2025; April 7, 2025; and April 14, 2025 Meeting Minutes

b. Discuss and Consider Approval of Facilitator-Provided Retreat Meeting Minutes for February 28, 2025

Regular Session - 7pm, Council Chambers

3. Call to Order

4. Pledge to the American Flag

5. Invocation

6. Presentations and Proclamations

a. Proclamation Honoring April 25, 2025 as National Arbor Day

b. Proclamation Honoring April as National Sexual Assault Awareness Month

c. Proclamation Honoring April as National Autism Awareness Month

d. Proclamation Honoring the week of May 4-10, 2025 National Corrections Officers and Employees Week

e. Presentation of FY 25-26 Proposed Capital Projects

7. Consent Agenda

a. Discuss and Consider Approval of April 1, 2025; April 7, 2025; and April 14, 2025 Meeting Minutes

b. Discuss and Consider Approval of Facilitator-Provided Retreat Meeting Minutes for February 28, 2025

8. Regular Agenda or New Business

a. Discuss and Consider Building Relocation Options

b. Discuss and Consider 1 Ellsworth Lease Option

c. Discuss and Consider the Allocation of Funds for the Development of the Commonwealth Waterline

d. Discuss and Consider Approval of Resolution Approving Lease Purchase Financing with Bank of America Public Capital Corp - Direct Bank Loan to acquire Equipment

e. Discuss and Consider Update to the Joint Dispatch Center By-Laws

f. Discuss and Consider Approval of the receipt and expense for the awarded Operation Ceasefire Grant. This is a revision to the revenue and expense budget for the General fund.

9. Take any action necessary as a result of the Executive Session.

10. City Hall Reporting & Announcements

a. Financial Update

b. Public Information Officer

11. Communications from Visitors / Business from the Floor

Description: The purpose of City Council Meetings is to conduct the City's Business. City Council allows for public comment, limited to matters on which the Council has the power and authority to act and are not listed on the printed agenda. Participation: Citizens who wish to participate in a meeting's public comment period may do so by signing up at the podium at the entrance prior to the beginning of the meeting, emailing their comments to Peyton Nibblett, Deputy City Clerk, at pnibblett@martinsvilleva.gov, calling in their comments to 276-403-5196, or mailing comments to the City of Martinsville, attn.: Peyton Nibblett, Martinsville, VA 24114 (a.) Comments, or a request to speak, must be received by noon the day before a Council meeting for consideration by the Council at the meeting. (b.) Any person submitting comments or requesting to speak must identify themselves by name and address, including zip code. (c.) Remarks are to be limited to 3 minutes or less (as read aloud), address a topic of City business, and refrain from making any personal references or accusations of a factually false and/or malicious nature. (d.) Priority for comments is given to City residents, taxpayers, and business owners.(e.) Speakers may not yield time. f. Groups of speakers on the same topic must designate a single representative. Comments violating these rules may not be presented at the Council meeting. (g.) Any speaker violating these rules may be removed from the podium or from the Council Chamber. (h.) This policy does not apply to public hearings, at which any citizen of Martinsville may appear and speak on the subject of the public hearing.

12. Comments by Members of City Council

13. Comments from City Manager

14. Adjournment

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Item: 2.a.

STAFF REPORT

To: City Council
From: Peyton Nibblett, Deputy City Clerk
Subject: Discuss and Consider Approval of April 1, 2025; April 7, 2025; and April 14, 2025 Meeting Minutes
Department/Office: City Management
Meeting Date: April 22, 2025

Summary:
Minutes from April 1, 2025; April 7, 2025; and April 14, 2025 meetings.

Policy Explanation:
Council must approve all meeting minutes before they are added to official city record, as in Virginia Code 2.2-3707.

Recommended Action:
1. City Council Approve Minutes
2. City Council Do Not Approve Minutes
3. Other Actions as Determined Necessary By Council

Fiscal Impact/Funding Source:
None

Available Budget: Not Applicable
Purchase Amount: Not Applicable

Attachments:
1. April 1, 2025 Minutes (1)
2. April 7th Minutes Budget Workshop with Schools
3. April 14th Minutes Budget Workshop with Constitutional Offices

April 1, 2025
Martinsville City Council Meeting Minutes

6:00 pm - Work Session
Council Chambers, Municipal Building
Members Present: Mayor Jones, Vice Mayor Lawson, Aaron Rawls, Julian Mei, & Rayshaun Gravely

1. Briefings and Presentations
   a. Commissioner of Revenue, Ruth Easely, Elderly and Disabled Tax Relief Suggestions

   b. Total Income / Tax Exemption

Total Income	Tax Exemption
$0.00 - $12,500.00	100%
$12,501.00 - $20,000.00	75%
$20,001.00 - $27,500.00	50%
$27,501.00 - $35,000.00	25%

      i. Motion made by Kathy Lawson to follow through with Ruth Easley's recommendation and for outside legal counsel to begin preparing the ordinance. Seconded by Julian Mei. Approved with a 5:0 vote; Mayor Jones, aye; Vice Mayor Lawson, aye; Councilman Julian Mei, aye; Councilman Aaron Rawls, aye; Councilman Rayshaun Gravely, aye.

   c. Update on Opioid Abatement Authority Funds and Engagement
      i. Presented by Interim Managing Director of Development Eric Payne. An update on the estimated funding, summary of direct distributions received. In addition, spoke on the funds distributed to the Drug Court and the lack of impact the Resolution in the current agenda would have on the program. Martinsville share of the funds would be allocated from the grant money, not city funds.

ii. Approved with a motion made by Kathy Lawson to apply for Funding to support a Kinship Navigator to serve both Henry County and Martinsville using Opioid Abatement Authority grant funds and Seconded by Julian Mei; Approved with the following vote 5:0 Vote: Julian Mei, aye; Kathy Lawson, aye; Mayor Jones, aye; Rayshaun Gravely, aye; Aaron Rawls, aye.

2. Discuss Consent Agenda Items
   a. Discuss and Consider Approval of March 17, 2025 Meeting Minutes
      i. Amendment necessary, original motion failed not due to a lack of a second, there was further deliberation and an amended motion was made. Necessary amendment has been made.
   b. Discuss and Consider Approval of March 25, 2025 Meeting Minutes
      i. Motion to remove minutes from the consent agenda and move to regular agenda for discussion made by Councilman Aaron Rawls and seconded by Councilman Mei. Approved with the following vote: Mayor Jones, aye; Vice Mayor Lawson, aye; Councilman Rawls; aye; Councilman Gravely, aye; Councilman Mei, aye.

7:00 PM - Regular Session

Council Chambers, Martinsville Municipal Building

3. Call to Order
4. Pledge to American Flag
5. Invocation
6. Presentations and Proclamations
7. Consent Agenda
   a. Moved to Regular Agenda/ New Business

8. Regular Agenda or New Business

   a. Discuss and Consider Setting a Budget Public Hearing Dates for May 8th, first reading, and May 20th, second reading
      i. Motion to Approve by Kathy Lawson, Seconded by Aaron Rawls for the purpose of discussion. Rayshaun Gravely

   b. Discuss and Consider Setting a Public Hearing Date of May 13th, 2025 for Real Estate Tax Rate Decrease
      i. Motion to Approve by Kathy Lawson, Seconded by Aaron Rawls for the purpose of discussion. Councilman Gravely asked for Commissioner of Revenue for comments; recommended advertising for a Public Hearing to be held on May 8th.
      ii. Motion amended by Kathy Lawson to approve **May 8th** Budget Public Hearing, May 8th Real Estate Tax Rate Posting, May 20th Budget Public Hearing, Second Reading and seconded by Councilman Gravely. Approved with the following 5:0 vote: Councilman Mei, aye; Councilman Gravely, aye; Councilman Councilman Rawls, aye; Vice Mayor Lawson, aye; Mayor Jones, aye.

   c. Discuss and Consider Resolution requesting to apply for Opioid Abatement Authority (OAA) Individual Distribution and Gold Standard funds
      i. Apply for Funding to support a Kinship Navigator to serve both Henry County and Martinsville using Opioid Abatement Authority grant funds.
      ii. Approved during briefing earlier in the session.

d. Discuss and Consider a Resolution of participation for Pre-65 Retirees in the Health insurance plan
    i. Presentation was given by Managing Director of Administration, Travis Hodge. Spoke on current health insurance and health insurance that will be made available. 10.6% decrease for single, active employees and 41% decrease for retirees. The decreases continue throughout family levels.
    ii. Motion made by Kathy Lawson to approve the resolution and begin open enrollment and seconded by Rayshaun Gravely. Approved with the following 5:0 vote: Councilman Mei, aye; Councilman Gravely, aye; Councilman Councilman Rawls, aye; Vice Mayor Lawson, aye; Mayor Jones, aye.

e. Receive a Presentation of the City's Manager's Proposed Fiscal Year 2025-2026 Budget

f. Discuss and Consider Approval of March 17, 2025 Meeting Minutes
    i. Amendment necessary, amendment as follows: original motion failed not due to a lack of a second, there was further deliberation and an amended motion was made. Necessary amendment has been made.
    ii. Motion made by Julian Mei and seconded by Aaron Rawls to Table the minutes. Approved with the following 5:0 vote: Councilman Mei, aye; Councilman Gravely, aye; Councilman Councilman Rawls, aye; Vice Mayor Lawson, aye; Mayor Jones, aye.

g. Discuss and Consider Approval of March 25, 2025 Meeting Minutes
    i. Motion to approve made by Kathy Lawson and seconded by Julian Mei. Approved with the following 5:0 vote: Councilman Mei, aye; Councilman Gravely, aye; Councilman Councilman Rawls, aye; Vice Mayor Lawson, aye; Mayor Jones, aye.

9. Take any action necessary as a result of the Executive session.

10. Business From the Floor
    a. Morgan Leigh
    b. Connor Worthington
    c. John Mahan
    d. Al Martin
    e. Caleb Robertson
    f. Charles Roark
    g. Dru Rothrock
    h. Virginia Hairston

11. City Hall Reporting and Announcements
    a. Public Information Update

12. Comments by Members of Council
13. Comments by City Manager
14. Adjournment
    a. Mayor made the motion to adjourn at 9 PM.

April 7, 2025
Martinsville City Council Budget Workshop with School Board Meeting Minutes

Special Meeting/Session 6:00 pm
New College Institute, Lecture Hall A

1. Call to Order
    a. Mayor Jones called the meeting to order beginning at 6:00 PM. City Council members in attendance: Mayor Jones, Vice Mayor Lawson, Councilmember Mei, Councilmember Gravely. Councilman Rawls was absent from the meeting. School Board members in participation were Chairperson Yvonne Givens, Vice Chairperson Michael Williamson, and Board Member Nekia Blackwell.
2. Pledge to American Flag
3. Invocation
    a. Invocation Led by Dr.Talley
4. Presentations
    a. Presentation of City Schools' Budget
        i. Presented by Superintendent Dr. Talley. Mission Statement: Schools create a safe and supportive learning environment that engages students in individualized learning experiences. Budget will be made available on both the City of Martinsville website and City Schools Website.. Capital Improvements, high priority items: roof repair at Clearview, HVAC Replacements, Martinsville High School Boiler, Electric Panels at Druid Hills. Budget Requests: Reading Specialist, Contract Adjustment, Special Education Teachers, Technology Software, HR Software inflation adjustment, Pupil Personnel PD, Board Certified Behavioral Analyst, Social WOrker, and EL Teacher (English as a Second Language Teacher). Total Requests: $570,000. All Martinsville City Public Schools are Accredited. Dr. Talley spoke on the quality of the educators in the schools and the hard-working nature of City School Teachers. MCPS is one of four divisions in the state with SEL universal screening in

place for all grade levels. Albert Harris Elementary School recently was recognized by The Dan River Basin Association for its sensory garden and as a

National Green Yard School. MCPS continues to lead the way in Career and Technical Education (CTE). The Robotics program was also revived earlier in the year at the Martinsville High school Robotics program. Councilman Rawls entered at 6:40 PM. The School Board adjourned at 7 PM upon a motion by Vicechairman Michael Williamson.

b. Revenue Workshop
   i. Led by City Manager, Aretha R. Ferrell-Benavides; Edena Reese-Atmore, Chief Operating Officer; and Robert Floyd, Director of Budget and Procurement. Went over the City of Martinsville Organizational Structure beginning with City Council, City Administration, Executive Team, and Directors. Introduced the Budget Development Team and the Budget Process. May to June Adoption Process is the next largest benchmark, followed by Execution. The Budget document is meant to be a policy, plan, guide, and method of communication. May 8th Tax Rate Hearing at 6 PM and 7 PM Budget Ordinance. Must have different meeting times. City Manager addressed budget challenges such as: Aging Infrastructure, Potential Federal Funding Reductions, City-Wide Cost of Living Personnel & Goods and Services, etc. Some Goals for the Budget: Reduction in Tax Rate while allowing for minimum revenue growth, Transition of Health Care to Universal Options, Include Staff Cost of Living Adjustment, etc. Proposed Tax Rate of \$.7792 per \$100 assessed value.

5. Regular Agenda
   a. Discuss and Consider First Reading of an Ordinance Adjusting Elderly and Disabled Tax Rate Exemption
      i. Presented by Commissioner of Revenue, Ruth Easley. The last time an adjustment was made to the relief program was 2006. Proposed

moving to four tiers at 25%, 50%, 75%, and 100%: which would provide a $35,000 income cap.

ii. **Approved by a Motion** by Vice Mayor Kathy Lawson to adopt on the first reading and Seconded by Councilman Mei.

6. Adjournment
    a. Mayor Jones made the motion to adjourn at 8 PM.

April 14, 2025
Martinsville City Council Budget Workshop with City Constitutional Offices Meeting Minutes

Special Meeting/Session, 5:00 pm
Council Chambers, Martinsville Municipal Building
Members Present: Mayor Jones, Vice Mayor Lawson, Julian Mei, & Rayshaun Gravely
Members Not Present at Call Time: Aaron Rawls entered at 5:30 PM.

1. Call to Order
    a. Mayor Jones called the meeting to order beginning at 5 PM
2. Pledge to American Flag
3. Presentations
    a. Presentation of Sheriff's Office Budget
        i. Given by Sheriff Draper
    b. Presentation of Registrar and Electoral Board's Budget
        i. Given by Sarah Workman, Registrar
    c. Presentation of Clerk of Circuit Court's Budget
        i. Given by Jeanie Nunn, Clerk of Circuit Court
    d. Presentation of Commissioner of Revenue's Budget
        i. Given by Ruth Easley, Commissioner of Revenue
    e. Presentation of Commonwealth Attorney's Budget
        i. Given by Attorney Hall
    f. Presentation of Treasurer's Budget
        i. Given by Cindy Dickerson, Treasurer
    g. Presentation of General District Court's Budget, Juvenile & Domestic Relations Court
        i. Given by Budget & Procurement Director, Robert Floyd
    h. Presentation of Victim Witness Program
        i. Given by Budget & Procurement Director, Robert Floyd

4. Regular Agenda
    a. Discuss and Consider 1 Ellsworth Lease Option
        i. Discussion surrounding the Leasing of 1 Ellsworth (Old BB&T Building). Options given:
            1. $11.40 per square foot with a fixed 3% per year escalator. (5% discount)
            2. $10.80 per square foot and full annual CPI escalator. (10% discount)
            3. $12.00 per square foot with a cap of 2% tied to CPI.
            4. $12.00 per square food and developer will increase their loan payment ot $10,800/month to match the rent being paid by the office.
                a. Discussion moved to April 22nd Regular Session Meeting

    b. Discuss and Consider Second Reading of an Ordinance Adjusting Elderly and Disabled Tax Rate Exemption
        i. Motion to adopt on second reading the proposed ordinance effective January 1st 2025, made by Kathy Lawson and seconded by Julian Mei. Approved by 5:0 vote; Vice Mayor Lawson, aye; Mayor Jones, aye; Rawls, aye; Mei, aye; Gravely, aye.

    c. Motion to add "City Hall Municipal Building Closure for Good Friday" to the agenda by Kathy Lawson, seconded by Julian Mei. Ayes; Vice Mayor Lawson, aye; Mayor Jones, aye; Rawls, aye; Mei, aye; Gravely, aye.
        i. Motion to Close City Hall for Good Friday made by Julian Mei and seconded by Kathy Lawson. Approved by 5:0 vote; Vice Mayor Lawson, aye; Mayor Jones, aye; Rawls, aye; Mei, aye; Gravely, aye.

    d. Motion to have a Public Hearing on land disposition for MidAtlantic Broadband April 29th at 6PM made by Kathy Lawson and seconded by Julian Mei. Approved by 5:0 vote; Vice Mayor Lawson, aye; Mayor Jones, aye; Rawls, aye; Mei, aye; Gravely, aye.

5. Business from the Floor
    a. Drew Rothrock

6. Adjournment
    a. Mayor Jones made the motion to adjourn at 7 PM.

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Item: 2.b.

STAFF REPORT

To: City Council
From: Peyton Nibblett, Deputy City Clerk
Subject: Discuss and Consider Approval of Facilitator-Provided Retreat Meeting Minutes for February 28, 2025
Department/Office: City Management
Meeting Date: April 22, 2025

Summary:
Minutes from February 28, 2025 City Council Meeting -- Provided by Berkley Group Facilitators

Policy Explanation:
Council must approve all meeting minutes before they are added to official city record, as in Virginia Code 2.2-3707.

Recommended Action:
1. City Council Approve Minutes
2. City Council Do Not Approve Minutes
3. Other Action as Directed by Council

Fiscal Impact/Funding Source:
None

Available Budget: Not Applicable
Purchase Amount: Not Applicable

Attachments:
1. Martinsville City Council 2025 Retreat Notes - FINAL DRAFT

Martinsville Council Retreat

February 28, 2025

The Institute for Advanced Learning and Research
150 Slayton Avenue, Danville, VA 24540

Notes

Mayor L.C. Jones called the meeting to order at 9:20 a.m. In addition to the Mayor, Vice Mayor Kathy Lawson and Council Members Rayshaun Gravely and Julian Mei were present. Members of the City Executive Team in attendance were City Manager, Aretha R. Ferrell-Benavides, Chief Operating Officer, Edena Reese-Atmore, Managing Director of Public Works, Greg Maggard, Managing Director of Administration, Travis Hodge, Chief Finance Officer, J. Richard Stanfield, Interim Chief Technology Officer, Jared Pruett, Interim Managing Director of Development, Eric Payne, Director of Budget and Procurement, Robert Floyd, Executive Assistant, Shasta Carmichael, and Deputy City Clerk, Peyton Nibblett. Berkley Group Executive Managers Margaret Schmitt and Kimball Payne served as facilitators for the retreat.

Notes for the retreat were captured on flip charts. A transcription of the flip chart notes, with clarifying annotations, is attached as an addendum to these notes.

After calling the meeting to order, Mayor Jones turned the retreat over to the facilitators. Mr. Payne and Ms. Schmitt thanked the Council for having them back to facilitate the retreat. They then referred to the agenda and reviewed suggested goals for the retreat as follows:

- Work as a team and develop consensus
- Encourage input from all Council members
- Discuss how to work together as an effective team
- Discuss effective governance principles
- Receive a briefing on finances and the budget
- Review progress addressing actions identified in previous retreats
- Identify priorities for the next two years
- Craft a work plan for the next 18 to 24 months
- Identify longer term issues

They mentioned themes that might run through the day's discussion including Council roles and responsibilities, dynamics and processes, Council/Manager roles and relationships, public engagement, and potential limitations that might have to be overcome to address Council's priorities.

The following ground rules were offered to guide Council's discussion:

- Everyone participates; no one dominates
- Engage
- Be honest
- Listen to each other
- Respect different opinions
- No idea is too outlandish
- Seek to understand
- Ask questions
- Seek consensus (formal action at a future Council meeting)
- Silence means consent – speak up if you disagree
- Use the parking lot for issues that may evade consensus or require more background
- Have fun; don't take ourselves too seriously
- We will take breaks when it seems appropriate

During the review of the agenda, the facilitators noted the common themes, issues mentioned by more than one Council member, that they heard during the pre-retreat interviews.

- Housing, including homelessness
- Code Enforcement
- Infrastructure
- Council working together as a team
- Updating the work plan to reflect Council's goals and priorities
- City reputation, branding, public relations, citizen communications
- Economic development – new businesses

The facilitators asked if the agenda, the goals, and the ground rules were consistent with the Council's expectations, and if there were any questions. There were no questions, and the agenda, goals and ground rules were accepted by unanimous consent.

Team Building Exercise

Ms. Schmitt led the Council through a team building exercise. She asked that the Council members provide answers to the following questions:

1. *Tell your colleagues something about yourself that they probably don't know.*
2. *What strengths do you bring to the City Council team?*
3. *What two things might people find challenging when working with you?*

Responses to the last two questions were recorded without individual attribution.

The cumulative strengths identified by Council members were (flip charts #1 & #2):

- Integrity, transparency, legitimacy
- Open mind, listens, willing to compromise
- Knowledge, listens, tries to understand
- Hates being late
- Willing to learn, listens
- Supports everyone, regardless of background or standing
- Easy-going
- Has a good gut instinct
- Respects the office and role of Council member
- Studies matters
- Conscientious, cautious
- Honesty
- Receptive to citizens
- Business background
- Institutional knowledge
- Social media acumen
- Community standing
- Desires to make it work
- Shows up
- Appreciates diversity

When asked if anything was missing that, if present, would make for a stronger Council team, the ideas that were offered were: another female, better communications, and to be more representative of the community.

With respect to challenges that might arise when the Council members worked together, the following were identified (flip chart #3):

- Too receptive to every critique
- Social media involvement
- Business focus
- Youth, less experience, different perspective
- Age (maturity)
- Experience getting in the way
- High expectations of others
- Impatience

Ms. Schmitt pointed out that a combination of strengths and challenges was a characteristic of every team. The goal was to utilize the strengths and overcome the challenges for effective teamwork. She also noted that some strengths, taken too far, could become challenges, and asked how potential challenges might be overcome or compensated for to help the Council work better together.

The following ideas to overcome challenges were offered (flip chart #3):

- Listening, good communications
- Being respectful of each other
- Having an open mind
- Practicing humility
- Practicing patience – utilizing "the pause" before reacting
- Defending the absent
- Demonstrating transparency
- Educating and explaining issues
- Finding the good in situations and in others

Members of the City's Executive Team left the retreat at 10:30 a.m. for a strategic planning discussion with the City Manager.

Effective Governance Discussion

Ms. Schmitt and Mr. Payne led a wide-ranging discussion with the City Council members on topics that included how Council could work together as a team, Council/City Manager/staff relationships and interactions, and improving communications. They discussed effective governance practices and shared some scenarios to make their points.

The facilitators focused the discussion by asking the Council members to identify principles that should be followed to help City Council work together as an effective team. These principles were identified (flip chart #4):

- ❖ Honesty
- ❖ Trust
- ❖ Open communications
- ❖ Respect/support for council decisions
- ❖ Accountability
- ❖ Equal information
- ❖ Respect for each other
- ❖ Ethical personal behavior

Some issues for further consideration, that were shared with the Executive Team when it returned to the retreat, were:

- ➢ Weekly one-on-one meetings between the City Manager and individual Council members, while valuable, may be problematic if a Council member misses the meeting, remembers it differently than others, or if the information isn't shared the same way in each meeting.

The facilitators suggested more written communication, memos or staff reports, to formalize actions and provide uniform information to both Council and the public regarding upcoming agenda items.

- Council's work sessions being held in a different, smaller room than Council's Chamber creates the impression of a "secret" meeting or one in which the public is not welcome. The location is not conducive to public attendance.

  One suggestion was to consider utilizing Council's Chamber for work sessions but with a reconfigured seating arrangement, rather than Council members sitting at the dais, to allow for more informal interactions.

- There was concern that communication from the City to the public, especially proactive communication, was lacking. Some Council members have felt it necessary to use social media to inform the public and the public, to a degree, has come to rely on those Council members for information.

  Council members expressed a desire for a single communications point of contact on staff who would be responsible for the City's website and social media accounts, and that those sites be kept up to date with frequent postings.

  There was concern about a gap in communications from staff to the Council so that members would be informed about an issue before Council started receiving inquiries from citizens; for example, a recent power outage. The facilitators offered two important principles, that Council is not surprised by news and, that bad news comes to Council from staff first before getting to the members through other ways. All acknowledged that it was challenging to meet those aspirations in the age of social media.

  Communication was a recurring theme throughout the retreat. The facilitators captured the different ways that the issue was raised on an un-numbered flip chart:

  Communications
  Social media
  Staff interaction
  Representation
  Transparency – educate, explain, accessibility, open government
  Citizen engagement
  Misinformation
  Communications plan
  Rolling out of new initiatives

  There was a general consensus among all of the participants that a communications strategy, with an implementation plan, was needed.

- Addressing new, emerging issues brought to Council's attention by the public, how to respond, and how quickly to react (example; concerns about coyotes).

The facilitators suggested that, unless there is an emergency or other clear crisis, there is rarely a need to act immediately on an issue brought to Council for the first time by the public. They offered that the principle of "completed staff work" allowed time for a review of the issue, an understanding of possible courses of action and potential consequences, the identification of alternatives and costs, and the formulation of a thoughtful recommendation for Council's consideration. A scheduled agenda item, with a staff report, could provide better information to Council and the public when addressing a new issue.

The retreat was recessed for lunch at 12:30 p.m. and reconvened, with the Executive Team present, at 1:00 p.m.

Briefing on Finances and the Budget

Chief Operating Officer, Edena Reese-Atmore, Chief Finance Officer, J. Richard Stanfield, and Director of Budget and Procurement, Robert Floyd provided a high-level briefing on City finances, the status of the annual audit for Fiscal Year 2024, and the upcoming Fiscal Year 2026 Budget development process.

Ms. Reese-Atmore offered her perspective, after one year, that the City was in good financial condition overall. She noted, however, that there had been a loss of a lot of institutional knowledge from staff turnover and, that a lack of training and not taking advantage of the capabilities of the MUNIS financial software resulted in suboptimal productivity. Addressing this will be a focus moving forward. She also suggested adding debt management and investment policies to the City's financial management policies.

Mr. Stanfield said that, after only two months, he was still learning about operations. Despite the loss of staff, it is his impression that the remaining employees are great, and he will be focusing on helping them to understand why they do what they do. He also addressed the delay in completing the annual audit for Fiscal Year 2024 but noted that progress was being made.

Mr. Floyd reported that his goal for the upcoming budget was to better tell the story behind the numbers to better inform the public and Council on the scope and purpose of City operations. Recognition of the budget by the Government Finance Officers Association (GFOA) is a goal that he hopes to achieve with the Fiscal Year 2026 Budget.

Ms. Ferrell-Benavides added that there was a need for documented processes across the organization, especially since so many employees were becoming eligible for retirement.

Review of Progress Implementing Actions Identified in the 2024 Retreat

After each of City Council's retreats in 2023 and 2024 a work plan was developed from the desired actions identified by Council during the retreat. The 2024 retreat reviewed progress on implementing the 2023 work plan and revised the work plan for the subsequent year. The facilitators asked the Council members to review their progress over the last year by asking three questions:

- *What are the most significant accomplishments over the last year?*
- *Were there any surprises that required immediate action or an adjustment of priorities?*
- *Were there any disappointments or missed opportunities that should be acknowledged?*

Council identified the following accomplishments (flip chart #5):

- ✓ Forward motion in general
- ✓ Cultural change
- ✓ Staffing - department heads hired
- ✓ Informative budget
- ✓ Balanced budget
- ✓ Morale improvement
- ✓ Staff recognition
- ✓ Rules of Procedure adopted
- ✓ Website/Facebook page improvements
- ✓ Community engagement
- ✓ Covid survival
- ✓ Improving Uptown vibe
- ✓ Cooperation with partners
- ✓ Power washed the municipal building
- ✓ Transparency Portal

Surprises that required immediate action or an adjustment of priorities included (flip chart #6):

- Courthouse facilities issues
- Legal issues
- Staff loss
- Snow & cold weather impacting operations and costs
- Blowback from some decisions

Disappointments or missed opportunities identified were (flip chart #6):

- Economic development projects not moving forward
- Code enforcement
- Community policing and visibility
- Animal control responsiveness

The facilitators then walked Council and staff through a review of the work plan from the 2024 retreat. That work plan evolved from a review of actions identified at the 2023 retreat. In the summary below, the status of actions from the 2023 retreat as of March 8, 2024, is indicated, actions from the 2024 retreat are highlighted in yellow, and the status of those actions and any follow-up, if desired, is noted in bold italic. Highlights of the discussion were captured on flip chart #7. The facilitators encourage Council and staff to, as much as possible, identify actions that had "SMART" characteristics; that is, that were Specific, Measurable, Achievable, Results-focused, and Time-bound.

Actions from the 2024 Retreat

2023/2024 Chronological Work Plan Review
(from the 2023 Retreat)

Items That Were Incomplete on March 8, 2024

- Develop a Housing Plan. By November 1, 2023. *2024 STATUS: Work started with the Danville Housing Authority but was delayed by internal issues with the Authority. The City has hired a former employee of the Authority to be its Executive Director for Housing starting April 1, 2024. The new Executive Director will work with stakeholders to develop a housing "vision" for Martinsville. A proposal will be brought to City Council in Fall 2024. Once the vision is adopted, a more specific housing plan can be developed.* ***This did not happen.***

  Two additional tasks were identified in concert with the development of the housing vision.
  * *Review and update the land use and housing sections of the Comprehensive Plan to provide guidance for the development or redevelopment of housing options.* ***The Berkley Group has been hired to facilitate a review and revision of the Comprehensive Plan. The new plan will be developed in collaboration with Henry County. The new plan will be ready for review and subsequent action by the Martinsville City Council and the Henry County Board of Supervisors by July 1, 2026. A Housing strategy will be included in the new plan.***
  * *Identify and inventory public and private sites for potential housing development; capture information on the site characteristics (location, size, etc.), zoning, and potential environmental issues.* ***Council clarified that it would just like to see a spreadsheet with a list of properties that might have the potential for housing development. Site characteristics can be added at a later date. June 1, 2025, was established as a deadline for providing the information to Council.***

- Explore the creation of an Economic Development Authority (EDA); understand their authority and the opportunities they create. By December 1, 2023. *STATUS: Appointments have been made to the Industrial Development Authority (IDA) and it has been re-energized and meeting. There will be a presentation by McGuire Woods consultants on March 18th to explain the authority and opportunities of an IDA or EDA. A name change will be considered after that meeting. The Authority and Council will also be developing policies, processes, and practices in the areas of staffing and financing.* ***The name change to an EDA has been completed. Work continues on developing policies and procedures. This item will be removed from the work plan.***

- Utilize the Citizens Advisory Board to make recommendations to improve community engagement.
    - Clearly define its purpose
    - Provide staff support
    - Use its input in the development of the Community Engagement Plan
    - Sunset the board after 18 months unless extended by Council.

  STATUS: Seven members have been appointed to the Citizens Advisory Board (CAB) and it has been meeting and has adopted bylaws. Its current focus is to review and analyze tools (such as "See, Click, Fix") for resolving citizen raised issues. The ongoing role of the CAB is still being defined; there needs to be clarity on its responsibility, authority (if any), and Council's expectations of it. ***This has not been accomplished due to insufficient support from Council and staff. There was a difference of opinion on Council as to the potential value of a CAB. It was noted that the original Community Advisory Board no longer existed due to the sunset provision when the board was established. Council agreed to review this matter and reach a resolution by July 1, 2025. The re-establishment of the CAB would require new appointments of citizen representatives.***

- Convene a joint meeting with the County Board of Supervisors within three months of the appointment of a new City Manager. *STATUS: Not yet accomplished. This remains a goal.* ***Not accomplished. The consensus was to remove this item from the work plan.***

- Develop a Community Engagement Plan. Presentation to Council, January 2024. *STATUS: Not accomplished. A new deadline of July 1, 2025, was identified.* ***On track. The deadline was reaffirmed.***

- Develop an Events Policy that addresses City expectations and possible support by January 2024. *STATUS: Not accomplished. A new deadline of September 1, 2024, was identified.* ***Done.***

- Adopt financial management policies, including a budget calendar, for FY 2025. *STATUS: The budget calendar for FY 2025 was developed and is being followed. Financial management policies will be adopted with adoption of the FY 2025 Budget.* ***Done.***

- Develop an asset management plan for City facilities and equipment for FY 2025. *STATUS: Not accomplished. A new deadline of July 1, 2025, was identified.* ***Not accomplished. The deadline was extended to July 1, 2026.***

- Provide clear charters, expectations, FOIA and COIA training, and staff support to City boards and commissions. *STATUS: A handbook for boards and commissions is in development and will be presented to Council for adoption by July 1, 2024.* ***Some progress, although a handbook has not been produced. Revisit after May 2025.***

- Clarify the potential use of the 42-acre City-owned site; ensure the site is included on the State's VEDA list. *STATUS: Staff will continue to monitor the Rives Road property. It is currently being used for storage by a nearby industry. The property has potential for residential development within constraints related to floodplain. The Housing Authority is evaluating the site.*

* *Consider transferring ownership of the property to the IDA/EDA to facilitate redevelopment.* ***Questions have arisen about the feasibility of the property for development. The consensus was to remove this item from the work plan.***

- Explore joint education opportunities, particularly with respect to trades, with Henry County. *STATUS: This remains a long-term goal once relations with the County are stronger.* ***The consensus was to remove this item from the work plan.***

- Attain the GFOA Budget Award. *STATUS: The goal is to achieve the award for the FY 2026 Budget.* ***On track for accomplishment.***

- Conduct a survey of customer service experience; identify appropriate standards of good customer service and conduct regular training of staff. *STATUS: Customer service training has been delivered, and the City Manager will conduct an ongoing assessment and provide further guidance to staff.* ***A citizen's survey has been conducted; results will be presented to Council in May 2025.***

- Adopt Rules of Procedure for Council operations. *STATUS: Rules of procedure have been drafted as part of the Policies and Procedure Manual of City Council and will be presented to Council by May 1, 2024.* ***Done.***

- Implement an effective on-boarding process for new Council members. *STATUS: A process will be developed and provided to Council members elected in November 2024.* ***Done.***

- Conduct an organizational assessment to include an evaluation of human resources policies and practices. *STATUS: This is being accomplished by the City Manager as she becomes more acclimated to the organization.* ***Ongoing; the consensus was to remove this item from the work plan.***

- Develop and adopt an Economic Development Strategy for the City by the end of calendar year 2024. *STATUS: A new goal of December 31, 2025, was identified.* ***On track.***

- Adopt an Incentive Philosophy/Policy for public support of desirable development. *STATUS: To be addressed as a part of or after the adoption of an Economic Development Strategy.* ***On track.***

- Explore opportunities for collaborative ventures with Henry County. *STATUS: An ongoing goal as relations with the County grow stronger.* ***The consensus was to remove this item from the work plan.***

- Take actions to build a stronger relationship with the Harvest Foundation. *STATUS: Ongoing.* ***Relationship building continues. Suggest removal from the work plan as there is no specific measurable action or deadline.***

Additional Actions Identified at the 2024 Retreat

Housing/Economic Development – A climate action plan is being developed as a George Mason University class project. A draft will be presented to the City by December 31, 2024. ***Done.***

Education – A schools facilities study will be completed by July 1, 2025. ***The deadline was revised to July 1, 2026.***

Revitalization and Redevelopment – A legal briefing on the City's responsibilities and authority to address abandoned and derelict commercial properties will be provided no later than August 1, 2024. ***There was some uncertainty whether this had been done as a part of the Sands Anderson briefing. Verify and revisit if necessary.***

Economic Development – Develop an incentive philosophy and guidelines, including the role of the IDA/EDA, for the support of development and redevelopment projects in the City. ***To be a part of the Economic Development Strategic plan as noted above.***

Healthy Community – Complete a study of City parks – May 2024. ***A Parks Improvement Plan was completed and is available for review on the City's website. The next step will be to incorporate improvement projects into the Capital Improvements Plan.***

Review of the City's Vision, Mission, and Values Statements, and Strategic Priorities

Ms. Ferrell-Benavides reported that the Executive Team had discussed the strategic plan framework when it broke out from the retreat. She asked Deputy City Clerk, Peyton Nibblett to brief Council on their work.

Mr. Nibblett started by reviewing with Council the results of a SWOT analysis performed by the Executive Team. He noted that most strategic planning efforts include an examination of strengths, weaknesses, opportunities, and treats as background early in the process. The Executive Team identified the following:

Strengths

- **Fresh Perspectives** – New team members bring innovative ideas and approaches.
- **Professional Expertise** – Skilled and knowledgeable staff across various domains.
- **Passion for Work** – Employees are dedicated and invested in their roles.
- **Strong Work Ethic** – Hardworking and committed personnel.
- **Diverse Experience** – A range of backgrounds and expertise enhances problem-solving.
- **Strategic Resources & Location** – Martinsville's assets provide a competitive advantage.
- **Extensive Service Footprint** – Wide range of services despite being a small town.

- **Staff Perseverance** – Resilient workforce capable of overcoming challenges.
- **Hands-on Management** – Leadership maintains direct involvement and operational insight.
- **Varied Perspectives & Exposure** – Employees contribute diverse viewpoints and experiences.
- **Adaptability** – Ability to pivot and adjust to changing circumstances.
- **Self-Awareness** – Acknowledgment of organizational flaws fosters continuous improvement.
- **Competence & Intelligence** – A highly capable and skilled team.

Weaknesses

- **Lack of Trust** – Internal trust gaps hinder collaboration.
- **Limited Flexibility & Vision** – Difficulty adapting to future needs and opportunities.
- **Communication & Involvement Gaps** – Challenges in ensuring clarity and engagement.
- **Loss of Institutional Knowledge** – Departure of experienced staff has impacted continuity.
- **Cliquish Culture** – Segmented groups limit integration and collaboration.
- **Emotional Intelligence Deficiencies** – Struggles with interpersonal dynamics and empathy.
- **Difficulty Articulating a Shared Vision** – Challenges in conveying long-term goals.
- **Lack of Ownership & Accountability** – Limited sense of responsibility at various levels.
- **Top-Down Decision-Making** – Restricts innovation and employee engagement.
- **Low Motivation at Lower Levels** – Reduced enthusiasm and engagement among staff.
- **Reactive Approach** – Tendency to respond to issues rather than proactively addressing them.
- **Staff Recruitment & Retention Challenges** – Difficulty attracting and keeping talent.
- **Limited Training & Development** – Insufficient investment in professional growth.
- **Staff Feeling Ostracized** – Some employees feel excluded or undervalued.
- **Integration Challenges** – Struggles in unifying departments and operations.
- **Lack of Alignment with City Initiatives** – Difficulty in fully integrating with municipal goals.

Opportunities

- **Wealth of Expertise & Knowledge** – Leveraging internal talent for growth.
- **Building Buy-In for the Vision** – Opportunities to strengthen engagement and alignment.
- **Organizational Reinvention** – Chance to redefine priorities and structures.

- **Willingness to Take Risks** – Support for innovation and learning from failure.
- **Open Communication Culture** – Employees feel comfortable voicing concerns and ideas.
- **Federal Layoffs** – Potential talent pool expansion from government job reductions.
- **Shifting Political Climate** – New policies may create opportunities for growth.
- **Creative Strategic Planning** – Ability to implement innovative solutions.

Threats

- **Lack of Confidence in Leadership Direction** – Concerns about the organization's trajectory.
- **Political & Council Dynamics** – External influences impacting decision-making.
- **Employee Burnout** – High workloads leading to decreased morale and productivity.
- **Declining Motivation** – Struggles with sustaining employee engagement.
- **Unequal Workload Distribution** – 20% of employees carrying 80% of the responsibilities.
- **Lack of Documentation & Standard Operating Procedures (SOPs)** – Absence of formalized guidelines.
- **Rising Operational Costs** – Increasing financial pressures on the organization.
- **Talent Shortages** – Difficulty attracting qualified applicants.
- **Aging Infrastructure** – Deteriorating systems requiring significant investment.
- **Limited Development Opportunities** – Scarcity of developers and mixed-use projects hindering growth.

The facilitators then asked that Council review and ratify, or amend, the City's vision and mission statements:

Vision: *Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.*

Mission: *Martinsville City proudly promotes a safe, healthy, thriving community dedicated to delivering excellent services and meaningful public participation.*

Council agreed that these statements were still relevant.

Mr. Nibblett reported that the Executive Team suggested that the City’s core values be modified and expanded under an overall theme of “We are Martinsville.”

*“We are Martinsville: We are: **M**otivated, **A**ccountable, **R**esponsive, **T**ransformative, **I**nclusive, **N**eighborly, **S**afe, **V**ersatile, **I**ndustrious, **L**oyal, **L**imitless, and **E**ffective.*

Council was receptive to the change with suggestions to find a way to include “diversity” and “integrity” in the core values.

<u>**Strategic Priorities, Objectives, and Actions**</u>

Mr. Nibblett then reviewed with Council the five strategic priorities of the strategic plan framework and with objectives under each priority as developed by the Executive Team.

Since the time for the end of the retreat was rapidly approaching, the facilitators suggested that Council and staff identify ideas for action that could be developed into a work plan at a later time. As Mr. Nibblett reviewed each strategic priority and objectives, the facilitators captured ideas on the flip charts.

At the conclusion of the retreat, Council members and Executive Team members were each given three sticky dots and were asked to place one dot beside three ideas that they felt should be priorities for action in a work plan. The number of votes is indicated in the notes below.

HIGH PERFORMING GOVERNMENT - GOVERNANCE – As an employer of choice, deliver efficient and effective operations and services while demonstrating fiscal responsibility and transparency as a high-performing organization.

Objectives

- Attract and retain employees who will address current and future city needs.
- Align organizational structure and business processes and practices to result in outstanding customer service and responsiveness.
- Establish sound fiscal management practices to support city services, facilities, and infrastructure, including capital investments, debt management, and proactive fund balance management.
- Use technology enhancements and investments to make data-driven decisions, support transparency in government operations, and deliver accessible and effective city services.

Ideas developed during the discussion (flip chart #8):

<u>Governance</u>

- Adopt a debt management policy *[1 staff vote]*
- Adopt an investment policy
- Establish customer service standards

- Address municipal building issues
- Provide adequate courts facilities *[1 staff vote]*
- Jails upgrades

DEVELOPMENT – Continue to expand our local economy and housing opportunities while taking pride in our natural landscapes; by supporting local businesses, providing ample opportunities for new businesses, and marketing ourselves as a City of Choice.

Objectives

- Improve and streamline the city's processes to provide easy, quick, and friendly experiences when opening and operating a business.
- Enable appropriate, sustainable opportunities for redevelopment and adaptative reuse that complement the city's historical and natural landscape.
- Encourage private investment that allows for upward housing and retail opportunities. Alleviate Blight in order to allow for more development opportunities.
- Update and maintain a land development and maintenance code that facilitates economic development and improves quality of life.
- Continue intergovernmental relationships and partnerships with Henry County and surrounding jurisdictions to improve our long-term economic health by leveraging the region's competitive advantage and strategy.

Ideas developed during the discussion (flip chart #9):

<u>Development</u>

- Update the land development & maintenance codes *[4 Council, 3 staff votes]*
- Adopt an economic development plan *[4 staff votes]*
- Update and revise the comprehensive plan [from flip chart #7]
- Complete the buildable lot inventory [from flip chart #7]
- Adopt a Housing Strategy [from flip chart #7] *[1 Council, 6 staff votes]*

INFRASTRUCTURE – As a safe and reliable city, sustain high-quality service delivery by investing in public infrastructure, including parks, buildings, equipment, roads, and technology.

Objectives

- Develop a comprehensive asset management program to optimize the lifecycle of the City's Water, Sewer, Electric, and Telecommunication systems.
- Support existing infrastructure needs while developing reliable infrastructure that sustains future growth and development.
- Expansion of GIS Capabilities to fully utilize all aspects of GIS throughout the city.
- Develop a financing plan for long-term sustainable infrastructure growth and replacement that implements an equitable fee structure and incentives for conservation.

- Provide safe, efficient, sustainable, cost-effective, well-maintained, and aesthetically pleasing public facilities & city properties for delivery of municipal services to residents and visitors.

Ideas developed during the discussion (flip chart #10):

<u>Infrastructure</u> *[1 Council vote]*

- Develop an asset management plan *[2 staff votes]*
- Adopt a feasible Capital Improvements Plan
- Develop a robust Geographic Information System *[2 staff votes]*
- Develop a plan for MiNet extension *[1 Council vote]*
- Adopt water and sewer master plans *[1 staff vote]*
- Adopt plans for all utilities *[1 staff vote]*
- Explore the idea of private ownership of the telecom residential service

PUBLIC SAFETY – Serve the Community through timely responses, increased transparency, and responder visibility. Continue to prevent harm, protect lives, and respond effectively and proactively to potential and real threats.

Objectives

- Improve public safety by utilizing data-driven analysis and maintaining a comprehensive police and emergency management system.
- Enhance community relations and trust by offering more opportunities for engagement and increasing department transparency in operations.
- Promote a healthy community by providing professional emergency and non-emergency medical services.
- Improve community health resiliency through an active mobile integrated health program.
- Provide responsive, flexible support to the citizens of Martinsville by cross-training and collaborating across Public Safety departments (Fire, Police, EMS)

Ideas developed during the discussion (flip chart #11):

<u>Public safety</u>

- Expand community policing *[3 Council votes]*
- Expand neighborhood watch
- Engage a consultant to review and make recommendations on community policing *[1 staff vote]*
- Explore the feasibility of creating a Public Safety Officer position
- Address animal control response issues
- Provide an adequate animal shelter *[1 staff vote]*

CITIZEN ENGAGEMENT *[renamed during the retreat from "Community Pride"]* **–** Building community through celebrating our past, increasing access to recreation, educational, and cultural activities, and improving the relationship with our intergovernmental partners;

Objectives

- Improve citizen engagement through new forms of communication with an emphasis on underserved populations.
- Provide a comprehensive community-based range of programs, special events, and activities.
- Identify existing and new programs to improve connectivity and access to community and educational services.
- Ensure economic vitality through partnering and engaging with local businesses.
- Encourage activities in all areas of Martinsville that create a sense of belonging and offer a destination for residents and visitors.

Ideas developed during the discussion (flip chart #12):

Citizen Engagement

- Develop a communications plan *[2 Council, 7 staff votes]*
- Rewrite the outcome statement regarding "history"
- Add a statement about education in the objectives
- Conduct periodic community meetings

As it was past the designated time for adjournment, the retreat concluded once the sticky dot exercise was complete. The facilitators counted up the "votes," with the following results:

- Update the land development & maintenance codes *[4 Council, 3 staff votes]*
- Expand community policing *[3 Council votes]*
- Develop a communications plan *[2 Council, 7 staff votes]*
- Adopt a Housing Strategy [from flip chart #7] *[1 Council, 6 staff votes]*
- Adopt an economic development plan *[4 staff votes]*
- Develop an asset management plan *[2 staff votes]*
- Develop a robust Geographic Information System *[2 staff votes]*
- Infrastructure, in general *[1 Council vote]*
- Develop a plan for MiNet extension *[1 Council vote]*
- Adopt a debt management policy *[1 staff vote]*
- Provide adequate courts facilities *[1 staff vote]*
- Adopt water and sewer master plans *[1 staff vote]*
- Adopt plans for all utilities *[1 staff vote]*
- Engage a consultant to review and make recommendations on community policing *[1 staff vote]*
- Provide an adequate animal shelter *[1 staff vote]*

Council's apparent highest priorities**:**

- Update the land development & maintenance codes [significant staff support]
- Expand community policing
- Develop a communications plan [significant staff support]
- Adopt a Housing Strategy [significant staff support]
- Develop a plan for MiNet extension
- Infrastructure

This compilation is offered to assist Council and the Executive Team to develop a work plan, with SMART actions, for the two-year period of the current Council's term.

Ms. Schmitt and Mr. Payne thanked City Council for allowing the Berkley Group to be of service to the City of Martinsville.

Mayor Jones declared the retreat adjourned at 5:15 p.m.

Addendum: Transcription of flip chart notes

Martinsville City Council Retreat

February 28, 2025

Transcription of Flip Chart Notes
(with annotations for clarity)

Flip Chart #1

MARTINSVILLE 2/28/25

STRENGTHS

- INTEGRITY, TRANSPARENCY, LEGITIMACY
- OPEN MIND, LISTEN, COMPROMISE
- KNOWLEDGE, LISTEN, TRY TO UNDERSTAND
- HATE BEING LATE
- WILLING TO LEARN, LISTEN
- SUPPORTS EVERYONE REGARDLESS
- EASY-GOING
- GUT INSTINCT

Flip Chart #2

- RESPECT FOR OFFICE & ROLE
- STUDIES MATTERS
- CONSCIENCE, CAUTIOUS
- HONESTY
- RECEPTIVE TO CITIZENS
- BUSINESS BACKGROUND
- INSTITUTIONAL KNOWLEDGE
- SOCIAL MEDIA ACUMEN
- COMMUNITY STANDING
- DESIRE TO MAKE IT WORK
- SHOWING UP
- DIVERSITY

MISSING?

- MORE (ANOTHER FEMALE)
- COMMUNICATIONS
- REPRESENTATIVE OF THE COMMUNITY

Flip Chart #3

CHALLENGES

- TOO RECEPTIVE TO EVERY CRITIQUE
- SOCIAL MEDIA INVOLVEMENT
- BUSINESS FOCUS
- YOUTH, LESS EXPERIENCE, DIFFERENT PERSPECTIVE
- AGE (MATURITY)
- EXPERIENCE GETTING IN THE WAY
- HIGH EXPECTATIONS OF OTHERS
- IMPATIENCE

TO OVERCOME

- LISTEN, COMMUNICATIONS
- RESPECTFUL
- OPEN-MINDED
- HUMILITY
- PATIENCE - "THE PAUSE"
- DEFEND THE ABSENT
- DEMONSTRATE TRANSPARENCY
- EDUCATE / EXPLAIN
- FIND THE GOOD

Flip Chart #4

PRINCIPLES OF COUNCIL TEAM

1. HONESTY
2. TRUST
3. OPEN COMMUNICATIONS
4. RESPECT/SUPPORT FOR COUNCIL DECISIONS
5. ACCOUNTABILITY
6. EQUAL INFORMATION
7. RESPECT FOR EACH OTHER
8. ETHICAL PERSONAL BEHAVIOR

Flip Chart #5

ACCOMPLISHMENTS

- FORWARD MOTION
- CULTURAL CHANGE
- STAFFING - DEPARTMENT HEADS
- INFORMATIVE BUDGET
- BALANCED BUDGET
- MORALE IMPROVEMENT
- STAFF RECOGNITION
- RULES OF PROCEDURE
- WEBSITE/FACEBOOK PAGE IMPROVEMENTS
- COMMUNITY ENGAGEMENT
- COVID SURVIVAL
- IMPROVING UPTOWN VIBE
- COOPERATION WITH PARTNERS
- POWERWASHED MUNICIPAL BUILDING
- TRANSPARENCY PORTAL

Flip Chart #6

SURPRISES

- COURTHOUSE
- LEGAL ISSUES
- STAFF LOSS
- SNOW / COLD
- BLOWBACK [from some decisions]

DISAPPOINTMENTS

- ECONOMIC DEVELOPMENT PROJECTS
- CODE ENFORCEMENT
- COMMUNITY POLICING / VISIBILITY
- ANIMAL CONTROL RESPONSIVENESS

Flip Chart #7

ACTIONS

- COMPREHENSIVE PLAN REVISION – [underway; to Council] JULY '26
- HOUSING PLAN - JULY '26
- BUILDING SITE INVENTORY - JUNE 1
- REVIEW BOARDS & COMMISSIONS - MAY '25
- Asset Management PLAN - JULY 1 '26
- CITIZEN SURVEY RESULTS - MAY '25

Flip Chart #8

IDEAS

GOVERNANCE

- DEBT MANAGEMENT POLICY [1 staff vote]
- INVESTMENT POLICY
- CUSTOMER SERVICE STANDARDS
- MUNICIPAL BUILDING
- COURTS [1 staff vote]
- JAILS

Flip Chart #9

DEVELOPMENT IDEAS

- UPDATE LAND DEVELOPMENT & MAINTENANCE CODE [4 Council votes, 3 staff votes]
- ECONOMIC DEVELOPMENT PLAN [4 staff votes]
- COMPREHENSIVE PLAN [from flip chart #7]
- LOT INVENTORY [from flip chart #7]
- HOUSING [PLAN – from flip chart #7] [1 Council vote, 6 staff votes]

Flip Chart #10

INFRASTRUCTURE [1 Council vote]

- ASSET MANAGEMENT PLAN [2 staff votes]
- CIP
- GIS [2 staff votes]
- MINET [extension] PLAN [1 Council vote]
- W & S MASTER PLANS [1 staff vote]
- UTILITIES PLANS [1 staff vote]
- [Explore the idea of private] OWNERSHIP OF TELECOM RESIDENTIAL SERVICE

Flip Chart #11

PUBLIC SAFETY

- EXPAND COMMUNITY POLICING [3 Council votes]
- NEIGHBORHOOD WATCH
- OUTSIDE CONSULTANT [to review and make recommendations on community policing] [1 staff vote]
- [Explore the feasibility of creating a] PUBLIC SAFETY OFFICER
- ANIMAL CONTROL
- ANIMAL SHELTER [1 staff vote]

Flip Chart #12

~~COMMUNITY PRIDE~~ CITIZEN ENGAGEMENT

- COMMUNICATIONS PLAN [2 Council votes, 7 staff votes]
- REWRITE OUTCOME REGARDING "HISTORY" [in the strategic plan framework]
- ADD EDUCATION [in the objective]
- COMMUNITY MEETINGS

Un-numbered Flip Chart

COMMUNICATIONS:
SOCIAL MEDIA
STAFF INTERACTION
REPRESENTATION
TRANSPARENCY – EDUCATE, EXPLAIN, ACCESSIBILITY, OPEN GOVERNMENT
CITIZEN ENGAGEMENT
MISINFORMATION
COMMUNICATIONS PLAN
ROLLOUT [of new initiatives]

Item: 6.e.

STAFF REPORT

To: City Council
From: Edena Reese-Atmore, Chief Operating Officer
Subject: Presentation of FY 25-26 Proposed Capital Projects
Department/Office: Budget
Meeting Date: April 22, 2025

Summary:
Each year, the City Council is presented with a staff-developed proposed list of Capital improvement projects needed in Martinsville to address significant infrastructure and facility improvements and equipment investment needs. These are CIP projects that will assist the staff in continuing to provide quality services and expand the city's development or redevelopment opportunities. The projects are composed of requests from all departments that had appropriate capital improvement projects for fiscal years 2026 through 2031. The presentation of the CIP for this meeting includes initial estimates and potential funding sources that are subject to further discussion and approval by City Council for the fiscal year 2026 budget.

Policy Explanation:
This presentation is being brought to Council for awareness in accordance with transparency and budget planning policies.

Recommended Action:
None at this time.

Fiscal Impact/Funding Source:
None at this time.

Available Budget: Not Applicable
Purchase Amount: Not Applicable

Attachments:
None

Item: 8.a.

STAFF REPORT

To: City Council
From: Greg Maggard, Managing Director of Public Works, Eric Payne, Managing Director of Community Development
Subject: Discuss and Consider Building Relocation Options
Department/Office: Public Works
Meeting Date: April 22, 2025

Summary:

Due to current circumstances, staff have been directed to investigate alternative office spaces. A Facility Condition Assessment is scheduled to be completed, which may dictate the need to house all or part of the City Staff off-site or in temporary buildings. Multiple locations were visited, and the results of those visits have been summarized. Costs, building analysis, timelines, and building summaries will be discussed.

Policy Explanation:
Not Applicable

Recommended Action:
Discussion Only

Fiscal Impact/Funding Source:
Unknown

Available Budget: Unknown
Purchase Amount: Unknown

Attachments:
None

Item: 8.b.

STAFF REPORT

To: City Council
From: Greg Maggard, Managing Director of Public Works
Subject: Discuss and Consider 1 Ellsworth Lease Option
Department/Office: Public Works
Meeting Date: April 22, 2025

Summary:
As part of the Redevelopment Agreement, the City has until April 30, 2025 to exercise its option for a long-term lease of space on the first floor of 1 Ellsworth Street. This space is contemplated to be used as City Administrative Offices.

Policy Explanation:
N/A

Recommended Action:
1. City Council Approve the lease option for 1 Elssworth St.
2. City Council Do Not Approve the lease option
3. Other Action as directed by Council

Fiscal Impact/Funding Source:
General Fund will support the lease payments.

Available Budget:	Unknown
Purchase Amount:	Negotiable

Attachments:
None

Item: 8.c.

STAFF REPORT

To: City Council
From: Greg Maggard, Managing Director of Public Works
Subject: Discuss and Consider the Allocation of Funds for the Development of the Commonwealth Waterline
Department/Office: City Management
Meeting Date: April 22, 2025

Summary:

The City's water distribution system currently serves the north side of Commonwealth Boulevard in the vicinity of Memorial Boulevard. Water service is not currently available along the south side of Commonwealth Boulevard in this same area. The City wishes to provide water service to commercial properties along the south side of Commonwealth Boulevard to Memorial Boulevard. Two development projects are awaiting the installation of the water main for their use. Additionally, there is potential for approximately 11 more developed lots along the water main line.

Policy Explanation:
N/A

Recommended Action:
1. City Council Approve the Appropriation of $1,200,000 from the Water and Sewer Fund Balance for the Construction of the

Commonwealth Blvd. Waterline Project.
2. City Council Do Not Approve
3. Other Action as directed by City Council

Fiscal Impact/Funding Source:
Funding from Fund Balance

Available Budget: N/A
Purchase Amount: 1,200,000

Attachments:
None

Item: 8.d.

STAFF REPORT

To: City Council
From: Edena Reese-Atmore, Chief Operating Officer
Subject: Discuss and Consider Approval of Resolution Approving Lease Purchase Financing with Bank of America Public Capital Corp - Direct Bank Loan to acquire Equipment
Department/Office: City Management
Meeting Date: April 22, 2025

Summary:
In August of 2024, the City Council approved a fleet capital budget for the replacement of the City fleet and heavy equipment needs for fiscal year 2025. The vehicle replacements would be financed through an Enterprise Leasing Program, and other heavy equipment replacements would be financed through a lease/purchase program. The Davenport Public Finance Group, our Financial Advisors, have assisted us with a Request For Proposal (RFP) for a direct bank loan evidenced by an Equipment Lease Purchase Agreement in an amount not to exceed $1,300,000.

Davenport has presented the results and their recommendations to staff. The proceeds will fund the purchase of the vehicles and equipment as outlined in the attached equipment listing. The City is requesting approval by Council of the attached Resolution Approving Lease Purchase Financing that would authorize entering into an agreement with Banc of America Public Capital Corp. (BAPCC), the recommended financing institution, to secure financing for the purchase of the FY 2025 approved capital equipment.

Policy Explanation:

The City of Martinsville has authority under the Virginia Code, the City Charter and the federal tax code to acquire the equipment through tax-exempt lease purchase financing; because the interest payments received by the lender are tax free the result is a lower interest rate and lower borrowing cost to the City.

Recommended Action:
1. Approve attached Resolution Approving Lease Purchase Financing
2. Do Not Approve attached Resolution Approving Lease Purchase Financing
3. Other Action as Directed by City Council

Fiscal Impact/Funding Source:

This allows the city to receive loan proceeds to replace heavy equipment used in city operations.

The budget in Fund 410-Vehicle/Equipment Replacement Fund will need to be amended to receive loan proceeds of $1,300,000, for expenditures as set forth in the attached Davenport RFP Results summary.

Available Budget:	410010000-478001, $0.00
	410010000-580600, $0.00
Purchase Amount:	41050515-580600, $1,300,000

Attachments:

1. Martinsville RFP Results Summary 04.11.25 update
2. FINANCING EQUIPMENT LIST-FY2025
3. Resolution - Lease Purchase Financing-final
4. Equipment Lease Purchase Agreement-4-17-25
5. Restricted Account Agreement

RFP Results Summary

City of Martinsville, Virginia

Martinsville
A CITY WITHOUT LIMITS

April 22, 2025

DAVENPORT 1863
PUBLIC FINANCE

Member NYSE | FINRA | SIPC

Bank RFP Process | Overview

- On behalf of the City, Davenport & Company LLC ("Davenport") distributed a request for proposals ("RFP") to over 100 local, regional, and national banks for a Direct Bank Loan in an amount up to $1,300,000* (the "2025 Financing") to fund the purchase of vehicles and related costs of issuance.

- In the RFP, Davenport requested that lenders provide proposals for three (3) options for the term of the 2025 Financing: 5, 7, and 10 Years.

- Ahead of the deadline on April 8th, the City received five (5) proposals for the 2025 Financing from the following institutions:
  - Atlantic Union Public Finance, Inc. ("Atlantic Union");
  - Banc of America Public Capital Corp ("BAPCC");
  - Carter Bank & Trust ("Carter Bank");
  - First National Bank Equipment Finance ("FNB"); and,
  - Huntington Public Capital Corporation ("Huntington").

- The following pages outline and compare the proposals received.

*Preliminary, subject to change.

Bank RFP Process | Interest Rate & Prepayment Summary

- Based on the proposals received, the remainder of this analysis focuses on the BAPCC proposal, as BAPCC provides the lowest interest rates for all three term options.

	A	B	C	D	E	F
			Interest Rate			Acceptance
	Lender	Call Provisions	5 Years	7 Years	10 Years	Deadline
1	BAPCC	Prepayable in whole on any payment date at par after the first half of the term has expired.	3.3259%	3.4293%	3.6021%	4/17
2	Huntington	Prepayable at any time in whole with a prepayment penalty of 2% in the first year, 1% in the second year, and no prepayment penalty thereafter.	3.96%	4.03%	4.15%	4/23
3	FNB	Proposal does not specify.	4.13%(1)(2)	4.22%(1)(2)	4.38%(1)(2)	4/25
4	Carter Bank	No Prepayment Penalty.	4.14%(2)	4.22%(2)	4.31%(2)	Not Specified
5	Atlantic Union	No Prepayment Penalty.	4.34%	4.33%	4.37%	4/14

(1) Indicative and subject to change until the Commencement Date. Exact interest rates to be confirmed. Interest rates shown here are interpolated based on the annual payments provided.
(2) Bank Qualified. Carter Bank also proposed Non-Bank Qualified options of 5.01% for 5 Years, 5.11% for 7 Years, and 5.21% for 10 Years.

Bank RFP Process | Detailed Summary
BAPCC Proposal

	A	B
	Lender	Bank of America
1	Interest Rate	5-Year Term: 3.3259% (NBQ) 7-Year Term: 3.4293% (NBQ) 10-Year Term: 3.6021% (NBQ)
2	Security	Security interest in the equipment through the loan agreement and UCCs. BAPCC is not required to be named as lienholder on titles.
3	Prepayment Provisions	Prepayable in whole on any payment date at par after the first half of the term has expired.
4	Project Fund/Escrow Requirements	Proceeds may be funded into an escrow account (with an escrow agreement) at an escrow agent or a restricted account (with a restricted account agreement) at a provider such as VASNAP. In either case, disbursements must be approved by BAPCC.
5	**Key Interest Rate Dates** Rate Locked Rate Expiration/Close By	 4/17/2025 (Amenable to locking if they are staff's recommendation) 5/30/2025
6	Bank/Other Fees	No fees charged to the City.
7	Lender's Counsel	May engage McGuireWoods or use internal counsel. No fees charged to the City for the bank's legal review.
8	Credit Approval	Subject to formal credit approval.

Bank RFP Process | Debt Service Comparison
BAPCC Proposal

	A	B	C	D
	Preliminary Results	5 Years	7 Years	10 Years
1	**Key Assumptions**			
2	Closing Date	5/8/2025	5/8/2025	5/8/2025
3	First Principal & Interest	4/1/2026	4/1/2026	4/1/2026
4	Final Maturity	4/1/2030	4/1/2032	4/1/2035
5	Interest Rate	3.3259%	3.4293%	3.6021%
6	**Sources**			
7	Par Amount	$ 1,295,000	$ 1,295,000	$ 1,295,000
8	Total Sources	$ 1,295,000	$ 1,295,000	$ 1,295,000
9	**Uses**			
10	Project Fund	$ 1,194,597	$ 1,194,597	$ 1,194,597
11	Estimated Cost of Issuance	100,000	100,000	100,000
12	Additional Proceeds	403	403	403
13	Total Uses	$ 1,295,000	$ 1,295,000	$ 1,295,000
14	**Estimated Debt Service***			
15	2026	$ 284,644	$ 210,845	$ 155,853
16	2027	284,889	210,545	155,541
17	2028	284,574	210,647	156,470
18	2029	283,993	210,543	156,220
19	2030	284,146	210,233	155,825
20	2031	-	210,717	156,287
21	2032	-	209,961	155,568
22	2033	-	-	155,705
23	2034	-	-	155,662
24	2035	-	-	156,439
25	**Total Debt Service**	**$ 1,422,246**	**$ 1,473,492**	**$ 1,559,571**
26	**Difference vs. Column B**		**$ 51,246**	**$ 137,325**

**Preliminary, subject to change.*

Recommendation / Timeline

- Based upon our review of the proposals, related analyses, and discussions with City Staff and Bond Counsel, Davenport recommends that the City move forward with BAPCC with a 7-year term.

Date	Task
April 22nd 7:00pm	City Council Meeting ▪ Davenport presents summary of bank proposals. ▪ City Council considers selecting the winning lender. ▪ City Council considers adopting final resolution and financing documents.
Balance of April/ Early May	Working group coordinates to finalize numbers and closing documents.
On/About May 8th	Close on 2025 Financing.
By May 30th	BAPCC Proposal closing deadline.

Disclaimer

The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

When acting as a registered municipal advisor Davenport is a fiduciary required by federal law to act in the best interest of a municipal entity without regard to its own financial or other interests. Davenport is not a fiduciary when it acts as a registered investment advisor, when advising an obligated person, or when acting as an underwriter, though it is required to deal fairly with such persons.

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The value of and income from investments and the cost of borrowing may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions or companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance and estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes or to simplify the presentation and/or calculation of any projections or estimates, and Davenport does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein. This material may not be sold or redistributed without the prior written consent of Davenport. Version 01.01.25 | GC | BW | MB | TC |

HEAVY DUTY EQUIPMENT FOR FINANCING

EQUIPMENT	DEPT	QUOTE
F350 With Dump Bed	PUBLIC WORKS	69,637.98
Trash TruckRear Loader	PUBLIC WORKS	298,752.00
MyKubota - M6060HDC	PUBLIC WORKS	52,201.00
Sewer Maintenance Dump Truck	WWW	144,288.10
Sewer Maintenance Jetter Trailer	WWW	100,000.00
Sweeper	PUBLIC WORKS	389,032.00
Leaf Vaccum-Added 4/11/2025	PUBLIC WORKS	140,686.00
TOTAL		**1,194,597.08**

RESOLUTION OF CITY COUNCIL OF THE CITY OF MARTINSVILLE APPROVING LEASE PURCHASE FINANCING

WHEREAS, the City Council of the City of Martinsville **(the "City Council")** has determined (i) that a true and very real need exists for the acquisition and equipping of certain vehicles and other equipment, all for municipal purposes **(the "Equipment")** described in the Lease Financing Agreement (as hereinafter defined); (ii) that the Equipment is essential to the governmental functions of the City of Martinsville, Virginia **(the "City")**; and (iii) that it reasonably expects the Equipment to continue to be essential to the governmental functions of the City for a period not less than the term of the Lease Financing Agreement; and

WHEREAS, the City Council has taken the necessary steps under the Procurement Act of the Code of Virginia, 1950, as amended, to acquire the Equipment; and

WHEREAS, the City Council proposes to enter into an Equipment Lease Purchase Agreement, including exhibits, in an aggregate principal amount not to exceed $1,300,000 **(the "Lease Financing Agreement")** with Banc of America Public Capital Corp. **(the "Lender")** to finance the acquisition of the Equipment, such Lease Financing Agreement being substantially in the form presented to this meeting; and

WHEREAS, (i) all amounts payable by the City under the Lease Financing Agreement **(the "Lease Obligations")** are subject to appropriation by the City Council; (ii) the City Council is not under any obligation to make any appropriation with respect to the Lease Financing Agreement; (iii) the Lease Financing Agreement is not a general obligation of the City or a charge against the general credit or taxing power of the City; and (iv) amounts payable by the City under the Lease Financing Agreement do not constitute a debt of the City within the meaning of any constitutional, charter or statutory limitation.

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

1. The City Council hereby accepts the proposal of the Lender dated April 7, 2025, as it may be modified, for the lease financing of the Equipment on the terms set forth therein, with a term of approximately seven years, an aggregate principal component of Lease Obligations thereunder not to exceed $1,300,000 and the interest cost of the interest component of Lease Obligations thereunder not to exceed 3.4293% per annum (excluding applicable default or event of taxability rates under the provisions of the Lease Financing Agreement).

2. It is hereby found and determined that the terms of the Lease Financing Agreement in the form presented to this meeting are in the best interests of the City for the acquisition of the Equipment.

3. The Lease Financing Agreement and related financing documents are hereby approved in substantially the forms presented to this meeting. The Mayor, Vice-Mayor, City Manager and any officer of the City who shall have power generally to execute contracts on

behalf of the City **(collectively, the "City Officers")** be, and each of them hereby is, authorized to execute, acknowledge and deliver the Lease Financing Agreement and related financing documents with any changes, insertions and omissions therein as may be approved by the individuals executing the Lease Financing Agreement and such documents, such approval to be conclusively evidenced by the execution and delivery thereof.

4. The same City Officers be, and each of them hereby is, authorized and directed to execute and deliver any and all other agreements, financing statements, papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out the purposes and intents of this resolution and the Lease Financing Agreement.

5. The City Council covenants that it shall not take or omit to take any action the taking or omission of which will cause the Lease Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Code, or otherwise cause interest on the Lease Obligations derived from the interest component of rental payments made by the City under the Lease Financing Agreement to be includable in the gross income for Federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of law that may require it at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Lease Financing Agreement.

6. The City Council further covenants that it shall not permit the proceeds of the Lease Obligations to be used in any manner that would result in (a) 10% or more of 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, provided that no more than 5% of such proceeds may be used in a trade or business unrelated to the City's use of the Equipment, (b) 5% or more of 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 component of the Lease Obligations from being includable in the gross income for Federal income tax purposes of the registered owner thereof under existing law, the City need not comply with such covenants.

7. The recitals to this Resolution are hereby incorporated by reference and are declared to be findings of the City Council in connection with its decision to acquire and finance the Equipment.

8. Nothing in this Resolution, the Lease Financing Agreement or other related documents shall constitute a debt or pledge of the faith and credit of the City, and the City shall not be obligated to make any payments under the documents except from funds that may be appropriated by the City Council.

9. All acts of the officers, agents, and representatives of the City that are in conformity with the purposes and intent of this Resolution and in furtherance of the acquisition of the Equipment are hereby approved, ratified and confirmed.

10. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto, to record such document where appropriate and to pay from City funds all appropriate filing fees, taxes and related charges.

11. The Post-Issuance Compliance Procedures for Tax Exempt financing adopted by the City on January 10, 2012, as procedures to monitor the requirements of Section 148 of the Code and to ensure remediation of nonqualified borrowing are recognized as applicable to the Lease Financing Agreement.

12. This resolution shall be effective immediately upon its adoption.

Date of Adoption: April 22, 2025.

CERTIFICATION OF ADOPTION OF RESOLUTION

The undersigned Clerk of the City Council of the City of Martinsville, Virginia certifies that the Resolution set forth above was adopted on April 22, 2025, in an open meeting, by the City Council with the following votes:

Aye:

Nay:

Abstentions:

Signed this ___ day of April, 2025.

By: ______________________________________
Deputy Clerk
City of Martinsville, Virginia

EQUIPMENT LEASE PURCHASE AGREEMENT

THIS EQUIPMENT LEASE PURCHASE AGREEMENT (this "***Agreement***") is dated as of May 1, 2025, and is between the **CITY OF MARTINSVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "***Lessee***"), and **BANC OF AMERICA PUBLIC CAPITAL CORP**, a Kansas corporation("***Lender***").

R E C I T A L S:

The Lessee has the power to acquire such personal property as it may deem appropriate for carrying out its governmental and proprietary functions, and to acquire such property pursuant to lease agreements. This Agreement provides for Lender to make available to the Lessee the sum of $[____________] to enable the Lessee to acquire the Equipment (as defined herein) by lease and to pay certain costs of delivery of this Agreement, and provides for securing the Lessee's obligations under this Agreement by creating certain security interests in favor of Lender.

NOW THEREFORE, for and in consideration of the mutual promises in this Agreement, and other good and valuable consideration, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS; INTERPRETATION

Unless the context clearly requires otherwise, capitalized terms used in this Agreement and not otherwise defined shall have the following meanings:

"***Additional Payments***" means any of Lender's reasonable and customary fees and expenses related to the transactions contemplated by this Agreement, any of Lender's expenses (including attorneys' fees) in prosecuting or defending any action or proceeding in connection with this Agreement, any required license or permit fees, state and local sales and use or ownership taxes or property taxes which Lender is required to pay as a result of this Agreement, inspection and re-inspection fees, and any other amounts payable by the Lessee (or paid by Lender on the Lessee's behalf) as a result of its covenants under this Agreement (together with interest that may accrue on any of the above if the Lessee shall fail to pay the same, as set forth in this Agreement).

"***Amount Advanced***" has the meaning assigned in Section 2.02 hereof.

"***Base Payments***" means the rental payments payable by the Lessee pursuant to Section 3.01 hereof.

"***Bond Counsel Opinion***" means a written opinion (in form and substance acceptable to Lender) of an attorney or firm of attorneys acceptable to Lender.

"***Budget Officer***" means the Lessee officer or official from time to time charged with preparing the Lessee's draft budget as initially submitted to the Governing Board for its consideration. In the case of Lessee, the City Manager is the Budget Officer.

"***Business Day***" means any day on which banks in the State are not by law authorized or required to remain closed.

"***Closing Date***" means the date on which this Agreement is first executed and delivered by the parties.

"***Code***" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and revenue procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended, as applicable to the Lessee's obligations under this Agreement and all proposed (including temporary) regulations which, if adopted in the form proposed, would apply to such obligations. Reference to any specific Code provision shall be deemed to include any successor provisions thereto.

"***Equipment***" has the meaning assigned in Section 2.03 hereof, and is generally expected to include the personal property described on Exhibit A attached hereto.

"***Event of Default***" means one or more events of default as defined in Section 7.01 hereof.

"***Event of Nonappropriation***" means any failure by the Governing Board to adopt, by the first day of any Fiscal Year, a budget for the Lessee that includes an appropriation for Required Payments, or the Governing Board's amendment of an annual budget to remove an appropriation for Required Payments, in each case, as contemplated by Section 3.05 hereof.

"***Fiscal Year***" means the Lessee's fiscal year beginning July 1 or such other fiscal year as the Lessee may later lawfully establish.

"***Governing Board***" means the City Council of the Lessee as from time to time constituted.

"***Lessee***" means the City of Martinsville, Virginia.

"***Lessee Representative***" means the Lessee's City Manager or such other person or persons at the time designated, by a written certificate in the form of Exhibit D attached hereto furnished to Lender and signed on the Lessee's behalf by the presiding officer of the Governing Board, to act on the Lessee's behalf for any purpose (or any specified purpose) under this Agreement

"***Net Proceeds***," when used with respect to any amounts derived from claims made on account of insurance coverages required under this Agreement, any condemnation award arising out of the condemnation of all or any portion of the Equipment, or any amounts received in lieu or in settlement of any of the foregoing, means the amount remaining after deducting from the gross proceeds thereof all expenses (including attorneys' fees and costs) incurred in the collection of such proceeds, and after reimbursement to the Lessee or Lender for amounts previously expended to remedy the event giving rise to such payment or proceeds.

"Payment Dates" means the dates indicated in Exhibit B.

"***Prime Rate***" means, for any day, a rate per annum equal to [_________]'s announced Prime Rate, and shall change effective on the date any change in [_________]'s Prime Rate is publicly announced as being effective.

"***Project Costs***" means all costs of the design, planning, acquiring, installing and equipping of the Equipment as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Base Payments payable by the Lessee under this Agreement, including (a) sums required to reimburse the Lessee or its agents for advances made for any such costs, (b) interest during the period of the acquisition, installation and equipping of the Equipment and for up to six months thereafter, and (c) all costs related to the financing of the Equipment through this Agreement and all related transactions.

"***Project Fund***" has the meaning assigned in Section 2.02.

"***Required Payments***" means Base Payments and Additional Payments.

"***Restricted Account Agreement***" means that certain Restricted Account Agreement dated as of May 1, 2025, between the Lender and Lessee.

"***Security Property***" means the Equipment and all amounts on deposit from time to time in the Project Fund, as described more particularly in Section 2.03 hereof.

"***State***" means the Commonwealth of Virginia.

"***UCC***" means the Uniform Commercial Code or any successor law as in effect from time to time in the State.

All references in this Agreement to designated "Sections" and other subdivisions are to the designated sections and other subdivisions of this Agreement. The words "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision unless the context indicates otherwise. Words importing the singular number shall include the plural number and vice versa.

ARTICLE II
LEASE; ADVANCE; SECURITY

Section 2.01. Lease. Lender hereby leases to the Lessee, and the Lessee hereby leases from Lender, the Equipment, for a term beginning on the Closing Date and ending upon final payment of all Required Payments, unless this Agreement is earlier terminated as provided herein. The Lessee shall be entitled to possession of all property constituting any portion of the Equipment and may retain possession of all property constituting any portion of the Equipment so long as no Event of Default is continuing under this Agreement and no Event of Nonappropriation has occurred.

Section 2.02. Advance. Lender shall advance $[__________] (the "***Amount Advanced***") to the Lessee on the Closing Date, and the Lessee hereby accepts the Amount Advanced from Lender. Lender is advancing the Amount Advanced by (a) disbursing $________ for payment of costs of delivery of this Agreement as set forth in a closing memorandum provided by the Lessee's Financial Advisor and (b) making a deposit in the amount of $________ to a Project Fund **(the "Project Fund")** to be held at [_________]. All amounts on deposit from time to time in the Project Fund, including the Amount Advanced and all investment earnings, shall be used only for Project Costs or as otherwise permitted by Article VII of this Lease The Project Fund shall be held separate and apart from all other funds and accounts of the Lessee. The Lessee may withdraw amounts on deposit in the Project Fund only as provided in this Lease and in the Restricted Account Agreement.

Section 2.03. UCC Security Agreement.

(a) This Agreement is intended as and constitutes a security agreement pursuant to the UCC with respect to the Security Property, which is described as follows:

(i) all moneys on deposit from time to time in the Project Fund; and

(ii) all property acquired by the Lessee with funds advanced by Lender to Lessee pursuant to this Agreement, all personal property obtained in substitution or replacement therefor and all personal property obtained in substitution or replacement for any portion of the Equipment, and all proceeds of the foregoing (collectively, the "***Equipment***").

The Lessee hereby grants to Lender a security interest in the Security Property to secure the Required Payments.

(b) The Lessee shall allow Lender to deliver and file, or cause to be filed, in such place or places as may be required by law, financing statements (including any continuation statements required by the UCC or determined by Lender) in such form as Lender may reasonably require to perfect and continue the security interest in the Security Property

Section 2.04. Lessee's Limited Obligation.

(a) No provision of this Agreement shall be construed or interpreted as creating a pledge of the Lessee's full faith, credit or taxing power within the meaning of any constitutional debt limitation. No provision of this Agreement shall be construed or interpreted as an improper delegation of governmental powers or as a donation or a lending of the Lessee's credit within the meaning of the State constitution. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of the Lessee's moneys (other than moneys of the Lessee in the Project Fund or other funds held under this Agreement), nor shall any provision of this Agreement restrict the future issuance of any of the Lessee's bonds or obligations payable from any class or source of the Lessee's moneys (except to the extent this Agreement restricts the incurrence of additional obligations secured by the Security Property).

(b) Nothing in this Section is intended to impair or prohibit execution on the Security Property if the Required Payments are not paid when due or otherwise upon the occurrence of an Event of Default under this Agreement.

Section 2.05. Lessee's Continuing Obligations. Except for an Event of Nonappropriation as described in Section 3.05 hereof, the Lessee shall remain liable for full performance of all its covenants under this Agreement (subject to the limitations described in Section 2.04 hereof), including payment of all Required Payments, notwithstanding the occurrence of any event or circumstances whatsoever, including any of the following:

(a) Lender's waiver of any right granted or remedy available to it;

(b) The forbearance or extension of time for payment or performance of any obligation under this Agreement, whether granted to the Lessee, a subsequent owner of the Equipment or any other person;

(c) The release of all or part of the Security Property or the release of any party who assumes all or any part of such performance;

(d) Any act or omission by Lender (but this provision does not relieve Lender of any of its obligations under this Agreement);

(e) The sale of all or any part of the Security Property; or

(f) Another party's assumption of the Lessee's obligations under this Agreement.

ARTICLE III
LESSEE'S PAYMENT OBLIGATION AND RELATED MATTERS

Section 3.01. Rental; Purchase Option.

(a) As rental for the Equipment, the Lessee shall make Base Payments to Lender in lawful money of the United States at the times and in the amounts set forth in Exhibit B attached hereto, except as otherwise provided in this Agreement. As indicated in Exhibit B, the Base Payments reflect the repayment of the Amount Advanced and include designated interest components. Base Payments shall be paid to Lender by auto debit from an account at [_________].

(b) Upon payment of all the Base Payments and all Additional Payments, the Lessee may, at its option, purchase all of Lender's interest in the Equipment, on an as-is, where-is basis, upon notice and payment to Lender of the sum of Ten Dollars ($10.00). This option to purchase the Equipment is personal to the Lessee and is not assignable.

Section 3.02. Additional Payments. The Lessee shall pay all Additional Payments on a timely basis directly to the person or entity to which such Additional Payments are owed in lawful money of the United States.

Section 3.03. Prepayment. At its option at any time, the Lessee may prepay the outstanding principal component of the Amount Advanced, and thereby obtain ownership of all the Equipment corresponding to such schedule as set forth in Exhibit A free of the lease under this Agreement and Lender's security interest in the Equipment, by paying (a) all Additional Payments then due and payable, (b) all interest accrued and unpaid to the prepayment date, and (c) the outstanding principal component of the Amount Advanced corresponding to such schedule(s) along with a prepayment premium equal to the amounts set forth in Exhibit B, consisting of [____________________].

Section 3.04. Default Rate. Upon the occurrence and the continuation of any Event of Default, the Lessee shall pay additional interest on the principal component of the late Base Payment at an annual rate equal to the Prime Rate plus 3.00% from the original due date calculated on the basis of a 360-day year and actual days elapsed.

Section 3.05. Appropriations.

(a) The Budget Officer shall include in the initial proposal for each of the Lessee's annual budgets the amount of all Base Payments and estimated Additional Payments coming due during the Fiscal Year to which such budget applies. Notwithstanding that the Budget Officer includes such an appropriation for Required Payments in a proposed budget, the Governing Board may determine not to include such an appropriation in the Lessee's final budget for such Fiscal Year.

(b) The Budget Officer shall deliver notification to Lender within 15 days after the adoption of the annual budget if an amount equal to the Base Payments and estimated Additional Payments coming due during the next Fiscal Year has not been appropriated by the Lessee in such budget for such purposes.

(c) The actions required of the Lessee and its officers and/or officials pursuant to this Section shall be deemed to be and shall be construed to be in fulfillment of ministerial duties, and it shall be the duty of each and every Lessee officer and/or official to take such action and do such things as are required by law in the performance of the official duty of such officers and/or officials to enable the Lessee to carry out and perform the actions required pursuant to this Section and the remainder of this Agreement to be carried out and performed by the Lessee.

(d) Subject to its right of nonappropriation, the Lessee currently believes that it can obtain funds sufficient to pay all Required Payments when due.

(e) Notwithstanding any other provision of the Agreement to the contrary, if the Lessee fails to appropriate funds to pay the Required Payments for the next Fiscal Year to continue leasing of the Equipment, this Agreement shall terminate, shall create no further obligation of the Lessee as to subsequent Fiscal Years and shall be null and void. In such Event of Nonappropriation, the Lessee shall notify Lender at least twenty (20) days prior to the end of the then current Fiscal Year. The Lessee shall not, in this sole event, be obligated to make any Required Payments beyond the end of such Fiscal Year. The happening of such occurrence shall be conclusively presumed from the Lessee's notification of Lender or Lender's assignee of such occurrence. In such Event of Nonappropriation, this Agreement shall terminate on the last day of the Fiscal Year for which appropriations were received without penalty or expense to the Lessee of any kind whatsoever. Subsequent to such termination of this Agreement, the Lessee shall have no continuing obligation to make Required Payments under this Agreement. No right of action or damages shall accrue to the benefit of Lender or its assignee as to that portion of this Agreement which may so terminate. The provisions of this paragraph shall remain in full force and effect notwithstanding the failure of any party to comply with any provision of this Agreement and whether or not the Lessee is in default under this Agreement. The Lessee agrees to surrender possession of the Equipment to Lender or its assignee on the date of such termination. Lender shall have all the rights and remedies to take possession of the Equipment and to sell, lease, or otherwise dispose of the Equipment as its own property without liability to the Lessee.

Section 3.06. No Abatement. There shall be no abatement or reduction of the Required Payments for any reason, including, but not limited to, any defense, recoupment, setoff, counterclaim, or any claim (real or imaginary) arising out of or related to the Equipment, except as expressly provided in this Agreement. The Lessee assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever. The Required Payments shall be made in all events unless the Lessee's obligation to make Required Payments is terminated as otherwise provided in this Agreement.

Section 3.07. Interest Rate and Payment Adjustment. Upon a Determination of Taxability (as defined below), the interest component of Base Payments hereunder shall be automatically adjusted to the Taxable Rate (as defined below) from the Date of Taxability (as defined below). For purposes of this Section, the following terms have the following meanings:

"Date of Taxability" means the earliest date as of which interest components of Base Payments under this Agreement shall have been determined to be includable in the gross income of the Lender pursuant to a Determination of Taxability.

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Lessee files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability (as defined below) shall have in fact occurred;

(ii) on the date when the Lender notifies the Lessee that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability has occurred unless, within 180 days after receipt by the Lessee of such notification from such Lender, the Lessee shall deliver to the Lender (A) a ruling or determination letter issued to or on behalf of the Lessee by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) or (B) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Lessee shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings by the Lessee, or upon any review or audit of the Lessee or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on that date when the Lessee shall receive notice from the Lender that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Lender the interest components of Base Payments under this Agreement due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Lessee have been afforded the opportunity, at the sole expense of the Lessee, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Lender, the Lessee shall immediately reimburse such Lender for any payments such Lender shall be obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means the taking of any action by the Lessee, or the failure to take any action by the Lessee, or the making by the Lessee of any misrepresentation herein or in any certificate required to be given in connection with this Agreement which has the effect of causing interest components of Base Payments under this Agreement to become includable, in whole or in part, in the gross income of the Lender for federal income tax purposes.

“Taxable Rate” means the interest rate per annum that shall provide the Lender with the same after tax yield that the Lender would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Lender as a result of such Determination of Taxability. The Lender shall provide the Lessee with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Lessee.

ARTICLE IV
LESSEE’S COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 4.01. <u>Indemnification</u>. To the extent permitted by law, the Lessee shall indemnify, protect and save Lender and its officers and directors harmless from all liability, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including attorneys' fees, arising out of, connected with, or resulting directly or indirectly from the Security Property or the transactions contemplated by this Agreement, including without limitation the possession, condition or use of the Equipment. The indemnification arising under this Section shall survive the Agreement's termination.

Section 4.02. <u>Covenant as to Tax Exemption</u>. (a) The Lessee covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income taxation purposes of the interest portion of the obligation created by this Agreement under Section 103 of the Code. In particular, the Lessee covenants that it will not directly or indirectly use or permit the use of any proceeds of any fund created under this Agreement, any funds of the Lessee or any property financed or refinanced with funds provided to the Lessee under this Agreement, or otherwise take or omit to take any action, that would cause the obligation created by this Agreement to be an “arbitrage bond” within the meaning of Section 148(a) of the Code or a “private activity bond” under Section 141 of the Code. The Lessee will maintain books on which will be recorded (i) Lender or (ii) any assignee of the Base Payments due under this Agreement, as the registered owner of such Base Payments. To that end, the Lessee has executed the Tax and Nonarbitrage Certificate dated as of the date hereof (the “***Use of Proceeds Certificate***”) and will comply with all requirements of Section 141 and Section 148 of the Code to the extent applicable.

(b) The Lessee hereby represents and warrants that its representations and warranties in the Use of Proceeds Certificate with respect to its investment and use of funds provided under this Agreement, and its use of any property financed or refinanced with funds provided under this Agreement, are true, correct and complete.

(c) Without limiting the generality of the foregoing, the Lessee agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the obligation created by this Agreement from time to time. This covenant shall survive the termination of this Agreement.

(d) Notwithstanding any provision of this Section, if the Lessee shall provide to Lender a Bond Counsel Opinion to the effect that any action required under this Section or the Use of Proceeds Certificate is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the obligation created by this Agreement pursuant to Section 103 of the Code, the Lessee and Lender may rely conclusively on such opinion in complying with the provisions thereof.

(e) The Lessee acknowledges that its personnel must be familiar with the arbitrage rebate rules because the tax-exempt status of the interest on the Base Payments depends upon continuing compliance with such rules. The Lessee therefore covenants to take all reasonable action to assure that Lessee personnel responsible for the investment of and accounting for financing proceeds comply with such rules.

Section 4.03. Validity of Organization and Acts. The Lessee is validly organized and existing under State law, has full power to enter into this Agreement and has duly authorized and has obtained all required approvals and all other necessary acts required prior to the execution and delivery of this Agreement. This Agreement is a valid, legal and binding obligation of the Lessee.

Section 4.04. Maintenance of Existence. The Lessee shall maintain its existence, shall continue to be a local governmental unit of the State, validly organized and existing under State law, and shall not consolidate with or merge into another local governmental unit of the State, or permit one or more other local governmental units of the State to consolidate with or merge into it, unless the local governmental unit thereby resulting assumes the Lessee's obligations under this Agreement.

Section 4.05. Acquisition of Permits and Approvals. All permits, consents, approvals or authorizations of all governmental entities and regulatory bodies, and all filings and notices required on the Lessee's part to have been obtained or completed as of today in connection with the authorization, execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the acquisition, installation and equipping of the Equipment have been obtained and are in full force and effect, and there is no reason why any future required permits, consents, approvals, authorizations or orders cannot be obtained as needed.

Section 4.06. No Breach of Law or Contract. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement, nor the fulfillment of or compliance with the terms and conditions of this Agreement, (a) to the best of the Lessee's knowledge, constitutes a violation of any provision of law governing the Lessee or (b) results in a breach of the terms, conditions or provisions of any contract, agreement or instrument or order, rule or regulation to which the Lessee is a party or by which the Lessee is bound.

Section 4.07. No Litigation. There is no litigation or any governmental administrative proceeding to which the Lessee (or any official thereof in an official capacity) is a party that is pending or, to the best of the Lessee's knowledge after reasonable investigation, threatened with respect to (a) the Lessee's organization or existence, (b) its authority to execute and deliver this Agreement or to comply with the terms of this Agreement, (c) the validity or enforceability of this Agreement or the transactions contemplated by this Agreement, (d) the title to office of any Governing Board member or any other Lessee officer or official, (e) any authority or proceedings relating to the Lessee's execution or delivery of this Agreement, or (f) the undertaking of the transactions contemplated by this Agreement.

Section 4.08. No Current Default or Violation. (a) The Lessee is not in violation of any existing law, rule or regulation applicable to it, (b) the Lessee is not in default under any contract, other agreement, order, judgment, decree or other instrument or restriction of any kind to which the Lessee is a party or by which it is bound or to which any of its assets are subject, including this Agreement, and (c) no event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including this Agreement, which constitutes or which, with notice or lapse of time, or both, would constitute an event of default hereunder or thereunder.

Section 4.09. No Misrepresentation. No representation, covenant or warranty by the Lessee in this Agreement is false or misleading in any material respect.

Section 4.10. Further Instruments. Upon Lender's request, the Lessee shall execute, acknowledge and deliver such further instruments reasonably necessary or desired by Lender to carry out the purposes of this Agreement or any other document related to the transactions contemplated by this Agreement, and subject to the liens and security interests hereof and thereof all or any part of the Security Property intended to be given or conveyed hereunder or thereunder, whether now given or conveyed or acquired and conveyed subsequent to the date of this Agreement.

Section 4.11. Lender's Advances for Performance of Lessee's Obligations. If the Lessee fails to perform any of its obligations under this Agreement, Lender is hereby authorized, but not obligated, to perform such obligation or cause it to be performed. All expenditures incurred by Lender (including any advancement of funds for payment of taxes, insurance premiums or other costs of maintaining the Equipment, and any associated legal or other expenses, together with interest at the Prime Rate), shall be secured as Additional Payments under this Agreement. The Lessee promises to pay all such amounts to Lender immediately upon demand.

Section 4.12. Equipment Will Be Used and Useful. The acquisition, installation and equipping of the Equipment is necessary and expedient for the Lessee, and will perform essential functions of the Lessee appropriate for units of local government. The Lessee has an immediate need for, and expects to make immediate use of, all of the Equipment, and does not expect such need or use to diminish in any material respect during the term of the Agreement. The Equipment will not be used in any private business or put to any private business use.

Section 4.13. Financial Information.

(a) The Lessee shall send to Lender a copy of the Lessee's audited financial statements for each Fiscal Year within 30 days of the Lessee's acceptance of such statements, but in any event within 270 days of the completion of such Fiscal Year.

(b) The Lessee shall send to Lender a copy of the Lessee's annual budget within 30 days of its adoption by its Governing Body.

(c) The Lessee shall furnish Lender, at such reasonable times as Lender shall request, all other financial information (including, without limitation, the Lessee's annual budget as submitted or approved) as Lender may reasonably request. The Lessee shall permit Lender or its agents and representatives to inspect the Lessee's books and records and make extracts therefrom.

Section 4.14. Taxes and Other Governmental Charges. The Lessee shall pay, as Additional Payments, the full amount of all taxes, assessments and other governmental charges lawfully made by any governmental body during the term of this Agreement. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Lessee shall be obligated to provide for Additional Payments only for such installments as are required to be paid during the Agreement term. The Lessee shall not allow any liens for taxes, assessments or governmental charges with respect to the Equipment or any portion thereof to become delinquent (including, without limitation, any taxes levied upon the Equipment or any portion thereof which, if not paid, will become a charge on any interest in the Equipment, including Lender's interest, or the rentals and revenues derived therefrom or hereunder).

Section 4.15. Lessee's Insurance.

(a) The Lessee shall, at its own expense, acquire, carry and maintain broad-form extended coverage property damage insurance with respect to all Equipment in an amount equal to the actual cash value of the Equipment. Such property damage insurance shall include Lender as loss payee. Any Net Proceeds of the insurance required by this subsection (a) shall be payable as provided in Section 5.15 hereof.

(b) The Lessee shall, at its own expense, acquire, carry and maintain comprehensive general liability insurance (and auto liability insurance, if applicable) in accordance with State statute or as customarily held by similar entities in the State.

(c) The Lessee shall also maintain workers' compensation insurance issued by a responsible carrier authorized under State law to insure the Lessee against liability for compensation under applicable State law as in effect from time to time.

(d) All insurance shall be maintained with generally recognized responsible insurers in accordance with State law and may carry reasonable deductible or risk-retention amounts.

(e) Lender shall not be responsible for the sufficiency or adequacy of any required insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by Lender.

(f) Upon request by Lender, the Lessee shall deliver to Lender a certificate stating that the risk coverages required by this Agreement are in effect, and stating the carriers, policy numbers, coverage limits and deductible or risk-retention amounts for all such coverages.

ARTICLE V
THE EQUIPMENT

Section 5.01. Acquisition, Installation and Equipping. The Lessee shall comply with all provisions of law applicable to the acquisition of the Equipment, accept all portions of the Equipment when properly delivered, provide for the proper installation and equipping thereof and thereafter promptly place each such portion of the Equipment in service.

Section 5.02. Changes in Location. The Lessee shall promptly inform Lender if any component of the Equipment shall be moved from the location designated for such Equipment at the time of its acquisition.

Section 5.03. Acquisition and Installation within Funds Available. The Lessee represents that, based upon its examination of the plans and specifications for the Equipment, estimated installation costs and the Equipment's anticipated configuration, the Equipment can be acquired and installed for a total price within the total amount of funds to be available therefor in the Project Fund, income anticipated to be derived from the investment thereof and other funds previously identified and designated for such purposes. If the total amount available for such purposes in the Project Fund shall be insufficient to pay the entire cost of acquiring and installing the Equipment, the Lessee promises to pay any such excess costs, with no resulting reduction or offset in the amounts otherwise payable by the Lessee under this Agreement.

Section 5.04. Disclaimer of Warranties. The Lessee agrees that Lender has not designed the Equipment, that Lender has not supplied any plans or specifications with respect thereto and that Lender (a) is not a manufacturer of, nor a dealer in, any of the component parts of the Equipment or similar equipment, (b) has not made any recommendation, given any advice nor taken any other action with respect to (i) the choice of any supplier, vendor or designer of, or any other contractor with respect to, the Equipment or any component part thereof or any property or rights relating thereto, or (ii) any action taken or to be taken with respect to the Equipment or any component part thereof or any property or rights relating thereto at any stage of the acquisition, installation and equipping thereof, (c) has not, at any time, had physical possession of the Equipment or any component part thereof or made any inspection thereof or of any property or rights relating thereto, and (d) has not made any warranty or other representation, express or implied, that the Equipment or any component part thereof or any property or rights relating thereto (i) will not result in or cause injury or damage to persons or property, (ii) has been or will be properly designed, or will accomplish the results which the Lessee intends therefor, or (iii) is safe in any manner or respect.

LENDER MAKES NO EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT OR ANY

COMPONENT PART THEREOF, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OR REPRESENTATION WITH RESPECT TO THE MERCHANTABILITY OR THE FITNESS OR SUITABILITY THEREOF FOR ANY PURPOSE, and further including the design or condition thereof; the safety, quality or capacity thereof; compliance thereof with the requirements of any law, rule, specification or contract pertaining thereto; any latent defect; the Equipment's ability to perform any function; that the Amount Advanced will be sufficient to pay all costs of the acquisition and installation of the Equipment; or any other characteristic of the Equipment; it being agreed that the Lessee is to bear all risks relating to the Equipment, the installation thereof and the transactions contemplated by this Agreement, and the Lessee hereby waives the benefits of any and all implied warranties and representations of Lender.

The provisions of this Section shall survive the Agreement's termination.

Section 5.05. Right of Entry and Inspection. Lender and its representatives and agents shall have the right to enter upon the Lessee's property and inspect the Equipment from time to time, and the Lessee shall cause any vendor, contractor or sub-contractor to cooperate with Lender and its representatives and agents during such inspections.

No right of inspection or approval granted in this Section shall be deemed to impose upon Lender any duty or obligation whatsoever to undertake any inspection or to make any approval. No inspection made or approval given by Lender shall be deemed to impose upon Lender any duty or obligation whatsoever to identify or correct any defects in the Equipment or to notify any person with respect thereto, and no liability shall be imposed upon Lender, and no warranties (either express or implied) are made by Lender as to the quality or fitness of any improvement, any such inspection and approval being made solely for Lender's benefit.

Section 5.06. Compliance with Requirements.

(a) The Lessee shall cause the Equipment to be installed in a careful manner and in compliance with all applicable legal requirements.

(b) The Lessee shall observe and comply promptly with all current and future requirements relating to the Equipment's use or condition imposed by (i) any judicial, governmental or regulatory body having jurisdiction over the Equipment or any portion thereof or (ii) any insurance company writing a policy covering the Equipment or any portion thereof, whether or not any such requirement shall necessitate structural changes or improvements or interfere with the use or enjoyment of the Equipment.

(c) The Lessee shall obtain and maintain in effect all licenses and permits required for the Equipment's operation.

(d) The Lessee shall in no event use the Equipment or any part thereof, nor allow the same to be used, for any unlawful purpose, or suffer any act to be done or any condition to exist with respect to the Equipment or any part thereof, nor any article to be brought thereon, which may be dangerous, unless safeguarded as required by law, or which may, in law, constitute a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto.

Section 5.07. **Use and Operation.** The Lessee shall use and operate the Equipment and related property for its reasonably intended use or purpose and for no other purpose unless required by law. The Lessee shall be solely responsible for the Equipment's operation, and shall not contract with any other person or entity for the Equipment's operation.

Section 5.08. **Maintenance and Repairs; Additions.**

(a) The Lessee shall keep the Equipment in good order and repair (reasonable wear and tear excepted) and in good operating condition, shall not commit or permit any waste or any other thing to occur whereby the value or usefulness of the Equipment might be impaired, and shall make from time to time all necessary or appropriate repairs, replacements and renewals.

(b) The Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Equipment that it may deem desirable for its governmental or proprietary purposes and that do not materially impair the effective use, nor materially decrease the value or substantially alter the intended use, of the Equipment. The Lessee shall do, or cause to be done, all such things as may be required by law in order fully to protect the security of and all Lender's rights under this Agreement.

(c) Any and all additions to or replacements of the Equipment and all parts thereof shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the "Equipment" for the purposes of this Agreement.

(d) Notwithstanding the provisions of subsection (c) of this Section, however, the Lessee may, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Equipment. All such property shall remain the Lessee's sole property in which Lender shall have no interest; provided, however, that any such property which becomes permanently affixed to the Equipment shall be subject to the lien and security interest arising under this Agreement if Lender shall reasonably determine that the Equipment would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 5.09. **Security.** The Lessee shall take all reasonable steps necessary to safeguard the Equipment against theft. The security afforded the Equipment shall at all times be equal to or better than the security afforded the Lessee's personal property that is not subject to this Agreement.

Section 5.10. **Utilities.** The Lessee shall pay all charges for utility services furnished to or used on or in connection with the Equipment, as may be applicable dependent upon the type of equipment.

Section 5.11. **Risk of Loss.** The Lessee shall bear all risk of loss to the Equipment.

Section 5.12. **Condemnation.** The Lessee shall immediately notify Lender if any governmental authority shall institute, or shall notify the Lessee of any intent to institute, any action or proceeding for the taking of, or damages to, all or any part of the Equipment or any interest therein under the power of eminent domain, or if there shall be any damage to the Equipment due to governmental action, but not resulting in a taking of any portion of the Equipment. The Lessee shall file and prosecute its claims for any such awards or payments in good faith and with due diligence and cause the same to be collected and paid over to Lender, and to the extent permitted by law hereby irrevocably authorizes and empowers Lender, in the Lessee's name or otherwise, to collect and receipt for any such award or payment and to file and prosecute such claims. If the Lessee receives any Net Proceeds arising from any such action, the Lessee shall apply such Net Proceeds as provided in Section 5.15.

Section 5.13. Title. Title to the Equipment and any and all additions, repairs, replacements or modifications thereto shall at all times be in the Lessee, subject to the lien of this Agreement. Upon the Lessee's payment in full of all Required Payments, Lender, at the Lessee's expense and request, shall cancel this Agreement.

Section 5.14. No Encumbrance, Mortgage or Pledge of Equipment.

(a) The Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien (including mechanics' and materialmen's liens), charge, encumbrance or other claim in the nature of a lien on or with respect to the Equipment. The Lessee shall promptly, at its own expense, take such action as may be duly necessary to discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which it shall have created, incurred or suffered to exist.

(b) The Lessee shall reimburse Lender for any expense incurred by Lender to discharge or remove any such mortgage, pledge, lien, security interest, encumbrance or claim, with interest thereon at the Prime Rate.

Section 5.15. Damage and Destruction; Use of Net Proceeds.

(a) The Lessee shall promptly notify Lender if (i) the Equipment or any portion thereof is stolen or is destroyed or damaged by fire or other casualty, (ii) a material defect in the installation of the Equipment shall become apparent, or (iii) title to or the use of all or any portion of the Equipment shall be lost by reason of a defect in title. Each notice shall describe generally the nature and extent of such damage, destruction or taking.

(b) The Lessee shall apply the Net Proceeds, (i) to the prompt completion, repair or restoration of the Equipment, (and pay any costs in excess of Net Proceeds, if necessary), or (ii) together with other available funds as may be necessary, to the prepayment of all outstanding Required Payments pursuant to Section 3.03. The Lessee shall promptly report to Lender regarding the use of Net Proceeds.

(c) Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of Net Proceeds shall be the Lessee's property and shall be part of the Equipment.

ARTICLE VI
DEFAULTS AND REMEDIES; TERMINATION

Section 6.01. Events of Default. An "***Event of Default***" is any of the following:

(a) Except as provided in Section 6.04 hereof, the Lessee's failing to make any Base Payment when due.

(b) The Lessee's breaching or failing to perform or observe any term, condition or covenant of this Agreement on its part to be observed or performed, other than as provided in subsection (a) and (f) of this Section, including payment of any Additional Payment, for a period of 15 days after written notice specifying such failure and requesting that it be remedied shall have been given to the Lessee by Lender, unless Lender shall agree in writing to an extension of such time prior to its expiration.

(c) The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law by or against the Lessee as a debtor, or the appointment of a receiver, custodian or similar officer for the Lessee or any of its property, and the failure of such proceedings or appointments to be vacated or fully stayed within 30 days after the institution or occurrence thereof.

(d) Any warranty, representation or statement made by the Lessee in this Agreement is found to be incorrect or misleading in any material respect on the Closing Date (or, if later, on the date made).

(e) Any lien, charge or encumbrance prior to the security interest created under Section 2.03 hereof, or affecting the validity of the Agreement, is found to exist, or proceedings are instituted against the Lessee to enforce any lien, charge or encumbrance against the Equipment and such lien, charge or encumbrance would be prior to the lien of this Agreement.

(f) Failure by Lessee to maintain insurance as required herein.

(g) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which Lessee is an obligor, if such default (i) arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by Lender or any affiliate of Lender, or (ii) arises under any obligation under which there is outstanding, owing or committed an aggregated amount in excess of $100,000.00.

Section 6.02. Remedies on Default. Upon the continuation of any Event of Default, Lender may, without any further demand or notice, exercise any one or more of the following remedies:

(a) Declare the unpaid principal components of the Base Payments immediately due and payable;

(b) Proceed by appropriate court action to enforce the Lessee's performance of the applicable covenants of this Agreement or to recover for the breach thereof;

(c) Pay over any balance remaining in the Project Fund in accordance with Section 7.02 hereof; and

(d) Avail itself of all available remedies under this Agreement, including execution as provided in Section 6.03 hereof, and, to the extent permitted by law, recovery of attorneys' fees and other expenses.

Section 6.03. <u>Execution on Personal Property</u>. Upon the continuation of any Event of Default and in addition to all other remedies granted in this Agreement, Lender shall have all the rights and remedies of a secured party under the UCC and may proceed to execute upon the Security Property.

Section 6.04. <u>Consequences of Nonappropriation</u>. Upon an Event of Nonappropriation, the Lessee shall have no further obligation to pay Base Payments beyond the end of the Fiscal Year for which amounts have been appropriated for Base Payments. This Agreement shall terminate on the last day of the Fiscal Year for which amounts have been appropriated for Base Payments without any penalty to the Lessee whatsoever. The Lessee agrees to peaceably surrender possession the Equipment to Lender or its assignees on the first day of the Fiscal Year to which the Event of Nonappropriation applies, packed for shipment in accordance with manufacturer specifications and freight prepaid and insured to any location in the continental United States as designated by Lender.

In addition, upon the occurrence of any Event of Nonappropriation, Lender may, without any further demand or notice, take action with respect to the Lessee and the Equipment as contemplated in Section 6.05 hereof.

Section 6.05. <u>Possession of Equipment</u>. Upon the continuation of an Event of Default or the occurrence of an Event of Nonappropriation, the Lessee shall immediately lose the right to possess, use and enjoy the Equipment (but may remain in possession of the Equipment as a lessee at will of Lender), and thereupon the Lessee (a) shall pay monthly in advance to Lender a fair and reasonable rental value for the use and possession of the Equipment (in an amount Lender shall determine in its reasonable judgment), and (b) upon Lender's demand, shall deliver possession of the Equipment to Lender or, at Lender's direction, to any purchaser of the Equipment after an execution sale.

In addition, upon the continuation of any Event of Default or the occurrence of an Event of Nonappropriation, Lender, to the extent permitted by law, is hereby authorized to (i) take possession of the Equipment, with or without legal action, (ii) lease the Equipment, (iii) collect all rents and profits therefrom, with or without taking possession of the Equipment, and (iv) after deducting all costs of collection and administration expenses, apply the net rents and profits first to the payment of necessary maintenance and insurance costs, and then to the Lessee's account and in reduction of the Lessee's corresponding Required Payments in such fashion as Lender shall reasonably deem appropriate. Lender shall be liable to account only for rents and profits it actually receives.

Section 6.06. <u>No Remedy Exclusive; Delay Not Waiver</u>. All remedies under this Agreement are cumulative and may be exercised concurrently or separately. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy. If any Event of Default shall occur and thereafter be waived by Lender, such waiver shall be limited to the particular breach so waived and shall not be deemed a waiver of any other breach under this Agreement.

Section 6.07. Payment of Costs and Attorney's Fees. If Lender employs an attorney to assist in the enforcement or collection of Required Payments, or if Lender voluntarily or otherwise shall become a party to any suit or legal proceeding (including a proceeding conducted under any state or federal bankruptcy or insolvency statute) to protect the Equipment, to protect the lien of this Agreement, to enforce collection of the Required Payments or to enforce compliance by the Lessee with any of the provisions of this Agreement, the Lessee, to the extent permitted by law, agrees to pay reasonable attorneys' fees and all of the costs that may reasonably be incurred (whether or not any suit or proceeding is commenced), and such fees and costs (together with interest at the Prime Rate) shall be secured as Required Payments.

ARTICLE VII
PROJECT FUND

Section 7.01. Requisitions from Project Fund. The Lessee may withdraw funds from the Project Fund only after authorization from Lender. Subject to the terms of this Lease and the Restricted Account Agreement, Lender shall authorize the disbursement of funds from the Project Fund only to the Lessee and only upon its receipt of one or more written requisitions in the form set forth in Exhibit A to the Restricted Account Agreement and signed by a Lessee Representative. The Lessee shall submit its signed requisitions in pdf format by electronic transmission at the email address contained in the requisition form. Upon receipt of a requisition from the Lessee, Lender shall undertake such review of the matters referred to in such requisition as it shall deem appropriate, and within ten Business Days after such receipt shall notify the Lessee if it does not approve the requisition with its reasons for disapproval. Lender has no obligation to make a review and any review by Lender is only for Lender's benefit. Notwithstanding anything to the contrary contained herein, Lender shall not authorize the disbursement of funds from the Project Fund to be used as an advance payment paid to any vendor, contractor or sub-contractor of Equipment prior to delivery of such Equipment to Lessee unless and until (i) Lessee has secured from the applicable vendor, contractor or sub-contractor a payment and performance bond executed by a surety company authorized to do business in the State, having a financial strength rating by A.M. Best Company of "A-" or better, and otherwise satisfactory to Lender and naming Lender (together with Lender's successors and assigns) as a co-obligee in a sum equal to the entire amount to become payable under this Agreement relating to the Equipment between Lessee and the vendor, contractor or sub-contractor (the "Vendor Agreement"); and (ii) Lessee has secured an assignment of the Vendor Agreement in a form satisfactory to Lender and counsel to the Lender, executed by Lessee and acknowledged by the applicable vendor, contractor or sub-contractor.

Section 7.02. Disposition of Project Fund. (a) Promptly after the acquisition of all of the Equipment, and when the Lessee has withdrawn from the Project Fund all of the funds needed to acquire the Equipment, the Lessee shall deliver to Lender a written certificate of completion, in substantially the form attached hereto as Exhibit C, executed by a Lessee Representative stating that (i) the Equipment has been acquired, (ii) there are no mechanic's or other liens against the Equipment for labor or materials furnished in connection with the acquisition of the Equipment, (iii) no further funds will be requisitioned from the Project Fund to pay Project Costs and (iv) the representations, warranties and covenants of the Lessee contained in the Lease are true and correct as of the date thereof. Lender may then withdraw any balance remaining in the Project Fund (and not required to be retained to pay Project Costs incurred but not yet paid) and apply such amount as provided in subsection (d) of this Section.

(b) Upon the occurrence of an Event of Default, Lender may withdraw any balance remaining in the Project Fund and apply such amount as provided in subsection (d) of this Section.

(c) If (i) more than three years have elapsed from the Closing Date or (ii) at least six months have elapsed from the date of Lender's most recent receipt of a requisition for Project Costs, then Lender, upon 30 days' notice from Lender to the Lessee, may withdraw any balance remaining in the Project Fund and apply such amount as provided in subsection (d) of this Section.

(d) Lender may apply any amounts withdrawn from the Project Fund pursuant to this Section in the following order: (i) to the payment of any Additional Payments then due to Lender under this Agreement, (ii) to the payment of any interest accrued to the Project Fund disposition date that is then due and payable, (iii) to the payment of any principal amount then due and payable, (iv) to the prepayment of principal and accrued interest in accordance with the prepayment provisions of this Agreement, and (v) to the payment of future Base Payments in inverse order of maturity; provided, however, that in no event will Lender apply any funds in the manner set forth herein if it is advised in an opinion of bond counsel provided by the Lessee that such a use of funds could adversely affect the exclusion from gross income for federal income tax purposes of the interest component of Base Payments. Any prepayment pursuant to this Section shall not affect any other Lessee payment obligation hereunder. Lender shall notify the Lessee of any withdrawal from the Project Fund made under this Section, and in the notice shall describe its application of the funds so withdrawn.

ARTICLE VIII
MISCELLANEOUS

Section 8.01. <u>Notices</u>.

(a) Any communication required or permitted by this Agreement must be in writing.

(b) Any communication under this Agreement shall be sufficiently given and deemed given when delivered by hand, on the date shown on a certified mail receipt, or delivery receipt from a national commercial package delivery service or five days after being mailed by first-class mail, postage prepaid, if addressed as follows:

(i) If to the Lessee, to City of Martinsville, Virginia, P. O. Box 1112, Martinsville, Virginia 24112, Attention: City Manager; or

(ii) If to Lender, to Banc of America Public Capital Corp, 11333 McCormick Road, Hunt Valley II, M/C MD5-032-07-05, Hunt Valley, MD 21031 (Attn: Contract Administration).

(c) Any addressee may designate additional or different addresses for communications by notice given under this Section to each of the others.

Section 8.02. No Assignments by Lessee. The Lessee shall not sell or assign any interest in this Agreement.

Section 8.03. Assignments by Lender. Lender may, at any time and from time to time, assign all or any part of its interest in the Security Property or this Agreement, including, without limitation, Lender's rights to receive Required Payments. Any assignment made by Lender or any subsequent assignee shall not purport to convey any greater interest or rights than those held by Lender pursuant to this Agreement.

The Lessee agrees that this Agreement may become part of a pool of obligations at Lender's or its assignee's option. Lender or its assignees may assign or reassign all or any part of this Agreement, including the assignment or reassignment of any partial interest through the use of certificates evidencing participation interests in this Agreement. Notwithstanding the foregoing, no assignment or reassignment of Lender's interest in the Equipment or this Agreement shall be effective unless and until the Lessee shall receive a duplicate original counterpart of the document by which such assignment or reassignment is made disclosing the name and address of each such assignee.

The Lessee further agrees that Lender's interest in this Agreement may be assigned in whole or in part upon terms which provide in effect that the assignor or assignee will act as a collection and paying agent for any holders of certificates of participation in this Agreement, provided the Lessee receives a copy of such agency contract and such collection and paying agent covenants and agrees to maintain for the full remaining term of this Agreement a written record of each assignment and reassignment of such certificates of participation.

The Lessee agrees to execute any document reasonably required in connection with any assignment. Any assignor must provide notice of any assignment to the Lessee, and the Lessee shall keep a complete and accurate record of all assignments as required by the Code. After the giving of any such notice, the Lessee shall thereafter make all payments in accordance with the notice to the assignee named therein and shall, if so requested, acknowledge such assignment in writing, but such acknowledgment shall in no way be deemed necessary to make the assignment effective.

Section 8.04. Amendments. No term or provision of this Agreement may be amended, modified or waived without the prior written consent of the Lessee and Lender.

Section 8.05. Governing Law. The Lessee and Lender intend that State law shall govern this Agreement.

Section 8.06. Liability of Officers and Agents. No officer, agent or employee of the Lessee shall be subject to any personal liability or accountability by reason of the execution of this Agreement or any other documents related to the transactions contemplated by this Agreement. Such officers or agents shall be deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section shall not relieve an officer, agent or employee of the Lessee from the performance of any official duty provided by law.

Section 8.07. Severability. If any provision of this Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Agreement.

Section 8.08. Non-Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right shall not be a Business Day, such payment shall be made or act performed or right exercised on or before the next preceding Business Day.

Section 8.09. Entire Agreement. This Agreement constitutes the Lessee's entire agreement with respect to the general subject matter covered by this Agreement.

Section 8.10. Binding Effect. Subject to the specific provisions of this Agreement, and in particular, Section 8.03 hereof, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have duly signed, sealed and delivered this Agreement by duly authorized officers, all as of the date first above written.

(SEAL)

Attest:	**CITY OF MARTINSVILLE, VIRGINIA**
By: ________________________________ Name: Aretha R. Ferrell-Benavides Title: City Manager	By: ________________________________ Name: L.C. Jones Title: Mayor
	BANC OF AMERICA PUBLIC CAPITAL CORP
	By: ________________________________ Name: Title:

[Equipment Lease Purchase Agreement dated as of May 1, 2025, between the City of Martinsville, Virginia, and [_______________]]

EXHIBIT A -- PROJECT AND EQUIPMENT DESCRIPTION

EXHIBIT B -- PAYMENT SCHEDULE

EXHIBIT C – FORM OF CERTIFICATE OF COMPLETION

Banc of America Public Capital Corp
11333 McCormick Road
Hunt Valley II
M/C MD5-032-07-05
Hunt Valley, MD 21031
Attention: Contract Administration

Re: Equipment Lease Purchase Agreement dated as of May 1, 2025 (the "*Lease*"), by and between Banc of America Public Capital Corp, as Lender, and City of Martinsville, Virginia, as Lessee

Ladies and Gentlemen:

In accordance with Section 7.0 of the above-referenced Lease, the undersigned Lessee hereby certifies and represents to, and agrees with, Lender as follows:

1. All of the Equipment (as defined in the above-referenced Lease) has been acquired, installed and delivered by the Lessor.

2. There are no mechanic's or other liens against the Equipment for labor or materials furnished in connection with the acquisition of the Equipment.

3. No further funds will be requisitioned from the Project Fund to pay Project Costs.

4. Lessee hereby reaffirms that the representations, warranties and covenants contained in the Lease are true and correct as of the date hereof.

Capitalized terms used, but not defined, in this Certificate of Completion shall have the same meanings as when such terms are used in the Lease.

Date: _________________

LESSEE:

City of Martinsville, Virginia

By:
Name:
Title:

[To be executed by a Lessee Representative]

RESTRICTED ACCOUNT AGREEMENT

May 1, 2025

TO: Banc of America Public Capital Corp
11333 McCormick Road
Hunt Valley II, M/C MD5-032-07-05
Hunt Valley, Maryland 21031
Attn: Contract Administration

Ladies and Gentlemen:

The City of Martinsville, Virginia (the "***Lessee***") and Banc of America Public Capital Corp ("***Lender***") are entering into that certain Equipment Lease Purchase Agreement, dated as of even date herewith (the "***Lease***"). Pursuant to the Lease, Lender agrees, among other things, to fund certain sums for the purpose of financing the purchase of certain equipment by the Lessee. In order to induce Lender to enter into the Lease and fund the amounts contemplated under the Lease, and as a condition for Lender's entering into the Lease and funding such amounts, Lender has requested that Lessee execute this Restricted Account Agreement (this "***Agreement***").

With reference to the foregoing facts, the parties agree as follows:

1. The Lessee shall establish an account entitled the **"City of Martinsville, Virginia – Project Fund"** or by other similar designation (the "**Restricted Account**") to serve as the Project Fund pursuant to the Lease. The Lessee shall provide satisfactory evidence of the establishment of the Restricted Account to Lender, on or before the funding of the amounts contemplated under the Lease. Withdrawals and disbursements from the Restricted Account may be made only in accordance with paragraphs 3 and 4 of this Agreement and the Lease. Lessee shall bear all costs to administer the Restricted Account.

2. The Lessee shall place in the Restricted Account all amounts that Lender funds under the Lease. The Restricted Account shall be terminated at the earliest of (i) the final distribution of amounts in the Restricted Account, (ii) the date on which the Lessee executes a written certificate of completion, as contemplated by Section 7.02 of the Lease, or (iii) written notice given by Lender of the occurrence of an Event of Default under the Lease or termination of the Lease due to an Event of Non-Appropriation. Upon termination of the Restricted Account, any funds remaining in the Restricted Account shall be distributed by the Lessee to the Lender in order for the Lender to apply such funds to amounts owed by Lessee under the Lease in accordance with Section 7.02 of the Lease.

3. The Lessee may withdraw cash from the Restricted Account only (a) upon receipt by Lessee of approval by Lender to a disbursement request in the form of Exhibit A attached hereto ("Disbursement Request"), executed by the Lessee, in the amount specified in such Disbursement Request; or (b) as set forth in Section 2 above. No further consent or direction from Lessee is needed for disbursement.

4. The Lessee may invest sums held in the Restricted Account in investments in compliance with all laws and regulations applicable to the Lessee and to such investments. the Lender shall not be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys in the Account, and Lessee agrees to and does hereby release the Lender from any such liability, cost, expenses, loss, or claim of any kind, directly or indirectly arising out of or relating to the investment or reinvestment of all or any portion of the moneys in the Restricted Account, and the Lessee agrees to and does hereby release the Lender from any such liability, cost, expenses, loss, or claim. The Lessee shall maintain its records so as to reflect the security interest of Lender in and to such investments or portion thereof. All interest and proceeds on such investments will accrue to the Lessee's benefit, subject to the security interest granted herein by the Lessee to Lender.

5. The Lessee shall receive, hold, and disburse cash from the Restricted Account for the benefit of the Lender and the Lessee in accordance with the terms of this Agreement and the Lease. Within 30 days after the end of each calendar quarter, and on any other day that Lender shall request, the Lessee shall deliver to Lender a statement in reasonable detail showing, as of the date of the statement, (a) the amount of cash held in the Restricted Account; (b) the amount of interest earned on the amounts in the Restricted Account; (c) the investments made from the cash in the Restricted Account and the dividends, interest, and profits thereon; and (d) the payee of all amounts disbursed from the Restricted Account.

6. This Agreement and the security interest in the Collateral granted to Lender under this Agreement (see paragraph 7 below) secure the prompt payment and performance of the Lessee's payment obligations under the Lease and this Agreement (the "**Obligations**").

7. The Lessee pledges and grants to Lender a first priority and exclusive security interest in and to the Restricted Account, all sums contained in the Restricted Account, any investment of funds in the Restricted Account, and all products and proceeds from those investments (collectively, the "**Collateral**") as additional security for the Obligations. In addition to Lender's other rights and remedies under this Agreement, the Lease, and applicable law, and to the extent allowed by law, (a) the Lessee grants Lender all rights and remedies relating to the Collateral of a secured party under the Uniform Commercial Code as in effect on the date hereof in the Commonwealth of Virginia (the "**UCC**"); (b) the Lessee shall execute and deliver, concurrently with the execution and delivery of this Agreement, one or more UCC-1 Financing Statements reflecting Lender's security interest in the Collateral under this Agreement; and (c) no application of all or any part of the cash from the Restricted Account, pursuant to this Agreement or the Lease, will in any way release, satisfy, or discharge any of the unpaid balance of Obligations, except to the extent applied to the Obligations by Lender. This Agreement constitutes notice of Lender's security interest in the Collateral under the UCC. No delay or omission by Lender in exercising any of its rights or remedies waives or impairs any of Lender's rights or remedies under this Agreement or the Lease.

8. The Lessee shall cooperate with Lender and shall execute and deliver, or cause to be executed and delivered, all financing statements, payment notices and other documents and instruments. The Lessee shall take such other lawful action as Lender reasonably requests from

time to time to accomplish and satisfy the provisions and purposes of this Agreement.

9. All notices, requests, and demands to be made hereunder to the parties must be made in the manner set forth in, and must be directed to, the addresses set forth in, the Lease.

10. No change, waiver, release, discharge, withdrawal, revocation, or termination of this Agreement is effective and enforceable unless evidenced by written a document signed by the party against which enforcement of the change, waiver, discharge, withdrawal, revocation, or termination is sought, and then only to the extent specifically provided in that document.

11. This Agreement is governed by, and is to be construed in accordance with, the laws of the Commonwealth of Virginia.

12. The rights and remedies under this Agreement are limited to the extent necessary to avoid invalidation or to make this Agreement legal and enforceable. If any provision of this Agreement is invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remainder of this Agreement will not be affected, prejudiced, or disturbed by the partial invalidity, illegality, or unenforceability.

13. The Lessee shall not assign any right or duty with respect to the Restricted Account or this Agreement without Lender's prior written consent. Lender may assign its security interest granted in this Agreement to any assignee permitted under Section 8.03 of the Lease.

[Remainder of Page Intentionally Left Blank]

If the foregoing is acceptable, please execute below where indicated.

Very truly yours,

CITY OF MARTINSVILLE, VIRGINIA

By: ______________________________
Name:
Title:

AGREED AND ACCEPTED:

BANC OF AMERICA PUBLIC CAPITAL CORP

By: ______________________________

Title: Authorized Agent

EXHIBIT A
(to Restricted Account Agreement)

DISBURSEMENT REQUEST NO. _____

I, the undersigned, hereby certify that I am the duly qualified and acting officer of the City of Martinsville, Virginia (the "***Lessee***"). I hereby request a disbursement in the amount of $______________ with respect to the Equipment listed below, which is subject to the Equipment Lease Purchase Agreement, dated as of May 1, 2025 (the "***Lease***"), between the City of Martinsville, Virginia (the "***Lessee***") and Banc of America Public Capital Corp. Capitalized terms not defined herein shall have the meaning assigned to such terms in the Lease.

Disbursement Amounts:

Payee's Name and Address	Invoice Number	Dollar Amount	Purpose
<Payee's Name> <Payee Address 1> <Payee Address 2> <Payee Address 3> <Payee Bank Name*> <Payee Bank ABA/Routing*> <Payee Bank Account No*> <Payee Account Name*> <*Payee Address and Payee Bank information is required.>	<invoice list OR "see attached" with a spreadsheet>	< invoice amount>	<general description of equipment; ex "police cruiser">
<Payee's Name> <Payee Address 1> <Payee Address 2> <Payee Address 3> <Payee Bank Name*> <Payee Bank ABA/Routing*> <Payee Bank Account No*> <Payee Account Name*> <*Payee Address and Payee Bank information is required.>	<invoice list OR "see attached" with a spreadsheet>	<invoice amount>	<general description of equipment; ex "police cruiser">

The undersigned hereby certifies as follows:

1. The Lessee has incurred an obligation in the stated amount. That obligation is a proper charge against the Restricted Account for costs relating to the Equipment identified in the Lease, and has not been paid. Attached hereto is a copy of the original invoice with respect to this obligation.

2. The undersigned has no notice of any vendor's, mechanic's, or other liens or rights to liens, chattel mortgages, conditional sales contracts, or security interest that should be satisfied or discharged before the obligation is paid.

3. This requisition contains no item representing payment on account or any retained percentages that the Lessee is, at the date hereof, entitled to retain.

4. The Equipment is insured in accordance with the Lease.

5. The disbursement will occur during the Acquisition Period set forth in the Lease.

6. No Event of Default by the Lessee, and no event that with notice or lapse of time, or both, would become an Event of Default by the Lessee, has occurred and is continuing at the date hereof.

7. No material adverse change in the financial condition of the Lessee has occurred since the date of the Lease.

8. Lessee hereby reaffirms that the representations, warranties, and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

9. Lessee has verified and confirmed that the information in this Disbursement Request regarding each payee, including their respective name, address, and wiring instructions, (collectively, "Payee Information") is true and correct and the Lender can rely on Lessee's verification and confirmation of the accuracy of such Payee Information. Lessee hereby acknowledges and agrees that any call-back to verify the disbursement instructions pursuant to this Disbursement Request shall be made to Lessee only and Lender shall have no obligation to call-back any payee listed above.

Terms used in this Disbursement Request and not defined herein have the meanings given to those terms in the Lease.

Dated: ___________________

CITY OF MARTINSVILLE, VIRGINIA

By: ______________________________
Name: ________________________
Title: _________________________

Disbursement Authorized:
Banc of America Public Capital Corp

By:______________________________

Name:_____________________________

Title: Authorized Agent

Item: 8.e.

STAFF REPORT

To: City Council
From: Dan Howell, Fire Chief
Subject: Discuss and Consider Update to the Joint Dispatch Center By-Laws
Department/Office: Fire
Meeting Date: April 22, 2025

Summary:

The Director of the E911 Center recently updated the by-laws for the Joint Dispatch Center. The changes focused on updating the language and terminology from the previous version of the by-laws. No changes were made to the E911 Center's operations. The E911 board approved the new version of the by-laws on 4-10-2025. Per Article V of the by-laws, the governing boards of the City and County must also approve the changes. This agenda item requests the Council to review and approve the changes.

Policy Explanation:

Per Article V of the Joint Dispatch Center by-laws, the City Council must approve the recent updates to the by-laws before they can take effect.

Recommended Action:

1. City Council Approve the Changes to the Joint Dispatch Center by-laws
2. City Council Do Not Approve the Changes to the Joint Dispatch Center by-laws
3. Other Action as Determined Necessary by City Council

Fiscal Impact/Funding Source:

The by-laws do not impact the Joint Dispatch Center's funding. The cost share is addressed in a separate contract that is scheduled for review in Fiscal Year 2026.

Available Budget: No impact to budget.
Purchase Amount: No cost to update the by-laws.

Attachments:

1. 911 CENTER BY LAWS - Revised 2025March24_Dan Howell
2. Joint Dispatch Center By-Laws Update

JOINT DISPATCH CENTER BYLAWS

BYLAWS

OF THE

MARTINSVILLE-HENRY COUNTY JOINT DISPATCH CENTER

ARTICLE I.

CREATION

Section 1. Agreement By Agreement adopted by the Martinsville City Council on _________, and by the Henry County Board of Supervisors on June 27, 1988, the Joint Dispatch Center was created for the purpose of performing dispatch functions for the County and City law enforcement, fire, and rescue personnel under an Enhanced 911 emergency telephone system.

Section 2. Definitions As used in this document, the following terms shall have the following meanings:

A. "Agreement" means the Agreement adopted by the Henry County Board of Supervisors and the Martinsville City Council, which established the Joint Dispatch Center.

B. "Board" means the Board of Directors of the Joint Dispatch Center.

C. "Center" means the Martinsville-Henry County Joint Dispatch Center.

D. "Fiscal Year" means the one-year period beginning on July 1 and ending the following June 30.

E. "Governing Bodies" means the Henry County Board of Supervisors and the Martinsville City Council.

ARTICLE II.

BOARD OF DIRECTORS

Section 1. Membership The Joint Dispatch Center shall be governed by a Board of Directors composed of six members, three from each jurisdiction. The members specifically shall be the County Administrator, City Manager, County Sheriff, City Police Chief, County Director of Public Safety, and City Fire Chief. Members of the Board shall incur no individual or personal liability for actions taken in good faith by them as members of the Board.

Section 2. Responsibilities The Board shall be responsible for the following:

A. The faithful execution of the terms of the Agreement between the Governing Bodies for the establishment of the Center.

B. The establishment of operating procedures and policies for the Center.

C. The selection and supervision of the E911 Director.

D. Submission to the Governing Bodies of an annual operating Budget for the Center.

E. Submission of an Annual Report to the Governing Bodies on the activities of the Center.

F. Submission of an audit of the Center's financial records at the end of each fiscal year to the Governing Bodies.

ARTICLE III.

OFFICERS AND DUTIES

Section 1. Officers: The Officers of the Board shall consist of a Chairperson and a Vice-Chairperson. In addition, the Board shall appoint the E911 Director.

Section 2. Election and Term of Office: At an annual meeting held in July, the Board shall elect a Chairperson and a Vice-Chairperson for the succeeding fiscal year. The Chairperson and Vice-Chairperson shall serve for one-year terms and may be re-elected.

Section 3. Chairperson: The duties of the Chairperson shall be to preside at all meetings, maintain the orderly conduct thereof, and rule on all parliamentary matters. They shall act as the official spokesperson for the Board and sign all documents authorized by the Board. They shall have an official vote in all deliberations of the Board.

Section 4. Vice-Chairperson: The Vice-Chairperson shall act in the place of the Chairperson in their absence or at their request. In the event of the death or resignation of the Chairperson, the Vice-Chairperson shall serve in that position until a successor is elected by the Board.

Section 5. E911 Director: The Board of Directors shall employ a full-time E911 Director, who shall serve at the pleasure of the Board. The E911 Director shall not have a vote on any matter before the Board. They shall be responsible for the following:

A. To perform all administrative functions necessary to carry out the policies of the Board.

B. To hire and supervise the center's staff in general accordance with the County Personnel Policies and/or other policies that may be prescribed by the Board of Directors.

C. To act as Secretary to the Board to prepare agendas and minutes of all Board meetings and maintain all official records of the Center.

D. To maintain liaison with the emergency services providers in the City and County, including volunteer fire and rescue associations, and with appropriate state and federal officials.

E. To represent the Center at all appropriate meetings and functions.

F. To maintain liaison with the news media on Center activities.

G. To carry out financial management of the Center’s accounts, including preparation of an annual operating budget for submission to the Board and inclusion of the Center’s accounts in the annual County audit.

H. To prepare an annual report for submission to the Board.

I. To carry out other duties assigned by the Board.

ARTICLE IV.

MEETINGS

Section 1. Frequency. The Board of Directors shall meet as often as necessary and no less frequently than once per quarter. Meetings other than regular quarterly meetings may be called by the Chairperson or any two Board members.

Section 2. Quorum. A quorum shall consist of at least four members present.

Section 3. Rules of Procedure. All meetings of the Board shall be conducted according to the most recent edition of Robert's Rules of Order.

ARTICLE V.

AMENDMENT OF BYLAWS

Section 1. Procedure. Except as otherwise required by law, these bylaws may be amended, in whole or in part, at any meeting of the Board of Directors, provided that notice of any proposed amendment is provided to each member by certified mail at least two weeks in advance. Martinsville City Council and Henry County Board of Supervisors shall also approve all such amendments.

Section 2. Waiver of Notice Requirement. The notice requirement provided in Section 1 of this Article may be waived by unanimous written consent of all members of the Board of Directors.

Section 3. Primacy of the Agreement. In the event of any conflict between the Agreement and these bylaws, the Agreement shall prevail.

Joint Dispatch Center

By-Laws Update

Martinsville
A CITY WITHOUT LIMITS

Joint Dispatch Center Bylaws

- The bylaws govern the Joint Dispatch Center used by Martinsville and Henry County.
- The bylaws create a governing board that consists of the following:
  - County Administrator
  - City Manager
  - County Sheriff
  - City Police Chief
  - County Director of Public Safety
  - City Fire Chief
- The board provides oversight for the Joint Dispatch Center and selects and supervises the E911 Director.
- The E911 Director is responsible for the operation of the Joint Dispatch Center.
- E911 Board officers include the following:
  - Chairperson
  - Vice-Chairperson
- The E911 Board meets quarterly
- Any changes to the bylaws must first be approved by the E911 Board and then the political leadership for both the City and the County.

City of Martinsville

Joint Dispatch Center Bylaws

- The bylaws were last updated in 1988.
- There were no significant changes made to the bylaws.
- The changes made focused on updating terms and language within the bylaws.
- The bylaws do not specify the cost share between the City and County for the Joint Dispatch Center.
- The current cost share is 69% County and 31% City
- The cost share is based on a formula and separate contract.
- The E911 Director has requested the board to review the cost share during Fiscal Year 2026 and update it to more accurately reflect the current situation.
- This contract will also have to be approved by the City Council and the Board of Supervisors.

Conclusion

- The E911 Board is requesting the City Council to review and approve the changes to the Joint Dispatch Center Bylaws.
- The cost share contract will be reviewed at a later date.

- Questions?

City of Martinsville

Item: 8.f.

STAFF REPORT

To: City Council
From: Rob Fincher, Chief of Police
Subject: Discuss and Consider Approval of the receipt and expense for the awarded Operation Ceasefire Grant. This is a revision to the revenue and expense budget for the General fund.
Department/Office: Police
Meeting Date: April 22, 2025

Summary:
The Virginia Attorney General's Office provided Martinsville with one-time non-grant money to expand our gunshot detection system. The money was specific to the items to be purchased, and the city was given the funds before billing the items. This briefing aims to ensure that the council is informed of the actions and to request approval by consent for record-keeping purposes. Although no city funds were used, we are asking for the process to be noted as a budget appropriation for funds received and spent.

Policy Explanation:
This is to ensure that the council is informed of all matters reflected in the city's financial records.

Recommended Action:
1. City Council Approve the receipt and expense for the awarded Operation Ceasefire Grant.
2. City Council Do Not Approve
3. Other Action as Directed by Council

Fiscal Impact/Funding Source:
None.

Available Budget: $0
Purchase Amount: $130,000

Attachments:
1. Funds Received from the Virginia AG_Rob Fincher
2. Raven expansion from AG_Rob Fincher

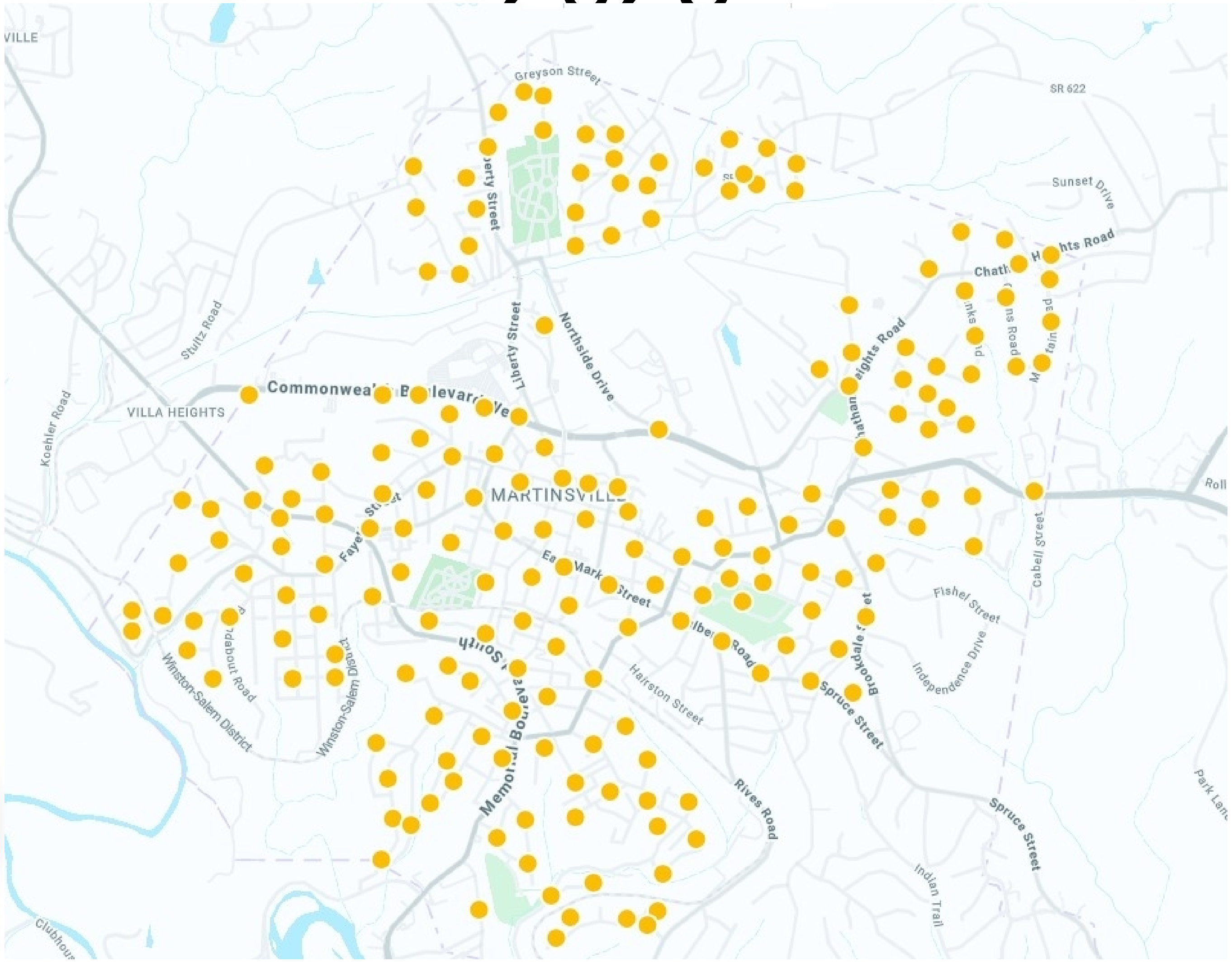
Funds Received from the Virginia Office of the Attorney General

Expansion of the Raven Gunshot Detection System

Funds from the VAOOAG

- The Virginia Attorney General's Office provided Martinsville with one-time non-grant money to expand our gunshot detection system. The money was specific to the items purchased, and the city was given the funds before billing the items. This briefing aims to ensure that the council is informed of the actions and to request approval by consent for record-keeping purposes. Although no city funds were used, we are asking for the process to be noted as a budget appropriation for funds received and spent.

Progress of the system as of April 16, 2025



MEMORANDUM OF UNDERSTANDING

COMMONWEALTH OF VIRGINIA, OFFICE OF THE ATTORNEY GENERAL AND CITY OF MARTINSVILLE

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made the 12th Day of December by and between the COMMONWEALTH OF VIRGINIA, OFFICE OF THE ATTORNEY GENERAL ("Commonwealth" or "OAG") and the CITY OF MARTINSVILLE ("City").

1. PURPOSE: This MOU sets out the terms of an understanding between the OAG and City for the use of funds to support law enforcement and Ceasefire Virginia initiatives.

2. TIME FRAME: These funds shall be spent prior to March 31, 2025.

3. BACKGROUND: On December 15, 2022, the OAG was awarded $2.6 million in Operation Ceasefire Grant funding (award number 2023-OCGP-GRANT) through the Virginia General Assembly and the Department of Criminal Justice Services (DCJS) to address violent crime across the Commonwealth of Virginia. The OAG has designated a portion of these funds for police departments to support the implementation of technology and strategies that will result in reduced violent crime in local communities disproportionally affected by violent crime.

4. TERMS AND CONDITIONS:

   a. Upon receipt of this signed memorandum of agreement, the OAG will award the City $130,000.05 for use by the Martinsville Police Department to purchase Flock Safety equipment.

   b. The City will use the funds for the police department to reduce violent crime. Funds may be used for Flock Safety equipment as part of the technology needed to support Ceasefire Virginia's real time crime centers.

   c. Upon receipt of this fully executed MOU, the City shall begin spending funds in accordance with the approved quote of $130,000.05. The City agrees that no substitutions or modifications shall be made. Funds may be distributed in a lump sum payment or on a reimbursement basis to be determined by mutual agreement of the City, Chief, and OAG.

   d. The OAG will reimburse City within 30 days of receipt of a proper invoice. Invoices for the technology shall be submitted by the City and shall identify the specific items being paid for. Where applicable, copies of receipts, for goods and/or services shall be attached to the invoice.

   e. All items must be invoiced prior to February 28, 2025. Funds not spent by March 31, 2025, will be forfeited. Violation of the terms or conditions may result in the termination of current and future funds.

5. SUPPLANTING: The City agrees that funds made available under this transfer will not be used to supplant state or local funds but will be used to increase the amounts of such funds that would be, in the absence of these funds, made available for violent crime prevention activities. These funds must be used to supplement existing funds and must not replace funds that have been appropriated for the same purpose.

6. RECORDKEEPING AND AUDITS: The City will maintain complete records concerning all expenditures and all payments made by the Martinsville Police Department. The City shall retain all books, records, and other documents relative to expenditures permitted by this MOU for three (3) years, or until audited by the Commonwealth of Virginia, whichever is sooner. The OAG, its authorized agents, and/or state auditors, may require access to and the right to examine any of said materials during said period. The City will cooperate in any audit of the funds by the DCJS or the OAG.

7. PREVAILING LAW: This MOU shall be construed, interpreted and enforced according to the laws of the Commonwealth of Virginia.

8. MODIFICATIONS: Any amendments to or modifications of this MOU must in writing and signed by the parties.

Witness the following signatures:

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE ATTORNEY GENERAL

____________________ ____________________

Name: Steven Popps Date
Title: Chief Deputy Attorney General

CITY OF MARTINSVILLE

Aretha Ferrell-Benavides 1/28/2025

Name: Aretha Ferrell-Benavides Date
Title: City Manager

Amended

Martinsville
A CITY WITHOUT LIMITS
Martinsville Police Department
P.O. Box 1101
Martinsville, VA 24114

INVOICE

Invoice ID : 56126

INVOICE TO:

Office of the Attorney General

804-692-0484

Mark Fero
Director of Crime Reduction
mfero@oag.state.va.us

PRODUCT	PRICE	QTY	TOTAL
Enhanced LPR Upgrade	$7,500.00	1	$ 7,500.00
Flock Safety Condor Fixed Camera w/LTE Service	$ 1,916.67	15	$ 28,750.05
FlockOS 911	$ 20,000.00	1	$ 20,000.00
Condor Professional Services - Standard Implementation Fee	$ 750.00	5	$ 3,750.00
Flock Safety Raven - 1mi	$ 35,000.00	2	$ 70,000.00

SUB-TOTAL	**$130,000.05**
TOTAL	**$ 130,000.05**

PAYMENT METHOD

Make Checks Payable to: Martinsville Police Department
P.O. Box 1101
Martinsville, VA 24114

flock safety

INVOICE

Flock Group Inc dba Flock Safety
www.flocksafety.com

Invoice Number INV-56126
Invoice Date: 1/10/2025
Due Date: 2/9/2025
Payment Terms: Net 30
PO#:

Bill To: VA - Martinsville PD

Martinsville, Virginia, 24112

Ship To: VA - Martinsville PD
55 W Church St #6209, Martinsville, Va 24112, Usa
Martinsville, Virginia 24112

Billing Company Name: VA - Martinsville PD
Billing Contact Name: Robert Fincher
Billing Email Address: rfincher@ci.martinsville.va.us

Payment Terms: Net 30
Contracted Billing Structure: Annual - First Year at Signing

Notes: VA - Martinsville PD - Phase 5 - Project Ceasefire Grant: Year 1 of 12 Month Term

ITEMS	QTY	UNIT PRICE	SALES TAX	TOTAL
Enhanced LPR Upgrade	1	$7,500.00	$0.00	$7,500.00
Flock Safety Condor ™ Fixed Camera w/ LTE Service	15	$1,916.67	$0.00	$28,750.05
FlockOS ™ 911	1	$20,000.00	$0.00	$20,000.00
Condor Professional Services - Standard Implementation Fee	5	$750.00	$0.00	$3,750.00
Flock Safety Raven ® - 1mi	2	$35,000.00	$0.00	$70,000.00

Unless otherwise noted on the Order Form, the Term shall commence upon first installation and validation of Flock Hardware.
Link to Location of Services: https://planner.flocksafety.com/public/47c111ed-169a-407c-90f8-516046bccaa0

Subtotal:	**$130,000.05**
Sales Tax:	**$0.00**
Credit:	**$0.00**
Payments:	**$0.00**
Balance Due:	**$130,000.05**

If you have questions about your invoice or need to update your billing contact information, please email billing@flocksafety.com or call 866-901-1781, option 3.

037401

Commonwealth of Virginia
EDI Remittance Detail

Total Amount $ 130,000.05 Deposit Date: 03/18/2025 Trace_Number 82610161

Agy No	Amount	CDS Offset Amount	TOP Offset Amount	Invoice Number	Invoice Date	Customer Number	Voucher Number	Description
141	130,000.05	-	-	56126	02/04/2025	PO04947205/B-64	00012424	Ceasefire Grant
Total:	**130,000.05**							