

The SPECIAL meeting of the Town Council of the Town of Front Royal, Virginia was held on Monday, December 1, 2008, in the Town Hall Third Floor Conference Room, commencing at 5:00 p.m.

**PRESENT:** Mayor Eugene R. Tewart  
Vice Mayor Bret W. Hrbek  
Councilman Thomas H. Sayre  
Councilman Carson C. Lauder, Jr.  
Councilman Thomas E. Conkey  
Councilman Chris W. Holloway  
Councilman N. Shae Parker  
Town Manager J. Michael Graham  
Town Attorney Thomas R. Robinett  
Clerk of Council Jennifer E. Berry

(The above listed members represent the full body of Council as authorized in the Town Charter.)

*Vice Mayor Hrbek moved that Council add the request from Boy Scout Troop 52 to the agenda.*

Vote: Yes – Conkey, Holloway, Hrbek, Lauder, Parker and Sayre  
No – N/A  
Abstain – N/A  
Absent – N/A  
(Mayor Tewart did not vote as there was no tie to require his vote)

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**COUNCIL APPROVAL – Proposed Power Sales Contracts between the Town of Front Royal and American Municipal Power-Ohio, Inc. (2<sup>nd</sup> Reading)**

*Vice Mayor Hrbek moved that Council adopt on its second reading a Resolution authorizing the Town Manager to sign a power sales contract between the Town of Front Royal and American Municipal Power-Ohio, Inc. and certain other localities.*

Councilman Conkey stated that he was delighted that the Town Manager and Staff were continuing their work towards the green energy technology, and expanding the Town’s energy portfolio. He noted that the contract would be a great benefit to the citizenry.

Councilman Sayre commented that the plants would continue to save the tax payers money and thanked the Town Staff for their hard work on bringing the project to fruition.

Vote: Yes – Conkey, Holloway, Hrbek, Lauder, Parker and Sayre  
No – N/A  
Abstain – N/A  
Absent – N/A  
(Mayor Tewart did not vote as there was no tie to require his vote)  
(By Roll Call)

**RESOLUTION – AMP Ohio Power Sales Contract – Hydroelectric Project**

**To Approve the Form and Authorize the Execution of a  
Power Sales Contract with American Municipal Power-Ohio, Inc.,  
and Taking other Actions in Connection Therewith  
Regarding Hydroelectric Project Participation**

**WHEREAS**, the Town of Front Royal, Virginia (“hereinafter Municipality”) owns and operates an electric utility system for the sale of electric power and associated energy for the benefit of its citizens and taxpayers; and

**WHEREAS**, in order to satisfy the electric power and energy requirements of its electric utility system, Municipality has heretofore purchased, or desires to do so in the future, economical and reliable power and energy from, or arranged by, American Municipal Power – Ohio, Inc. (hereinafter “AMP-Ohio”), of which Municipality is a Member; and

**WHEREAS**, Municipality, acting individually and, along with other municipalities which own and operate electric utility systems, jointly, endeavors to arrange for reliable, reasonably priced supplies of electric power and energy for ultimate delivery to its customers; and

**WHEREAS**, it is efficient and economical to act jointly in such regard; and

**WHEREAS**, AMP-Ohio is an Ohio nonprofit corporation, organized to own and operate facilities, or to provide otherwise, for the generation, transmission or distribution of electric power and energy, or any combination thereof, and to furnish technical services on a cooperative, nonprofit basis, for the mutual benefit of its Members, such Members, including Municipality, being political subdivisions that operate municipal electric utility systems in Kentucky, Ohio, Michigan, Pennsylvania, Virginia and West Virginia; and

**WHEREAS**, certain of the Members, including the Municipality (“Participants”), have determined they require additional, very long-term sources of reliable, environmentally sound and reasonably priced base load electric power and energy and have requested that AMP-Ohio arrange for the same, and have supported the effort to plan and license three (3) hydroelectric generation projects at existing locks and dams on the Ohio River, namely the Cannelton Hydroelectric Project, the Smithland Hydroelectric Project and the Willow Island Hydroelectric Project, collectively AMP Hydroelectric System (hereinafter “AMP Hydro System”) and now have the right, but not the obligation to execute the Power Sales Contract authorized below (hereinafter “PSC”) to authorize AMP-Ohio to finance, construct and operate the AMP Hydro System, including potential additional hydroelectric projects as set forth in the PSC; and

**WHEREAS**, prior to the adoption of this Resolution, AMP-Ohio has (i) kept the Municipality informed regarding the developmental process and efforts undertaken by AMP-Ohio; (ii) provided the Municipality with a study

prepared by R.W. Beck that demonstrates that the Municipality, as a Participant, can beneficially utilize the share of power and energy available from the AMP Hydro System authorized below, as well as a Project Feasibility Report prepared by J.S. Sawvel & Associates; and, (iii) afforded representatives of the Municipality the opportunity to ask such questions, review such data and reports, conduct such inspections and otherwise perform such investigations with respect to planning and proposed engineering, acquisition, construction and operation of the AMP Hydro System and the terms and conditions of the PCS authorized below as the Municipality deems necessary or appropriate in connection herewith; and

**WHEREAS**, the Council of the Municipality has held a public hearing with respect to the PSC prior to its consideration of this Resolution, notice of such public hearing having been published in a newspaper of general circulation in the Municipality on November 8, 2008 and November 15, 2008; and

**WHEREAS**, after consideration of the potential risks and benefits of the AMP Hydro System project and the PSC authorized below, the Municipality has determined it is reasonable and in its best interests to proceed as authorized herein which will request and authorize AMP-Ohio, in conjunction with similar authorizations by other AMP-Ohio Members, as Participants, to finance, construct and operate, and own up to a one hundred percent (100%) ownership interest in the AMP Hydro System on behalf of the Municipality and the other Participants in accordance with the PCS authorized below.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF FRONT ROYAL, VIRGINIA:**

SECTION 1. That the Power Sales Contract (hereinafter "PSC") between Municipality and AMP-Ohio, substantially in the form on file with the Clerk of Council including Appendices thereto is approved, and the Town Manager of Municipality is hereby authorized to execute and deliver such Power Sales Contract, with such changes as the Town Manager may approve as neither inconsistent with this Resolution nor materially detrimental to the Municipality, his or her execution of the PSC to be conclusive evidence of such approval.

SECTION 2. That the Town Manager is hereby authorized to acquire on behalf of the Municipality, as a Participant, as defined in the PSC, Power Sales Contract Resources (hereinafter "PSCR Share"), as defined in the PSC, from AMP-Ohio and to execute and deliver any and all documents necessary to become a Participant in the AMP Hydro System project pursuant to the conditions set forth herein and in the PSC and to carry out its obligations thereunder.

SECTION 3. That it is further acknowledged and understood that because the Participants will finalize the precise Power Sales Contract Resource ("PSCR") Share to be acquired by each Participant electing to enter into the PSC after all such Participants execute and deliver the PSC, the Town Manager in connection with the execution and delivery of the PSC, is

authorized and directed to determine and acquire Municipality’s PSCR Share, of up to a nominal amount of 3,900 kilowatts, after consultation with AMP-Ohio and the other Participants regarding the PSCR Share available pursuant to said PSC, such PSCR Share to be set forth in Appendix A of the PSC, such determination as to such PSCR Share being conclusively evidenced by the adoption of Appendix A to the PSC, as authorized therein and subject to a maximum increase of 25% in the event one or more Participants default under the PSC. The Municipality’s annual cost for 3,900 kilowatts is estimated to range from \$1,567,000 in 2013 to \$1,644,000 in 2032.

SECTION 4. That the Town Manager of this Municipality, as a part of such officer’s official duties, is hereby appointed as Municipality’s representative for any meetings or determinations of the Participants or the Participants Committee pursuant to the PSC and is authorized and directed, acting for, in the name of and on behalf of this Municipality, to vote Municipality’s PSCR Share with regard to any determinations regarding the AMP Hydro System project as set forth in the PSC.

SECTION 5. That the Town Manager may appoint, in writing from time to time as necessary, another representative of the Municipality as his or her alternate to carry out the duties set forth in Section 4 hereof.

SECTION 6. That it is found and determined that the execution and delivery by the Municipality of, and its performance under, the PSC are in accordance with the applicable provisions of the Code of Virginia and the Town Charter, that all formal actions of this Council concerning and relating to the passage of this Resolution were taken in an open meeting of this Council and that all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

SECTION 7. If any section, subsection, paragraph, clause or provision or any part thereof of this Resolution shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Resolution shall be unaffected by such adjudication and all the remaining provisions of this Resolution shall remain in full force and effect as though such section, subsection, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not, to the extent of such invalidity, been included herein.

SECTION 8. That this Resolution shall take effect immediately.

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**COUNCIL APPROVAL – Waiver of Christmas Tree Vendor Fee – Boy Scout Troop 52**

*Vice Mayor Hrbek moved that Council approve the waiver of a vendor fee associated with the selling of Christmas trees to Boy Scout Troop 52 as permitted by Front Royal Town Code Section 98-61(A)(5)(b).*

Vote: Yes – Conkey, Holloway, Hrbek, Lauder, Parker and Sayre

No – N/A  
Abstain – N/A  
Absent – N/A  
(Mayor Tewalt did not vote as there was no tie to require his vote)

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There being no further business, the Mayor declared the meeting adjourned at 8:05 p.m.

APPROVED:

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Jennifer E. Berry  
Clerk of Council