



City Manager:
Laszlo A. Palko

City Clerk:
Lana A. Conner

City Attorney:
Dean Crowhurst

CITY OF MANASSAS PARK

City Hall • One Park Center Court • Manassas Park, Virginia 20111-2395
(703) 335-8800 • Fax (703) 335-0053
www.cityofmanassaspark.us

Mayor:
Jeanette Rishell

Vice Mayor:
Preston Banks

Council Members:
Miriam Machado
Donald Shuemaker
Hector Cendejas
Alanna Mensing
Haseeb Javed

MANASSAS PARK GOVERNING BODY Agenda for October 15, 2019, 7:00PM

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CITY OF MANASSAS PARK - STAFF REPORT/RECOMMENDATION

REQUESTING DEPARTMENT: *City Clerk*

AGENDA ITEM 6a

MEETING DATE: *October 15, 2019*

SUBJECT/TOPIC: **Approval of Minutes** September 10, 2019, and
September 17, 2019. Approval as presented or noted corrections.

CITY MANAGER APPROVAL: Required: _____ Not Required: <u> x </u> _____	_____ <i>Laszlo A. Palko, City Manager</i>
CITY ATTORNEY APPROVAL: Required: _____ Not Required: <u> x </u> _____	_____ <i>Dean H. Crowhurst</i>

ATTACHMENTS:

1. *September 10, 2019 Minutes*
2. *September 17, 2019 Minutes*

OFFICIAL MINUTES OF THE REGULAR MEETING OF THE MANASSAS PARK GOVERNING BODY HELD ON TUESDAY, SEPTEMBER 10, 2019 AT 7:00PM AT MANASSAS PARK CITY HALL, ONE PARK CENTER COURT, MANASSAS PARK, VIRGINIA

Roll Call

Present

Jeanette Rishell, Mayor
Preston Banks, Vice Mayor
Hector Cendejas
Donald Shuemaker
Miriam Machado
Alanna Mensing
Haseeb Javed

Absent

None

Staff

Keith Nguyen, Acting City Clerk
Laszlo A. Palko, City Manager
Dean Crowhurst, City Attorney

1. Approval of Agenda:

Mayor Rishell struck Item 8c from the Agenda stating that a vote is not taken on the same day that an item is introduced unless there is an immediate need that is clear and obvious.

MOTION: Councilmember Mensing moved to approve the amended Agenda.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

2. Moment of Silence/Pledge of Allegiance:

Mayor Rishell acknowledged two visiting Boy Scouts from All Saints Catholic Church, Troop 1188, Messrs. Chip and Garrett Mayer.

Mr. Chip Mayer led the Pledge.

3. Public Comment Time:

Mr. Dick Fischer requested time to read a statement to the Governing Body regarding his input and representing as a public citizen and not in a public official capacity. His statement reads as follows:

“In a recent memo the City Manager requested that inputs for suggested land utilization should go to you. I have walked the land that was the golf course and as I understand it the old cart house will become the office for the General Registrar - at least temporarily. I spent 20 years in the real estate industry and see that bit of land as an ideal setting for luxury homes on 1 acre lots. This would put little stress on the surrounding homeowners (once construction is completed) and would not add to the traffic on Manassas Drive significantly. Any grand plans for high rise apartments or for commercial usage would likely raise the ire of effected surrounding neighborhoods and could burden our schools with an abundance of new students.”

Mayor Rishell thanked Mr. Fischer for his time and effort to provide a public comment on behalf of his personal concerns.

No other public comments.

4. Public Hearing: Declaration of Public Surplus

City Manager explained that this is to declare certain City-owned real property located at 259 Cabbel Drive and legally described as Lot 727, Section 3, MANASSAS PARK, to be surplus property and to offer such real property for sale to the public.

With the acquisition of bringing Blooms Park into the city limits existing facilities on that site were received by the City. There is potential to convert these sites for City office use. This particular house is too small to be of use for this purpose.

Councilmember Shuemaker questioned if there might be an opportunity to sell it to a City employee. The City Manager explained that the house would be sold “as is” by a real estate firm and it is anticipated to use the profit from the sale for future plans for development at Blooms Park. If sold to an employee costly upgrades would be required.

City Manager was asked to present the slides he had prepared for Item 9b. *Discussion of Municipal Offices at Blooms Park.*

The presentation outlined a prospective plan for a golf cart storage barn of approximately 4,000 square feet to be converted to a much needed Registrar’s space. A second option included a dual use area that would serve during the election process and as a Government Board meeting room.

Vice Mayor Banks mentioned that since this plan is contingent on the sale of the house on Cabbel Drive, and the immediate need for preparations for the upcoming primaries and presidential election next year, he recommended the option to simply make this a space for the Registrar and not building out a dual use room. His concern is regarding the timeliness of the sale of the house, the build out of the office, and the move of the Registrar’s current location to the new office, being done in time for the elections. City Manager said that the office would need to be ready, at the latest, by June or July.

Councilmember Shuemaker expressed concern regarding the safety of those who would be working in the office since it is in a remote location. City Manager will ask the Registrar if they feel the need for an extra measure of security and discuss with the Police Chief.

Councilmember Mensing asked if we would be restricted by the passive park use mandated on that land. City Attorney assured that this is not a part of that acquisition.

No other comments were brought forth regarding the Public Hearing.

MOTION: Councilmember Shuemaker moved to close Public Hearing.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

Mayor noted that the vote on this Public Hearing will occur at the next meeting of the Governing Body schedule for Tuesday, September 17, 2019.

Informational Items: None

Recognitions: None

5. Presentations: None

6. Consent Agenda:

6a Minutes Approval: June 25, 2019 and July 16, 2019

MOTION: Councilmember Mensing moved to approve Consent Agenda containing minutes from June 25 and July 16, 2019.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

7. Unfinished Business: None

8. New Business

8a.PW – Replacement of Vehicle – Public Works 143

STAFF RECOMMENDATION: That the Governing Body approve the purchase of the replacement for PW 143 from *Colonial Ford Truck Sales* with accessories from *Equipment Specialists Inc.* for a total not to exceed \$76,926.15.

Allan Rowley, Director of Public Works, presented that the vehicle which will be replaced is a Ford 450 pickup, which was removed from service on August 15, 2019 for safety reasons. This will be a Virginia Beach rider contract with Colonial Ford as the purchasing authority for the cab and chassis, for a price of \$48,749.65. Quotes for accessories for the vehicle, hoist system, bumper, fenders, flatbed, 11 foot drop box, removable chipper and snowplow, were obtained from Equipment Specialists Manassas for a total of \$28, 177.50. Note that this is the same firm that services our snow plow and their availability is 24x7. The unusual number of accessories accounts for three separate beds that increase the flexibility of the vehicle.

Total cost is \$76,926.15 which will be accounted for evenly between the street’s fleet replacement fund and water/sewer, fleet replacement fund.

Total replacement costs are as cited below:

PW 143	2020 Ford F550	\$48,749.65
PW 143	accessories	<u>\$28,176.50</u>
Total		\$76,926.15

FINANCIAL IMPACT:	Budgeted:	YES	X	NO
	Amount Budgeted:	\$79,217.00 – Streets Fleet Replacement \$79,217.00 – Water/Sewer Fleet Replacement		
	Amount Spent: (by existing POs)	\$61,717.16		
	Amount Requested:	\$76,926.15		
	Budget Line Item:	302-94100-0255 – Streets Fleet Replacement - \$38,463.07 501-94100-0160 – Water/Sewer Fleet Replacement - \$38,463.08		

Vice Mayor Banks asked why the purchase was for a 2020 instead of 2019 which might be cheaper. The answer was that it was due a deadline under state contract for preparing the quotes in time for the meeting.

Councilmember Shuemaker requested clarification on why the request is for a F550 to replace an F450. Director of Public Works answered that it was because the F450 is not compatible for the bed accessory systems. The accessory package will make the truck a multi-use vehicle. City Manager pointed out that the Agenda Packet contained a typo on page 24, line 22, where the prices were listed, it should say 2020 Ford F550, not F450.

Councilmember Shuemaker pointed out that we are spending a lot of money across the department on vehicles (fire department, police department, public works, etc.) in a short amount of time. The Mayor responded that it is known that the City did not have a long standing fleet replacement schedule. Councilmember Shuemaker requested that attempts should be made to obtain the lowest price possible in order to benefit tax payers. Mayor Rishell responded that this is understood by the Governing Body and by staff and that this represents that vision. Dean Crowhurst, City Attorney explained that this was done under a rider with the Virginia Beach contract, which gives the City an advantage and a better rate.

Councilmember Machado pointed out in her commute from Manassas Park to Arlington during snow events the roads in Manassas Park are always clearer than those in Arlington so she feels this need is substantiated to replace the broken truck.

MOTION: Councilmember Machado moved to approve the purchase of the replacement for PW 143 from *Colonial Ford Truck Sales* with accessories from *Equipment Specialists Inc.* for a total not to exceed \$76,926.15, and authorize City Manager to sign the necessary contract documents, subject to final review by City Attorney.

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

8b. Resolution 19-1000-2059: Amending March 3rd Governing Body Meeting Date

STAFF RECOMMENDATION: That the Governing Body adopt the following resolution amending the FY 2020 Governing Body's regular meeting schedule to change the March 3rd, 2020 meeting date to March 4th, 2020.

WHEREAS, pursuant to Section 2-23 of the Code of the City of Manassas Park, Virginia (the "City Code"), the Governing Body adopted its regular meeting schedule for Fiscal Year 2020 at its annual meeting held on July, 16, 2019; and

WHEREAS, pursuant to Section 2-25 of the City Code, all Governing Body meetings are held in the Governing Body chambers at City Hall (the "Chambers") unless otherwise provided in a resolution adopted by the Governing Body; and

WHEREAS, the 2020 Democratic Presidential Primary will be held on March 3, 2020, which is one of the Governing Body's scheduled meeting dates, and

WHEREAS, because the Chambers are a designated polling place for all elections, the March 3, 2020 Governing Body meeting must be moved to another date or to another location,

NOW, THEREFORE, BE IT RESOLVED that the Governing Body hereby moves its regularly meeting scheduled for March 3, 2020 to March 4, 2020.

MOTION: Councilmember Shuemaker moved to approve the resolution.

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

~~**8c. CM – Declaration of Public Surplus**~~ (Previously struck from Agenda)

8d. CM – Draft of Fiscal Policy Discussion

Before going into this item City Manager revealed that it he has just been announced that the City's credit ratings from S&P and Moody's have been reinstated to the previous credit scores before they were removed. The S&P rating is AA- (which is high grade) and Moody's is A1 (which is medium grade). Mayor Rishell expressed congratulations and appreciation to staff who worked so hard to re-establish this rating.

City Manager went on to say that a big part of this success was explaining to auditors the work being done to draft of a Fiscal Policy document which is before us today. This document contains three key factors; 1) what is being done for reserves, 2) how debt is managed and 3) what is the budget strategy, and is a summary of what we have been doing so far and how we will plan to proceed in the future. It is being presented for your input, edits, and to make sure we have captured your vision going forward. When we have a good document that will guide us in our fiscal policy then I would like to make an amendment to City Code to require the City Manager to prepare a copy of this every year to present to the Governing Body along with the budget, as a reminder that we do have a Fiscal Policy. This does not dictate anything, the document itself is not City Code, but rather a guide to ensure there is a plan and to the extent possible the plan is followed. The vote for this amendment is not being requested at this meeting.

Mayor Rishell suggested that where the sentence reads, "The city manager is required to present annual budget that fully funds or builds toward the rainy day fund" be changed to read "strives to build toward the rainy day fund", as some circumstances may arise that will prevent even the building toward of that fund..

Councilmember Shuemaker expressed concern regarding the level of reserve that is contained in the document. Mayor Rishell noted that it is not unusual to have reserve funds to protect the entity during hard times and the City Manager pointed out that this level is consistent with the regional averages. Councilmember Shuemaker clarified that he is not adverse to reserves but may be adverse to the level of reserves, when there are other needs for the City and the property owners' taxes continue to be at a high rate.

Vice Mayor Banks noted that in dealing with operating cash fund in the paragraph on page 69, since we mention 6-month cycle, we should also list the time periods that we receive revenues during the year.

Vice Mayor Banks brought forth the need for a public expenditure policy statement that contains principals to be included in the document, which would also include our philosophical approach to spending. City Manager agreed that additional explanation could be made at the bottom of page 73 under Other Budget Practices.

Councilmember Shuemaker asked if adopting this document would also require the school to follow this approach. City Manager said that he saw this document as guiding City Staff and not School Staff as that would be at the discretion of the School Board, but that they could always look to this document as an example of best practices.

Councilmember Machado in referencing the statement made in the second paragraph, questioned the percentage of funds in reserves currently. City Manager pointed out that there are actually two models for currently measuring this, the technical way that the creditors calculated and the proper way which we use, which is lower than the technical way of calculating. From a technical standpoint, if the FY19 surplus holds as we are evaluating, we should be pretty close to the 15% goal. From a true model calculation, we were at 1% when we stated for the audit, but we are growing from that and we anticipate we will be higher.

Councilmember Mensing asked if we are anticipating to take out debt for the Russia Branch Stream Restoration. City Manager referenced that this is within the general fund/general obligation debt and it is correct that debt will need to be incurred. His preference is to this with revenue bonds and not general obligation bonds that may be tied to a higher fee. Mayor Rishell clarified that we would need to be specific that we are tying the fees to the bond payment.

Councilmember Javed commented that the draft Fiscal Policy is a smart and needed practice, especially concerning the reserves. He asked the City Manager to explore other ways, than just commercial development, of generating revenue.

Councilmember Shuemaker questioned if debt tied to enterprise funds would be seen as a negative factor by our creditors, and if it matters whether debt is tied to revenue streams vs. general obligation. City Manager answered that it does because from a general obligation, debt as a percentage of assessed value we are okay, but where we are struggling is as a percentage of the budget and what they call fixed, versus non-fixed expenditures.

Councilmember Shuemaker also questioned how reserves would be affected if growth was less. The City Manager said that if growth is stagnant then we would be utilizing the reserves, and if it continues to remain stagnant then the idea would be to continue to run on a balanced budget until there is growth, at which times we would be adding to the reserves again.

Mayor Rishell said that the Governing Body is being asked to continue to review this document, take it home and look it over very carefully, send an email to the City Manager copying the Governing Body on any other changes or suggestions.

8e. CM – Commercial Paper Program Presentation

City Manager explained that short term cash continues to be an issue until we get to a stronger position for cash reserves. This Commercial Paper Program would offer an opportunity for another line of credit, but at a much lower interest rate. Virginia municipalities are offered to take advantage of an opportunity, with Commercial Paper Program, and administered by VML/VACo Finance (and Bank of America as its financial intermediary), to purchase short term notes that are remarketed on a monthly basis, to assist in short term cash flow impacts associated with capital projects, or in general.

Councilmember Cendejas asked for the number of jurisdictions that are currently working through this program and the City Manager said that he would find out and get the number back to the Governing Body.

Councilmember Machado asked if this program has been explored before and if there is a reason why we are not using it. City Manager said he could not speak to prior to his tenure as he is not aware why it wasn't used. He had learned about this program through a VML/VACo Finance City Manager conference and wanted to present it here for consideration.

Councilmember Shuemaker requested City Manager come back with an answer as to whether there is a requirement to pay back debt in a certain timeframe.

If there is interest in utilizing this opportunity it would require a resolution be passed in a subsequent meeting.

Councilmember Javed asked if this could be used in addition with the bank line of credit and if it would hinder any relationship we have with the bank. City Manager did not believe so but said he would get back to the Governing Body with an answer.

City Manager requested that the Governing Body consider the document and come back with an answer as to whether there is interest in pursuing this at the September 17, 2019 meeting.

Councilmember Shuemaker noted, on slide 2 there is mention of a \$2 million borrowing ceiling that can be drawn with 10 days' notice. He asked if this was similar to what we currently have with the line of credit in that it will need to be paid off in the same time period. City Manager said he would find out and get back to the Governing Body with an answer.

Councilmember Machado was assured by the City Manager that if we went with this option we would not be closing the line of credit since there are actually two different cash impacts for the City, we have our normal operating budget cash issues, and then we struggle with transportation projects, that will be reimbursed, but it will take some time. We really could use both if we need to deal with a cash shortage from operating, at the same time we are getting billed heavily from the transportation authority.

Vice Mayor Banks showed concern that this is a variable interest rate loan and there are unknowns about what the interest rate will be in any time. City Manager pointed out that is why we still have both and that it would be best if we didn't need to use either method, which is why we are working on the reserves.

City Manager was asked to bring to the Governing Body more details and answers to their questions and concerns regarding this program.

8f. CM – VRA Debt Refunding Presentation

The Virginia Resource Authority (VRA) has informed the City that some of its 2013A General Obligation (GO) Bond is eligible for refunding. The total savings is estimated at \$263K (front-loaded amount of nearly \$247K from FY 20-22) - \$64,172 in FY20, \$118,614 in FY21, and \$64,162 in FY22 with minimal annual savings in the years following FY22. It is important to note that this refunding effort does not push back our annual debt payments, it simply reduces the amount we need to pay due to lower interest rates – roughly 2% points.

The City's Bond Counsel, McGuire Woods also serves as Bond Counsel to the VRA. Both the VRA and the City will need to provide a conflict waiver to allow McGuire Woods to represent both parties without conflict.

Vice Mayor Banks asked our auditors would frown upon this because of the dual representation of counsel. City Attorney answered that they do this all the time and in fact they did it the last time the City took advantage of VRA funding. He pointed out that this is very common as there are not a lot of firms that do a lot of high level bond counsel work in Virginia. The nature of bond financing is not an adversarial relationship like you see in a litigation atmosphere.

MOTION: Councilmember Shuemaker moved that the Governing Body authorize the City Manager to pursue this refunding and sign the financing documents pending review of CFO, Bond Counsel, and City Attorney.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

CITY ATTORNEY RECOMMENDATION: That the Governing Body agree to the limited waiver consent so that McGuire Woods can represent both VRA and the City in this bond refinancing.

MOTION: Councilmember Shuemaker moved to approve recommendation made by City Attorney.

SECOND: Councilmember Condejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

9. City Manager Report: Laszlo Palko, City Manager

9a. Departmental Updates

Human Resources Update: Valerie Dingler, PHR, SHRMP-CP, Human Resources Manager

Comparison for this year as compared to January-June, 2018 showed a 2% increase of employee turnover for full time staff and 16% decrease in part-time employees. Overtime costs comparison for same timeframe last year showed a 33% increase in costs. Primary reasons had to do with injured staff within the Fire Department with current staff needing to perform overtime to fill-in, and overtime due to weather (snow removal) and water main breaks by Public Works Department. City Manager pointed out that the measures taken to increase staffing at the Fire Department to reduce the need for overtime won't be seen until this next quarter since they have just recently been able to fill those positions. There was a 2.75% decrease in sick leave usage.

Recruitment efforts are going good with only a few positions needing to be filled. Performance evaluation forms are being updated with input from department directors.

Staff will get back to Councilmember Condejas with the number of promotions which have taken place this year and the types of support provided for those who were promoted.

The adoption of this year's Holiday Calendar was very well received by all the staff.

Employee Survey Results:

Eleven questions were on the survey this year.

Question 1. What do you enjoy most about your job? Majority (57%) answered that the work they perform is what they most enjoy (consistent with last year's results). 54% answered that it was the people that they worked with.

Question 2. Do you feel as though your job responsibilities are clearly defined? Majority (88%) responded yes (1% increase from last year).

Question 3. Do you feel like your job utilizes your skills and abilities as much as it could? Majority (94%) responded yes or somewhat (up 4%).

Question 4. Overall are you satisfied with your Supervisor's communication style and level of feedback? Majority (95%) responded yes or somewhat (consistent with last year).

Question 5. Do you have a clear understanding of the mission and goals established for your department? Majority (94) said yes (consistent with last year).

Question 6. Do you believe the City works hard to create a positive work environment for their employees? Majority (94%) said yes or somewhat (consistent with last year).

Question 7. Are you aware of the established chain of command protocols for reporting discrimination or harassment in the workplace? Majority (99%) responded yes.

Question 8. Do you feel the City offers adequate opportunities for promotions and career development? Majority (70%) said yes (down 6% from last year).

Question 9. As an employee, have you felt harassed, discriminated against or mistreated within the last year? Majority (96%) said no (up 5% from last year). Of significance is that 2% said yes, but they did not report it up to their chain of command.

Councilmember Javed said that this was why he previously asked about an employee hotline so that these employees may have a voice and not feel threatened by their identity being known. Currently, HR and the City Attorney need to be reported of anyone who is not comfortable within their work environment and they do an investigation of the facts, keeping the employee anonymous from their supervisor.

Question 10. Would you refer a friend to apply for a position with the City of Manassas Park? Majority (82%) said yes (consistent with last year).

Question 11. If the City could do one thing to renew your satisfaction working with our City, what would your priority be? (New question this year, employees allowed to list more than one.) Majority (75%) answered receiving a pay increase. Other answers in order of preferences included promotions, training opportunities, increased communication and tuition assistance.

Councilmember Machado noted that pay increases, training opportunities and other items that the employees point out are very important and also need to be taken into consideration when preparing the budget.

9b. Discussion of Municipal Offices at Blooms Park

Governing Body saw no need to continue discussion on this as it was covered in detail during Item 4. Public Hearing: Declaration of Public Surplus.

10. Closed Session: 9:16 PM

CITY ATTORNEY RECOMMENDATION: That the Governing Body go into closed meeting for two matters:

- (i) The first matter is for consultation with the City Attorney regarding a specific legal matter that requires the provision of legal advice by the City Attorney, pursuant to paragraph 8 of Subsection 2.2-3711A of the Code of Virginia, and
- (ii) The second matter is for (i) discussion and consideration of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the City, (ii) discussion of a prospective business where no previous announcement has been made of the business' interest in locating in the City, and (iii) consultation with the City Attorney regarding a specific legal matter that requires the provision of legal advice by the City Attorney, pursuant to paragraphs 3, 5, and 8 of Subsection 2.2-3711A of the Code of Virginia.

MOTION: Councilmember Shuemaker moved to accept the recommendation of City Attorney that the Governing Body go into closed meeting for the two matters listed above.

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Machado, Banks, Javed, Mensing, Rishell

11. Return to Open Session: 10:46 PM:

MOTION: Councilmember Shuemaker

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

12. Certification & Action out of Closed Meeting if Necessary:

MOTION: Councilmember Shuemaker moved the following Resolution:

WHEREAS, the Governing Body of the City of Manassas Park has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712(d) of the Code of Virginia requires a certification by this public body that such closed meeting was conducted in conformity with Virginia law,

NOW THEREFORE BE IT RESOLVED that the Governing Body of the City of Manassas Park hereby certify that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered in the meeting by the public body.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Machado, Mensing, Javed, Rishell

13. Adjournment 10:51 PM:

MOTION: Councilmember Machado

SECOND: Councilmember Shuemaker

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

Approved October 15, 2019

Jeanette Rishell, Mayor

Keith Nguyen, Acting City Clerk

OFFICIAL MINUTES OF THE REGULAR MEETING OF THE MANASSAS PARK GOVERNING BODY HELD ON TUESDAY, SEPTEMBER 17, 2019 AT 7:00PM AT MANASSAS PARK CITY HALL, ONE PARK CENTER COURT, MANASSAS PARK, VIRGINIA

Roll Call

Present

Jeanette Rishell, Mayor
Preston Banks, Vice Mayor
Hector Cendejas
Donald Shuemaker
Miriam Machado
Alanna Mensing
Haseeb Javed

Absent

None

Staff

Keith Nguyen, Acting City Clerk
Laszlo A. Palko, City Manager
Dean Crowhurst, City Attorney

1. Approval of Agenda:

MOTION: Councilmember Shuemaker moved to approve the agenda.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

2. Moment of Silence/Pledge of Allegiance:

Councilmember Machado led the Pledge.

3. Public Comment Time:

Petra Hernandez of 8090 Towering Oak Way, Manassas, VA, spoke to the proposal for declaring surplus property at 259 Cabbel Drive. She said she had made an offer to purchase said property and was turned down. She said the property is in bad condition and she had offered cash, which would therefore save the City money by not going through a realty company. She passed out pictures of the property to the Governing Body. She then went on to say that it was her belief that the sale of this house may be difficult in the time frame that the City is looking at, and the City should take consideration of the path in which they anticipate selling.

4. Public Hearing:

4a. Ordinance to amend City Code § 24-57.2(a)

The Governing Body approved an ordinance on June 19, 2018 that, among other things, provides for the immobilization or removal of a motor vehicle for which there are three or more outstanding unpaid or otherwise unsettled parking citations or parking violations. In practice, however, motor vehicles would not be towed unless the police chief or his designated agent had first sent notices of parking violations in accordance with City Code § 24-57.1(f) and thirty days had passed since the last notice was received. The presented ordinance clarifies when immobilization or removal of the vehicle can occur.

City Attorney said that this was done at the request of the Police Department, right now the parking regulations say that if you get three tickets parking tickets you can be towed. The intent was that if there is a collection status or possibly will be a collection status then the vehicle may be immobilized. Basically, this is just to clarify the intent of the Ordinance.

Councilmember Shuemaker asked for clarification on the current policy. City attorney explained that this is done as part of the new parking system and letters are generated automatically once the 30 day deadline is past. For each letter that needs to go out the fines will increase and eventually a boot can be put on their vehicle or it can be towed.

Then Councilmember then asked if the Police Department was currently booting vehicles. City Attorney said no, but that this ordinance would allow them to do so.

Mayor Rishell clarified that this ordinance will be voted on at the next meeting of the Governing Body on October 1, 2019.

MOTION: Councilmember Shuemaker moved to close Public Hearing.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

5. Presentations / Recognitions: None

5a. Presentation: Census 2020 Update –Community Foundation; Jenee Padmore, Director of Count the Region Initiative;

Ms. Padmore gave a presentation as part of The Community Foundation for Northern Virginia's initiative to "Count the Region". The purpose of the "Count the Region" initiative at the Community Foundation for Northern Virginia is to help get out the count for the 2020 Census in Northern Virginia, making sure everyone living in Northern Virginia is counted, counted once, and counted in the right place.

The 2020 Census Day is April 1, 2020. Citizens will start receiving their request for Census information via US Mail around mid-March which will include a unique identifier and instructions for completing their Census information. There are three options to respond to this request, online, by phone, or by mail. In order to mail in Census information a request needs to be made for the physical form.

Federal assistance fund allocations, for programs like education, hospitals, roads and other public works projects, are all based on the census.

Historically, Manassas Park shows to be at a risk of undercounting, especially within the black and Latino population. The City has shown the most dramatic increase of people of color in the Commonwealth of Virginia in the last 15 years. The poverty rate of school age children has also increased dramatically since 2005. Adding to the risk of undercounting is the fact that the US Census Bureau is at half the staffing levels of 2010, and, for the first time ever, the 2020 Census will use online technology, which, due to constant budget restrictions and shortfalls has not had the end-to-end testing considered necessary for this technology. Records show that about 6.6% of Manassas Park residents do not have internet access and thus would have difficulty reporting information. If information is not received, Census takers will then be going door to door in order to obtain information.

Councilmember Shuemaker questioned if at any time during the Census process, where there is an area of under-reporting, would they be able to have that information so that they could reach out to a targeted area? Ms. Padmore replied that the US Government intends to have governments involved in obtaining information in undercounted areas. But because of the staffing and technology issues they may not know to reach out in time.

The Count the Region organization will be working closely with the community and the US Census Bureau to make sure that they get an accurate 2020 Census and don't undercount, especially in Manassas Park.

Mayor Rishell asked what would happen if the unique identifier was lost. Ms. Padmore said she believed that the system would interface with mailing address information. There would be no request for Social Security or other types of uniquely personal information. The specific data collected for the US Census includes age, sex, marital status, size of household, workforce participation, workplace and education, place of birth, and former place of residence.

Councilmember Shuemaker asked if there would be a process to go through if it appears that there is an undercount. Ms. Padmore said that by 2021 they will be releasing the data that had been received on communities. Once that is released, the US Census Bureau can be contacted by the local governments regarding any discrepancies that they may have in their communities.

Another reason that may account for an undercounting in the region is mistrust in how the information will be used. Title 13 states that the US Census Bureau cannot share census responses identifying individuals with the public or other federal agencies, including immigration authorities and other law enforcement.

Every local jurisdiction in NOVA has stood up a Complete Count Committee. These committees are meeting monthly and sharing ideas and concerns to be as efficient and effective as possible. The Community Foundation created and convened this regional Complete Count Committee which is the first of its kind, has been integral in sharing common messages in the region about the importance of the 2020 Census, and will be the focus of a study in late 2020. More information can be utilized at <http://cfnova.org/count-the-region>.

Councilmember Machado asked how long the Census would last. Ms. Padmore answered that they will start wrapping up the Census in June.

Councilmember Cendejas wanted to know if mailers would be sent to each household. Ms. Padmore responded that was correct and that it was important to not just count family members but all of the people living in the household. It is also important to identify students and military members who would usually be residing in the household but may not be at the time of the Census.

5b. Presentation: People Inc. Annual Update; Robert G. Goldsmith, President and CEO

Robert Goldsmith first extended appreciation for Randi Knights' service on the Board of Directors. He then presented the Governing Body with People Inc.'s 5-year Strategic Plan. This is a good forward looking plan, focusing on providing excellence service to individuals, families and communities. Their goal is to assist in creating conditions within the community that support self-sufficiency for all individuals and families, through affordable housing, job creation, and creation of services. They are also focusing on assisting in helping veterans just coming out of the military and their families, which is primarily done from their office located in downtown Manassas. Other projects under development, working with faith based organizations, is affordable housing apartments as well as housing for the homeless. They also have hired a lender to assist in obtaining affordable loans.

6. Informational Item:

7. Consent Agenda:

7a.Minutes Approval: August 13, 2019

MOTION: Councilmember Mensing moved to approve Consent Agenda containing minutes from August 13, 2019.

SECOND: Councilmember Banks

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

8. Unfinished Business: None

9. New Business

9a. Resolution 19-1000-2060; People's Inc. 55th Anniversary

A RESOLUTION COMMENDING PEOPLE INCORPORATED ON THE OCCASION OF ITS 55TH ANNIVERSARY; AND RECOGNIZING PEOPLE INCORPORATED'S TIRELESS WORK ON BEHALF OF THE CITIZENS AND COMMUNITIES OF THE CITY OF MANASSAS PARK

WHEREAS, People Incorporated of Virginia was founded on August 4, 1964 and
WHEREAS, People Incorporated, a private non-profit Community Action Partnership has dedicated fifty-five years to innovative and compassionate service to the citizens and communities of Virginia; and

WHEREAS, People Incorporated is the designated Community Action Agency of the City of Manassas Park; and

WHEREAS, People Incorporated is widely regarded as one of the most innovative and successful Community Action Partnerships in the nation, last year providing human development and community development services to 7720 individuals and 4478 families across the Commonwealth; and

WHEREAS, People Incorporated's founders recognized that people, no matter their circumstances, have hopes and dreams for themselves, their families and their communities; and

WHEREAS, the Board of Directors and staff of People Incorporated remain true to this core principle and demonstrate excellence in providing opportunities for economically disadvantaged people to reach their goals to enhance their lives, their families and their communities; and

WHEREAS, the Governing Body cares about all of the citizens of the City of Manassas Park, including economically disadvantaged people;

NOW, THEREFORE, BE IT RESOLVED that the Governing Body of the City of Manassas Park, Virginia hereby commends People Incorporated on the occasion of its 55th anniversary; and

BE IT FURTHER RESOLVED, that a copy of this resolution be prepared for presentation to Robert G. Goldsmith, President and CEO of People Incorporated, as an expression of the Governing Body of the City of Manassas Park's recognition and admiration of People Incorporated's tireless work on behalf of the citizens and communities of the Commonwealth of Virginia.

STAFF RECOMMENDATION: That the Governing Body adopts the above resolution commending People Incorporated on the occasion of its 55th anniversary.

MOTION: Councilmember Shuemaker moved to adopt the resolution.

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

9b. National Recovery Month Proclamations – Prince William Health Department and Prince William Community Services Board

Both the Prince William Community Services Board and Prince William Health Districts have requested that the Governing Body proclaim September as the National Recovery Month, which is intended to increase awareness and understanding of alcohol and drug addiction, the need for appropriate and accessible behavioral health services for residents of our community, and the valuable service that Peer Recovery Specialists provide in addressing the Opioid epidemic.

STAFF RECOMMENDATION: That the Governing Body adopts the proclamations below recognizing September as National Recovery Month in our City.

Resolution 19-1000-2061; Proclaiming September 2019 a National Recovery Month, Intended to Increase Awareness & Understanding of Alcohol and Drug Addiction and the Importance of Appropriate & Accessible Behavioral Health Services

WHEREAS, substance use and addiction recovery is essential to everyone's physical, emotional, and behavioral health; and

WHEREAS, prevention of mental and substance use disorders works, treatment is effective, and people recover in our community and around the nation every day; and

WHEREAS, the goal of National Recovery Month is to raise awareness and understanding of alcohol and drug addiction and the importance of appropriate and accessible services; and

WHEREAS, we must encourage relatives and friends of people with mental and/or substance use disorders to implement preventive measures, recognize the signs of a problem, and guide those in appropriate treatment and recovery support services; and

WHEREAS, the Community Services Board does hereby request that the Manassas Park

Governing Body join in recognizing the importance of alcohol and drug addiction recovery and the need for appropriate and accessible services;

NOW, THEREFORE, BE IT RESOLVED that the Manassas Park Governing Body does hereby recognize the month of September 2019 as "National Recovery Month" and proclaims their continued support for awareness and understanding of alcohol and drug addiction and the need for appropriate and accessible behavioral health services for residents of our community.

MOTION: Councilmember Shuemaker moved that the Governing Body adopt the resolution.
SECOND: Councilmember Cendejas
VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

Resolution 19-1000-2062; Proclaiming September 2019 as National Recovery Month, Intended to Increase Awareness & Understanding of the Valuable Services that Peer Recovery Specialists Provide in Addressing the Opioid Epidemic

WHEREAS, the health and safety of all Manassas Park residents is important to the happiness, prosperity and well-being of our families and communities; and

WHEREAS, each year, an increasing number of residents need recovery support to build resilience and self-advocacy as they battle a substance use disorder; and,

WHEREAS, Peer Recovery Specialists contribute the perspective of people with lived experience to support those in recovery, provide hope and serve as role models; and,

WHEREAS, research has shown that peer support facilitates recovery and reduces health care costs; and,

WHEREAS Peers also provide assistance that promotes a sense of belonging within the community, and it is known that the ability to contribute to and enjoy one's community is key to recovery and well-being, finding meaning, purpose, and social connections in their lives.

WHEREAS, the annual observance of National Recovery Month is intended to increase awareness and understanding of the valuable service that Peer Recovery Specialists provide as we continue to battle the opioid epidemic and its impact on our community.

NOW THEREFORE BE IT RESOLVED that the Manassas Park Governing Body hereby proclaims September 2019 as National Recovery MONTH in the City of Manassas Park, and recognizes the value of Peer Recovery Specialist in addressing the opioid epidemic.

MOTION: Councilmember Machado moved that the Governing Body adopt the proclamation as a resolution.
SECOND: Councilmember Cendejas
VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

9c. Prince William County Community Services Board (CSB), Introduction to the State Performance Contract; Lisa Madron, Executive Director

Lisa Madron then presented services provided by the county with regard to mental health and substance abuse as well as homeless. Same Day Access, a program providing mental and substance abuse treatment and prevention for youth, and Primary Care Screening are new programs that are mandated to start this year. Same Day Access was started a year early and the number of assessments for this program doubled within the year. Unfortunately there is more capacity than they are able to provide, so there is still a challenge. She said that they have capacity for 52 individuals a week and she estimated they are seeing around 106 a week. Everyone gets a screening to see if they meet the criteria for the serious mental health services that are provided. We then connect them to outside resources or if they are in crisis. But we are not able to see everyone that comes in and frequently need to ask them to come back.

Seven more core services are coming on board between now and 2021. The definitions nor the funding source for those services has been fully established.

The Performance Contract is the primary accountability and funding mechanism between the Virginia Department of Behavioral Health and Developmental Services in the individual Community Services Boards. The contract outlines the scope of services, resources, responsibilities, subcontracting and various terms and conditions. Exhibit A is unique to each CSB. It is separated into two sections, Fiscal, identifying funding sources for each Disability Area, and Services, identifying projected service capacities, individuals served and costs for each core service. In FY19 the CSB provided 13,612 individuals with

services, 51% of those services were for mental health, 19% were for developmental disabilities, and 11% were for substance use disorders, from their budget. The budget is 28% state funded and locality funded of about 53%. The information in this exhibit is used when presenting data to the Governor or General Assembly and helps to provide projected funding for the services that are being provided. CSBs have until September 30 to obtain local legislative body approval of the entire Performance Contract. Prince William CSB seeks approval from the Prince William Board of County Supervisors, the City of Manassas Park and the City of Manassas.

During FY19 City of Manassas Park residents received CSB services valued at \$1,048,831 and contributed \$826,344. For CSB Operations during FY2020, the City of Manassas Park is expected to contribute \$932,435.

Ms. Madron recognized Latasha Simmons from the City of Manassas Park who has been serving as a member on the Prince William Community Services Board since October 1989.

Councilmember Shuemaker asked about changes that are coming up this year. Ms. Madron said that besides the Same Day Access program, they are working on a Behavioral Health Re-Design collaborating with Department of Medical Assistant Services and the State to align Medicaid services with the services that individuals need. A lot of the services over the years have been based medical necessity, and yet some individuals need services to maintain stability that Medicaid has determined they are not entitled to. This would be a system that would provide prevention and not just crisis and hospitalization. Additionally, there is a needs assessment underway in CSBs to try to identify what are the means they have within each of their jurisdictions. Other areas of need as a part of the Same Day Access is Outpatient Services, whose goal to engage the person into outpatient services within 10 days of their assessment, Crisis Services, the State would like to see a mobile crisis approach (actually going to homes and locations of individuals that are in crisis), which will require a lot of funding and staff.

Councilmember Machado asked about the individuals who are qualified to use these services and Ms. Madron replied that it is those with serious mental illness, or a substance use disorder, or developmental disability.

Councilmember Cendejas asked if the CSB works with bus and transportation services in the case of someone who does not have the ability to travel to make use of their resources. Ms. Madron said that they do, and they have also had case managers and therapists who have been known to go out into their community.

Councilmember Mensing asked about a hotline and Ms. Madron answered that there is a 24 hour line that is listed on their website.

Councilmember Banks asked about the treatments that individuals receive and Ms. Madron answered that they provide case management, which is better suited to address the unique issues each may have (i.e. substance use and bi-polar disorder, mental disorder and homelessness, and other co-morbidities). CSB would be able to link them to community services and to find specialists for some of their medical needs they may have. CSB would also be able to provide therapy to deal with symptoms and illness management. They also have a program for young adults that may be experiencing their first episode of psychosis, within that program, recognizing the connection with the brain, they offer cognitive enhancement therapy, dealing with some of the psycho-social issues the individual may be experiencing. They have an intensive program for assertive community treatment that is a team approach that works with individuals have not been successful in typical outpatient therapy. They also have skill building programs that help train them on independent living skills, budgeting, meal planning, grocery shopping, etc. We try to have them live as comfortable within the community as they can. Because of that we are also seeing a growing geriatric population among those with serious mental illness. Mayor Rishell noted that very often the elderly may have an issue with being overmedicated. Ms. Madron said that they in fact have a specialist that works with the geriatric population that will review the medications they are taking.

Resolution 19-1000-2063; Approval of the Fiscal Year 2019 and Fiscal Year 2020 Community Services Performance Contract Renewal and Revisions with the Virginia Department of Behavioral Health and Developmental Services

WHEREAS, the Prince William County Community Services Board must have an approved State Performance Contract with the Virginia Department of Behavioral Health and Developmental Services in order to continue receiving State and Federal funding; and

WHEREAS, approval by the Prince William Board of County Supervisors and the Councils of Manassas City and Manassas Park City are required for the Prince William County Community Services Board to have an approved State Performance Contract; and

WHEREAS, the Virginia Department of Behavioral Health and Developmental Services and the Virginia Associations of Community Services Boards have satisfactorily negotiated revisions to the State Performance Contract effective as of July 1, 2019;

NOW, THEREFORE, BE IT RESOLVED that the Manassas Park Governing Body does hereby approve the Fiscal Year 2019 and Fiscal Year 2020 Community Services Performance Contract Renewal and Revision for submission to the Department of Behavioral Health and Developmental Services.

STAFF RECOMMENDATION: That the Governing Body adopt the Resolution approving the Fiscal Year 2019 and Fiscal Year 2020 Community Services performance contract renewal and revisions with the Virginia Department of Behavioral Health and Developmental Services.

MOTION: Councilmember Shuemaker moved that the Governing Body adopt the attached resolution,

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

9d. FY 2020 Q2 Budget Appropriations for City and Schools

The City and Schools are requesting that the Governing Body appropriate funds to cover both entities through December 31st, 2019 (Quarter 2 of the Fiscal Year- October 1, 2019 to December 31, 2019).

Mayor Rishell requested City Manager, in the future, to list each as separate requests and to make them separate agenda items, for the sake of clarity.

For the City's general fund and enterprise fund, for the operating portion of the general fund and for the entire enterprise funds we are providing quarterly appropriations at 25%. For the Capital fund it is reduced during the winter period so we are reducing the amount requested for that. For the Debt fund it is for the actual amount we are paying for that quarter. For the Schools, we are at 50% of the year completed by approval of this quarter, but they have only requested 45%. The schools are a bit under and the City is a bit over because of the high debt payment that is made in the first half of the fiscal year, which contributes to the cash issue that we have during the fall.

STAFF RECOMMENDATION: That the Governing Body appropriate \$16,504,689.58 to the City for the second quarter of FY2020.

MOTION: Councilmember Shuemaker moved to approve appropriation.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

That the Governing Body appropriate \$12,045,042 to City Schools for Quarter 2 of Fiscal Year 2020.

MOTION: Councilmember Shuemaker moved to approve appropriation.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

9e. Community Development: Leaf Collector Replacement; Calvin O'Dell, Director

Community Development Director explained that the City owns two leaf collectors that are in need of replacement, causing the leaf pickup job to take more time than needed due to one or the other malfunctioning and needing repairs. One of the goals in the compressive plan is to keep our equipment replaced to avoid situations such as this. The plan shows replacement of one unit this year, and one next year. The National Joint Powers Alliance have issued RFPs, VA Public Works has won the bid, which meets all of our needs and is reasonably priced. The urethane coating add on is expected to extend the life of the equipment. Mayor Rishell noted that the unit is manufactured by Richmond Old Dominion, a Virginia company. She also questioned whether we would be getting the standard one year warranty from the manufacturer and the Director responded that there has never been an issue with VA Public Works extending service and warranty contracts to the City. He was not sure if there was a time when an additional warranty was ever requested or needed. Mayor Rishell then asked, since we get MS4 credits for street sweeping for suspended solids, would the City also get credits for leaf removal. Director said he is not aware that would be the case. He also said a lot of jurisdictions are abandoning this service because it is time consuming and costly.

Councilmember Javed asked it if would make sense to outsource this service. The Director said that he does not have good enough data to make a proper comparison but he would guess that outsourcing might be more expensive and the service would not be as quick and reliable, or of the same quality.

Councilmember Javed requested the Director to provide a cost comparison between keeping the service in house and outsourcing, ensuring that outsourcing provide the same exact service that we currently are offering. This would be done for the future, not immediately since we do not have the data for a full year's service to compare with.

Councilmember Mensing asked when we could expect to receive the system once we have approval. The Director said that he thought we would have the new one in place prior to the end of the season. Councilmember Machado asked for the timeframe of the season and the Director replied that it would approximately begin in the second week of October and they plan to go to the second or third week in December.

Councilmember Shuemaker mentioned that this is another City service that is included in the budget. Mayor Rishell mentioned that if this service wasn't provided it would be noticed.

STAFF RECOMMENDATION: Approve the purchase of the Old Dominion Brush Model Extreme Vac an LCT 600 Leaf Collector as presented for an amount not to exceed \$33,122.55, and authorize City Manager to sign any required contract, subject to final review by City Attorney

MOTION: Councilmember Machado

SECOND: Councilmember Mensing

VOTE: Yes: Cendejas, Banks, Javed, Machado, Mensing, Rishell

No: Shuemaker

Abstain: None

9f. Parks & Rec: Reduction in Indoor Pool Hours; Sarah Barnett, Operations and Aquatics Manager

Sarah Barnett presented that the aquatics industry has struggled with a national lifeguard shortage since 2009. Locally this shortage has had its largest impact on seasonal outdoor operations. We have been fortunate not to feel the shortage in previous years, however we have recently reached a point where we can no longer safely staff the indoor pool during all operational hours. This staffing shortage is mostly caused by the national lifeguard shortage, the improving economy leading to more employment opportunities, the department's low wages compared to other localities, and increasing school demands amongst our current employees.

In February of this year, when we unexpectedly lost 3 long term head lifeguards to full time employment. We were able to stay afloat from March to May by having the aquatics

manager work as a lifeguard, promoting a few underqualified lifeguards to the head guard position or staffing the pool without a head guard. From mid-May to August we had no issues with staffing due to the influx of college and high school age students willing to work. However, when the college students returned to school in mid-August, staffing the indoor pool and the waterpark became more difficult. Normally this sort of staffing shortage would be relieved once the water park closed for the season, however two more head guards left for fulltime employment offers elsewhere, and the remaining head guards have reduced availability due to their school schedules. Finally, in years prior we had been able to hire a handful of lifeguards who had worked at other outdoor pools to come work indoors with us. We have not had that same luck this year.

We currently only have one head guard and two lifeguards with daytime working availabilities. We need 3 head guards and 5 lifeguards with daytime availability. As a result of the staffing shortages we have had to reduce operating hours in order to safely staff the pool during weekday daytime hours. We chose to close the pool, Monday-Friday from 1-4pm and 10am-12pm on Sunday, to least impact our programs and lane rentals.

In order to reach our goal to return the pool to normal operating hours we have come up with these possible solutions;

- OPTION 1- Increase lifeguard pay to stay competitive with other agencies
- OPTION 2 - Hire an Aquatics Specialist to provide more oversight in the aquatics division and help recruitment and retention of lifeguards.
- OPTION 3 - Hybrid Approach: Adjust lifeguard wages as outlined in Option 1, and hire a Full-time Aquatics Specialist as outlined in Option 2.
- OPTION 4 - Maintain reduced hours and move forward with one of the options above in FY 23.

Councilmember Machado asked where the funding would come from and if it is possible for expenditures to be accommodated in the current budget. City Manager answered we have undertaken a budget that included a plan to save funds, we may want to use some of those funds to address this, since it is popular with our residents and could potentially close down (losing revenue) if something is not done to address the problem, thus decreasing the amount set aside for the rainy day fund.

Councilmember Shuemaker pointed out two items 1) that we are asking Parks and Rec to run on 80% staff because there are 4 full time positions which are currently frozen and 2) it is mandatory that we pay out 100% of the debt service. In his opinion it would be better to make employment with the City more attractive to enable us to bring in more revenue, since we are already required to pay debt service on the building. The Community Center is the crown jewel of the City. Let's not short change the department that we expect the cost recovery with. They only have 16 full time employees currently, even though they were authorized 20 prior to making the 4 positions frozen. Mayor Rishell asked about how many part time employees are at the pool and the Manager responded about 75.

Councilmember Javed pointed out that increasing the lifeguard pay to become more competitive might alleviate the need for an Aquatics Specialist since the pool would hopefully already be fully staffed.

Mayor Rishell pointed out that the total budget impact of Option 3 going forward into future budgets would have a total impact of \$124,557.92 per year (for both full and part time added personnel).

Mayor Rishell requested a poll as to which option would be most favorable. Results were Councilmember Javed - Option 1, Councilmember Mensing - Option 3, Councilmember Cendejas – Option 3, Councilmember Machado – Option 3, Councilmember Banks – Option 3, and Councilmember Shuemaker – Option 3.

City Manager will report back on the details regarding the titles and job descriptions of the 4 frozen positions within the Parks and Recreation Department.

STAFF RECOMMENDATION: That the Governing Body adopt Option #3 and approve an increase to the Parks/Rec Part-time Wages/Salary Expenditure Line in the amount of \$35,652.20 and an increase to the Parks/Rec Full-time Wages/Salary Expenditure Line in the amount of \$31,792.81 as part of the FY20 mid-year budget amendment in order to return to normal pool hours for our Community Center customers as soon as possible.

MOTION: Councilmember Shuemaker made the motion to approve the staff recommendation to proceed with Option #3 the Hybrid Approach to increase to the Parks/Rec Part-time Wages/Salary Expenditure Line in the amount of \$35,652.20 and an increase to the Parks/Rec Full-time Wages/Salary Expenditure Line in the amount of \$31,792.81.

SECOND: Councilmember Mensing

VOTE: Yes: Shuemaker, Cendejas, Banks, Machado, Mensing, Rishell

No: Javed

9g. FOIA Officer Designation; Dean Crowhurst, City Attorney

For the past few years the City Attorney has been the designated FOIA Officer for the City. Part of the rationale for the hiring of the Assistant to the City Manager for Operations was to take over as FOIA Officer in order to coordinate the information gathering process across City Departments from the Office of the City Manager. The new FOIA Officer will continue to filter responses through the City Attorney to ensure the city is in compliance with the law.

STAFF RECOMMENDATION: That the Governing Body designate Keith Nguyen, Assistant to City Manager, Operations, as the FOIA Officer for the City.

MOTION: Councilmember Shuemaker

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

9h. Ordinance 19-1700-1040: Declaration of Public Surplus 259 Cabbel Drive and legally described as Lot 727, Section 3, MANASSAS PARK

During the acquisition of Blooms Park, the City Manager's Office began researching potential sources of revenue needed to finance improvements to the existing golf course facilities for future use as municipal office space (to be discussed further at the Manager Report section of meeting).

After an exhaustive review, it was agreed that selling the city owned property at 259 Cabbel Drive would be the best source of revenue to offset this office renovation. The City has owned a house on 259 Cabbel Drive since September of 2007 that has been utilized as a storage facility for the Flory Small Business Center over the last few years. With the decision to close the Flory Center made last year, the leadership of the Flory Center has agreed to terminate the existing lease they have on this property to allow for the sale. They removed their items from the house this past summer. The City Manager is now seeking to sell this property as soon as possible to the highest bidder to generate needed capital revenue.

STAFF RECOMMENDATION: That the Governing Body adopt the attached ordinance to authorize the City Manager to designate the City-owned real property located at 259 Cabbel Drive and legally described as Lot 727, Section 3, MANASSAS PARK as a surplus item for sale.

MOTION: Councilmember Shuemaker moved to adopt the staff recommendation.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Machado, Banks, Javed, Mensing, Rishell

9i. Listing Agreement for 259 Cabbel Drive; Chris Himes, Assistant to City Manager, Administration

Assistant to the City Manager for Administration presented that, the City's acquisition of Blooms Park has brought before the City the opportunity of repurposing an existing golf course facility into the new Voter Registration Hall. It has been agreed that selling the city owned property at 259 Cabbel Drive would be the best source of revenue stemming from a City Asset.

The option of the city renovating the property to sell at its full residential value would require a significant investment and risk since the house lacks any 'turn-key' finishing structures such as a kitchen, bathroom, walls, floors, or landscaping. Another alternative was to contact local property 'flippers' to drive interest with the house off the market but that option yielded no serious results.

The City Manager's office has collaborated with Long and Foster Realtors in performing its due diligence and would benefit from their local market expertise, making them an ideal partner to optimize the property's current 'as-is' value. The City Manager would therefore like to enter into an agreement with Long and Foster to act as the City's agent in marketing and selling the property, pursuant to the City's small purchase procedures in City Code § 2-175.

Councilmember Banks questioned how involved the General Body should be with regards to this, as he would not want an appearance of any conflict of interest. City Attorney said that if we were to go into contract with a listing agent we would most likely not even know who made the offer.

Councilmember Shuemaker asked if the recommendation was to instruct the agent to have a minimum price. City Attorney answered that it would be much like the private sale of a house where we would tell them the amount you want, in this case you would have staff go ahead with the amount you wanted. City Manager said that we do have a target price in mind.

Councilmember Shuemaker noted that on the Exclusive Right to Sell Listing Agreement on item 4. TERM OF AGREEMENT states This Agreement shall run for the period commencing upon signature by all parties and expiring at 11:59 p.m. on 11/22/19 ("Listing Period"). City Attorney said that they just have a three month date established and that the City Manager could be authorized to extend as needed.

Mayor Rishell asked about the reference made to 'dual representation' under item 11. TYPES OF REAL ESTATE REPRESENTATION – DISCLOSURE AND INFORMED CONSENT on the Exclusive Right to Sell Listing Agreement. City Attorney clarified that it means that the company could be representing both the buyer and the seller and it would not be a conflict of interest for the agent to do so, and that it is not uncommon practice. Councilmember Shuemaker stated that he did not agree with dual representation. Other members did not mention that they saw a problem with this practice. Councilmember Banks pointed out that there is a disadvantage for the buyer when using dual representation.

Councilmember Shuemaker asked if the agent fee could be waived if there is a possibility of dual representation. City Manager will look into this.

Councilmember Javed noted that perhaps a re-evaluation needs to be done on the house in order to move quicker.

STAFF RECOMMENDATION: That the GB authorize the City Manager to negotiate the terms of and sign an agreement with Long and Foster to represent the City as its agent in the sale of the property at 259 Cabbel Drive at a total commission rate not to exceed 5% of the sales price (2.5% to Long and Foster, 2.5% to the buyer's agent), subject to final review by the City Attorney, in order to finance facility improvements at Blooms Park.

MOTION: Councilmember Javed moved to adopt the staff recommendation.

SECOND: Councilmember Cendejas

Councilmember Shuemaker noted that the motion does not mention the broker fee. City Attorney said that the motion only addresses the commission rate. City Manager said that the additional agent fee would be the total compensation not the total commission rate.

VOTE: Yes: Shuemaker, Cendejas, Machado, Banks, Javed, Mensing, Rishell

9j. VML/VACo Finance Commercial Paper Program

At the September 10th, 2019 Governing Body meeting, the City Manager presented on an opportunity to join the VML/VACo Commercial Paper program. During the meeting, members of the Governing Body had a few questions that they wanted the City Manager

to investigate. In answer to those questions the City Manager read the following into the record;

1. Who regulates VML/VACo’s Commercial Paper program (is it regulated by the SEC? a Virginia entity?)?

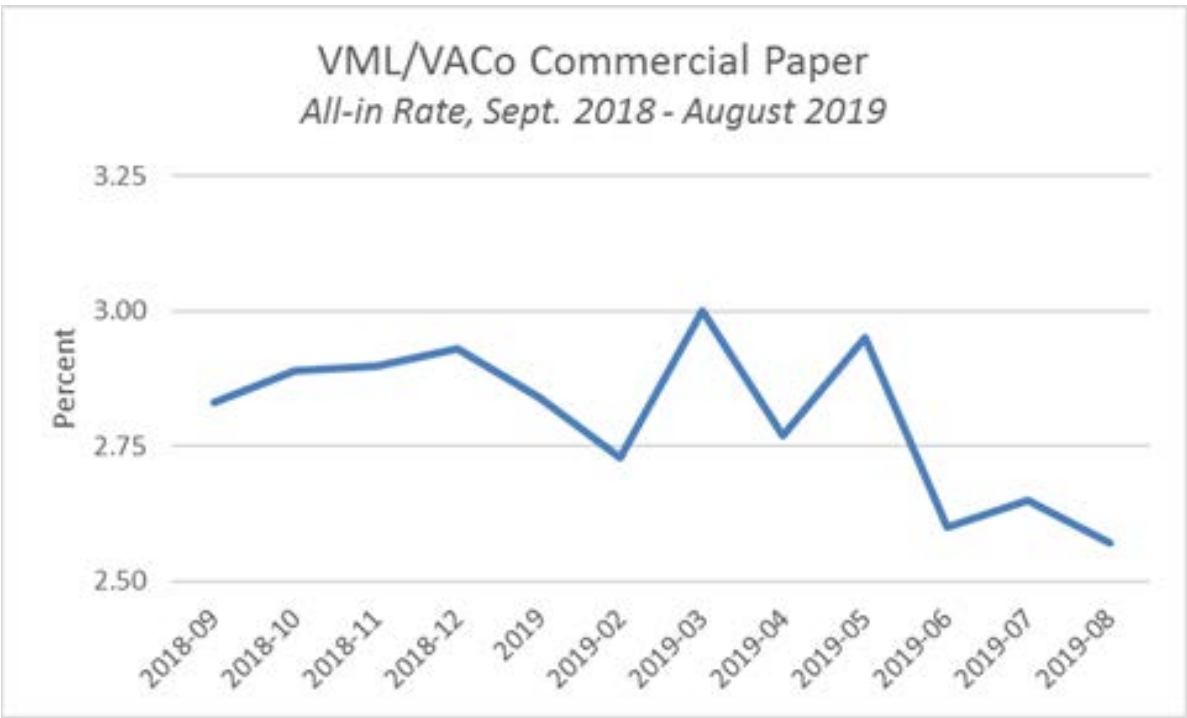
The VML/VACo Commercial Paper Program uses a letter of credit provided by Bank of America, which is regulated by the Comptroller of the Currency and Federal Deposit Insurance Corporation.

VML/VACo Commercial Paper is structured with municipal bonds, which are sold in the public markets by BofA Merrill Lynch as the remarketing agent. BofA Merrill Lynch, and broker-dealers and remarketing agents in general, which sell securities including municipal bonds, are regulated by the SEC (Securities and Exchange Commission) and FINRA (a government-authorized not-for-profit organization that oversees U.S. broker-dealers).

2. What regulations exist for how often interest rates can change and how high they might get (concerns about interest rates skyrocket)?

VML/VACo Commercial Paper bonds are rolled over, i.e., remarketed/sold, approximately every thirty days, at which point the interest rate is reset based on prevailing short-term rates. The rate is determined by the remarketing agent and is set at the lowest rate possible to ensure that all of the bonds are sold. It is, essentially, the market clearing rate. The exposure of participants to interest rate volatility is limited by their ability to repay their loans on the next scheduled monthly remarketing date with as little as 7-10 days’ notice.

The Commercial Paper rate is sensitive to changes in the Fed Funds rate. It is widely anticipated that the Fed will lower the Fed Funds rate by 0.25% (25 basis points) at its meeting this week (September 18th). While we cannot predict rates, the markets anticipate as many as three additional 25 basis point cuts in the Fed Funds rate over the next year. Over the last twelve months, the all-in rate – i.e., interest rate, LOC fee, and Administrative fee - has ranged from a high of 3% in March 2019 to a low of 2.57% in August 2019. See chart below.



Nevertheless, interest rates are set in the financial markets, and there is a risk of interest rate volatility. At the height of disruption caused by the financial crisis of 2008-09, the market-determined Commercial Paper interest rate increased to a high-point of 3.04 percent in September 2008 (not including fees) before settling down the following month to 1.40%. Again, the exposure of participants to interest rate volatility is limited by their ability to repay their loans on the next scheduled monthly remarketing date with as little as 7-10 days’ notice.

3. How many (and which) municipalities currently participate in the VML Commercial Paper Program?

10 total members generally but it fluctuates. Total Loan amount in the program is \$47,920,000. Examples include: Fredericksburg, Stafford County, Hampton Roads Sanitation District, Southampton County, and Tappahannock, to site a few examples. The largest participant currently in Commercial Paper is Virginia Tech.

4. Are there time period restrictions in the VML Commercial Paper program like the ones in our line of credit- for our line of credit in the months of January and June we are required to have \$0 outstanding?

As a short-term loan, Manassas Park can keep up to the maximum \$2.0 million outstanding until the final maturity at fiscal year-end 2021. If this were a revenue anticipation note, the balance would need to be brought to zero (\$0) on June 30th each year, as required by state law. However, this requirement does not apply in this case.

Mayor Rishell asked with regard to letter of credit mentioned in answer 1, if there were a fee for the credit letter? City Manager said that would be no commitment fee and no closing costs.

Councilmember Javed asked whether there were restrictions on how many time they can withdraw. City Manager answered no, there is not.

STAFF RECOMMENDATION: That the Governing Body authorize the City Manager to proceed with working with the VML/VACo Finance to take the next steps towards joining the Commercial Paper program.

MOTION: Councilmember Shuemaker moved to go forward with staff recommendation.

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Machado, Banks, Javed, Mensing, Rishell

10. City Manager Report: Laszlo Palko, City Manager

Keith Nguyen, Assistant to City Manager, Operations, shared details regarding the City of Manassas Park Safety Preparedness Fair to be held here at City Hall on Saturday, September 21, 2019. Mayor Rishell asked about a rain date and the Assistant to City Manager replied that all weather reports are pointing to a fine weather day on Saturday.

11. Closed Session: 9:56 PM

STAFF RECOMMENDATION: The City Attorney recommends that the Governing Body go into closed meeting to consult with the City Attorney regarding a specific legal matter that requires the provision of legal advice by the City Attorney, pursuant to paragraph 8 of Subsection 2.2-3711A of the Code of Virginia.

MOTION: Councilmember Shuemaker moved to accept the recommendation of City Attorney that the Governing Body go into closed meeting.

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Machado, Banks, Javed, Mensing, Rishell

11a. Return to Open Session: 10:02 PM:

STAFF RECOMMENDATION: The City Attorney recommends that the Governing Body return to open meeting.

MOTION: Councilmember Shuemaker

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

11b. Certification & Action out of Closed Meeting if Necessary:

MOTION: Councilmember Shuemaker moved the following Certification:

WHEREAS, the Governing Body of the City of Manassas Park has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712(d) of the Code of Virginia requires a certification by this public body that such closed meeting was conducted in conformity with Virginia law,

NOW THEREFORE BE IT RESOLVED that the Governing Body of the City of Manassas Park hereby certify that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered in the meeting by the public body.

SECOND: Councilmember Cendejas

VOTE: Yes: Shuemaker, Cendejas, Banks, Machado, Mensing, Javed, Rishell

11c. Return to Closed Session: 10:04 PM

STAFF RECOMMENDATION: The City Attorney recommends that the Governing Body go into closed meeting (i) to discuss and consider the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the City, and (ii) to consult with the City Attorney regarding a specific legal matter that requires the provision of legal advice by the City Attorney, pursuant to paragraphs 3 and 8 of Subsection 2.2-3711A of the Code of Virginia.

MOTION: Councilmember Shuemaker moved to accept the recommendation of City Attorney that the Governing Body go into closed meeting again.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Machado, Banks, Javed, Mensing, Rishell

12. Return to Open Session: 11:25 PM:

MOTION: Councilmember Shuemaker

SECOND: Councilmember Mensing

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

13. Certification & Action out of Closed Meeting if Necessary:

MOTION: Councilmember Shuemaker moved the following Certification;

WHEREAS, the Governing Body of the City of Manassas Park has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712(d) of the Code of Virginia requires a certification by this public body that such closed meeting was conducted in conformity with Virginia law,

NOW THEREFORE BE IT RESOLVED that the Governing Body of the City of Manassas Park hereby certify that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered in the meeting by the public body.

SECOND: Councilmember Machado

VOTE: Yes: Shuemaker, Cendejas, Banks, Machado, Mensing, Javed, Rishell

14. Adjournment 11:25 PM:

MOTION: Councilmember Shuemaker

SECOND: Councilmember Mensing

VOTE: Yes: Shuemaker, Cendejas, Banks, Javed, Machado, Mensing, Rishell

Approved October 15, 2019

Jeanette Rishell, Mayor

Keith Nguyen, Acting City Clerk

BULL RUN

Prince William County

1 Park Center Ct,
Manassas Park, VA 20111

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a 20111

703-369-7979
FAX 703-369-5011



Jaime Moran
DIRECTOR

Loudoun County

9 Loudoun Street, S.E.
Leesburg, Virginia 20175
703-771-4702
FAX 703-771-4713

09/18/19

City of Manassas Park
City Council

RE: Policy Board appointment requested for Bull Run ASAP Policy Board

Dear Council Members,

The Bull Run ASAP program is the state-certified agency in Prince William and Loudoun County which provides probationary services to persons who have been convicted of Driving Under the Influence of Alcohol/Drugs. The program is totally self-funded by the fees paid by the offenders referred from Court.

Each of the statewide 24 local ASAP programs are operated by an independent Policy Board, as authorized by Virginia Code Section 15.1-21. Bull Run ASAP's Policy Board is comprised of appointed representatives from the 11 jurisdictions in Prince William and Loudoun with law enforcement agencies.

On 3/15/88, the Board of Supervisors adopted a resolution to participate in the establishment of a Policy Board for Bull Run ASAP (copy attached).

The City of Manassas Park serves as a contracted fiscal agent for Bull Run ASAP, providing personnel services and benefits. All ASAP programs statewide are regulated and certified by the Commission on VASAP in Richmond. The ASAP program, including all Board members, is fully insured by the Virginia Municipal League. There is no liability to the City for a Board Member's participation.

The position was held by Retired Chief Evans for over 20+ years, however with his recent retirement, a new member must be appointed. I recently spoke with Lt. JR Roberts, who has attended several of the meetings and indicated he would be interested in serving as the City of Manassas Park representative on the ASAP Board. The Board meets quarterly, and is interested in continuing to have current law enforcement personnel on the Board due to the nature of our business, providing probation services to persons convicted of DWI and other charges.

I am requesting that the City of Manassas Park City Council appoint Lt. JR Roberts to the ASAP Policy Board. The resolution does not need addressing as it remains sound. Please contact me if you have any questions. Thank you for your cooperation on this matter.

Sincerely,

Jaime Moran (jmoran@brasap.org)
Director

**A RESOLUTION ENDORSING THE ESTABLISHMENT OF AN INDEPENDENT POLICY
BOARD FOR THE BULL RUN ALCOHOL SAFETY ACTION PROGRAM**

WHEREAS, the Commonwealth of Virginia in the interest of highway safety has provided by law programs for probation, education, and rehabilitation of persons charged with driving motor vehicles under the influence of alcoholic beverages and other self-administered drugs, such programs being collectively known as Virginia Alcohol Safety Action Program or VASAP; and

WHEREAS, since 1979, one of those programs known as Bull Run ASAP has been serving the County of Prince William and the Towns or Cities of Manassas, Manassas Park, Dumfries, Quantico, Haymarket, and Occoquan; and since 1982 has been serving the County of Loudoun and the Towns of Leesburg, Purcellville, and Middleburg, providing probation, education, and rehabilitation of persons charged in violation of Virginia Code Secion 18.2-266; and

WHEREAS, Section 18.2-271.2, Code of Virginia, establishes a Commission on VASAP, said Commission to establish procedures for the operation of local VASAP programs, and on April 3, 1987, said Commission issued directives that all local VASAP programs would establish and implement an independent Policy Board, representative of localities served, to operate the program.

NOW, THEREFORE, BE IT RESOLVED that the City of Manassas Park hereby becomes a participating locality in the Bull Run Alcohol Safety Action Program, pursuant to Virginia Code Sections 15.1-21 and 18.2-271.1, endorsing the establishment of an independent Policy Board, and agreeing to the following:

1. The Board may consist of up to fifteen (15) members. One person appointed by the governing body of each participating jurisdiction for a term of at least two (2) years;
- 2) Other members of the Board shall be selected by majority vote of appointed members to serve terms of one (1) year each and shall include persons representing education, police, courts and citizens;
- 3) The Program shall be operated by the Board in compliance with the VASAP Commission Policies and Procedures and in conjunction with requirements of the local administrative and fiscal agency.
- 4) Each fiscal year, the Program Director shall prepare and submit for approval to the Board, and local fiscal agent, a budget to include client fees and any other available funds as deemed appropriate by the Board, but will include no cost to the participating jurisdictions. The VASAP Commission shall be responsible for funding any deficit occurring in the operation of the Bull Run ASAP Program.

5) This agreement shall remain in effect continuously from year to year until termination. Participating cities or counties may withdraw at any time by official action of the governing body and after ninety (90) days written notice to the Board. If a locality withdraws, its representatives shall no longer serve on the Board.

6) Title of property acquired by the Board shall be vested with the Board so long as two or more local jurisdictions continue to participate in its operation. In the event that all local units of government withdraw and the Commission on VASAP withdraws its endorsement, the property owned by the Board shall be disposed of in accordance with the then applicable provisions of the Code of Virginia, and upon, if necessary, the advice of the Attorney General's office and/or Circuit Court.

Adopted this 15th day of March, 1988, by the

Manassas Park City Council

Teste:

Lana A. Conner
Clerk

BULL RUN

Prince William County

1 Park Center Ct,
Manassas Park, VA 20111

Ma

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703-369-7979
FAX 703-369-5011



Jaime Moran
DIRECTOR

Loudoun County

9 Loudoun Street, S.E.
Leesburg, Virginia 20175

703-771-4702
FAX 703-771-4713

9/18/19

City of Manassas Park
City Council
1 Park Center Court
Manassas Park, VA 20111

Hon. Mayor and Council Members,

Please find enclosed the Fiscal Year 2019 Annual Report for the Bull Run ASAP. The Bull Run ASAP is the Virginia Alcohol Safety Action Program, serving both Prince William and Loudoun County. It is the agency that primarily provides probation, education and treatment referral to drunk drivers and other alcohol/drug offenders from the court system.

Due to the agency's unique self-funding ability, Bull Run ASAP requires no funding from any local, county or state revenue. Bull Run ASAP is operated solely on the fees paid by the offenders and other participants of the program.

The Bull Run ASAP Policy Board requests your continued support of the Manassas Park Police Department in their efforts to enforce the laws against Driving Under the Influence and other alcohol/drug-related highway safety violations.

Please contact Jaime Moran, the Director, if you have any questions. Thank You.

Sincerely,

Jaime Moran, Director
jmoran@brasap.org

BULL RUN



Jaime Moran
DIRECTOR

Prince William County

1 Park Center Ct,
Manassas Park, VA 20111
703-369-7979
FAX 703-369-5011

Loudoun County

9 Loudoun Street, S.E.
Leesburg, Virginia 20175
703-771-4702
FAX 703-771-4713

BULL RUN ASAP

ALCOHOL SAFETY ACTION PROGRAM

ANNUAL REPORT FY2019

JULY 1, 2018 to JUNE 30, 2019

CONTENTS

Page

- 1- Program Summary Information**
- 2- Jurisdiction & ASAP Policy Board**
- 3- Organizational/Staffing Chart**
- 4- Cost of Program Operations**
- 5- Program Referrals/Activities**
- 6- Program Types & Cost**

Bull Run ASAP Annual Report was prepared by Director Jaime Moran, 08/16/19
(703) 369-7979 jmoran@brasap.org

SUMMARY INFORMATION

BULL RUN ALCOHOL SAFETY ACTION PROGRAM (ASAP)

- One of 24 local ASAP Programs in Virginia
- Established by and operated under Virginia Code, Section 18.2-271.21
- Regulated and Certified by the Virginia Commission on VASAP in Richmond
 - Locally administered by the Bull Run ASAP Policy Board
- Virginia jurisdictions of Loudoun County and Prince William County
 - The City of Manassas Park serves as the Program's Fiscal Agent

SERVICES:

- Probationary case monitoring for Court-referred Offenders:
 - Driving While Intoxicated Offenders
 - Drug Offenders
 - Youthful Alcohol/Drug Offenders
 - Habitual Offenders
 - Reckless Driving Offenders
- Ensure compliance with Court requirements, including alcohol/drug testing
 - Monitor out-of-state program participation
 - Monitor compliance with court-ordered Ignition Interlock systems
 - Provide courts with offender participation reports & assessments
- Substance Abuse Intervention
 - Provide substance abuse & prevention education
 - Refer treatment cases to licensed substance abuse programs

PROGRAM TARGET AREAS:

- Case Management/Offender Intervention – Provide probation services for the courts, education & treatment-referral, DMV & Ignition Interlock administrative services
- Enforcement – Help provide training and assistance to local law enforcement agencies to enhance detection and apprehension of drunk/drugged drivers
- Adjudication – Work with the courts to ensure efficient processing of offenders.
- Evaluation/Certification – Maintain state certification standards
- Public Information/Education – Enhance community awareness of the dangers of driving under the influence, and other substance abuse problems

11 JURISDICTIONS OF BULL RUN ASAP:

Loudoun County, including: Towns of: Leesburg, Middleburg & Purcellville

Prince William County, including: City of Manassas & City of Manassas Park and

Towns of: Dumfries, Haymarket, Occoquan & Quantico

LOCAL ADMINISTRATIVE POLICY BOARD:

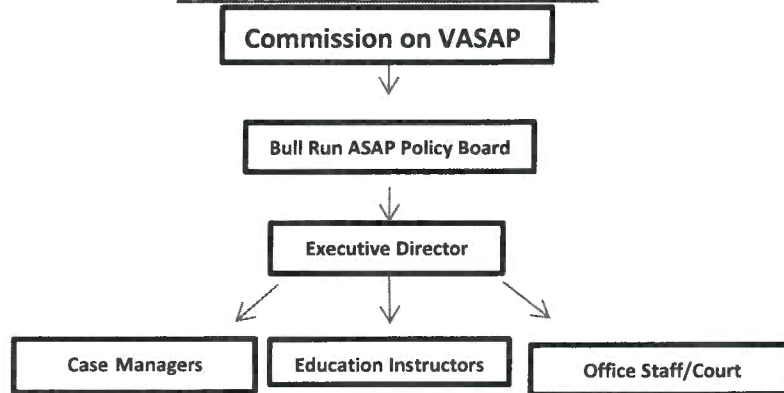
Pursuant to Virginia Code, Sections 15.1-21 & 18.2-271.1, each of the participating governmental jurisdictions within the Counties of Loudoun and Prince William are eligible, upon Resolution, to join the Policy Board and appoint Board Members to serve. The Bull Run ASAP Policy Board is responsible for general program oversight and annual budget approval. The members are:

POLICY BOARD MEMBERS

Vacant – Town of Dumfries
Chief Kevin Lands – Town of Haymarket
Judy Brinegar – Town of Leesburg
Lorraine Gunzerath – Loudoun County
Chester Halterman – City of Manassas
Chief John Evans – City of Manassas Park
Chief A.J. Panebianco – Town of Middleburg
Dan Grinnell – Prince William County
Laurie Holloway – Town of Occoquan
Margaret Vaughan – Town of Purcellville
Vacant – Town of Quantico
Dorothy Vazzana – Policy Board Appointee

The Board itself may also appoint members who have an appropriate interest in the ASAP program. Those members may be comprised of individuals representing law enforcement, prosecution, educators, members of MADD, and individuals interested in traffic safety.

Bull Run ASAP Organization Chart



BULL RUN ASAP STAFF/LOCATIONS

Prince William County Office

1 Park Center Ct
Manassas Park, VA 20111

Loudoun County Office

9 Loudoun St. SE
Leesburg, VA 20175

Jaime Moran - Director
Bonnie Pool – Office Manager
Carol Eiserman- Asst. Office Manager
Ellie Lomba Hinzman – Case Manager
Nacira Rodriguez – Case Manager
Kaitlyn Wells – Case Manager
Morelia Gomez – Case Manager
Haddy Martinez – Case Manager
Brenda Mendez – Office Assistant
Donna Valaer – Office Assistant
Stacey Frye - TREDs Specialist
Yanette Planas Rodriguez – ASAP Court Liaison
Haydn Davis – Education Instructor
Pete Kakalec – Education Instructor
Pat McConnell – Education Instructor
Rachel Perkins – Education Instructor
Mario Prada – Education Instructor
Jim Money – Education Instructor
Nancy McGarry – License Restoration Evaluator

Education Facilities

1 Park Center Ct., Manassas Park
1549 Old Bridge Road #209, Woodbridge
9 Loudoun St. SE, Leesburg

5-YEAR COMPARISON
TOTAL COST OF PROGRAM OPERATIONS FY2015 - FY2019
JULY 1, 2015 THRU JUNE 30, 2019
Fiscal Years = July 1 thru June 30

	COST OF PROGRAM OPERATION	PAYMENT TO STATE OFFICE **	TOTAL PROGRAM COST
FISCAL YEAR 2015	\$1,240,914	\$34,356	\$1,275,270
FISCAL YEAR 2016	\$1,070,409	\$30,643	\$1,101,052
FISCAL YEAR 2017	\$1,145,759	\$29,669	\$1,175,428
FISCAL YEAR 2018	\$1,092,027	\$26,474	\$1,118,501
FISCAL YEAR 2019	\$1,093,106	\$27,395	\$1,120,501
TOTAL 5-YEAR ASAP PROGRAM COST FY2015 to FY2019=			\$5,790,752 *

****The total cost of Bull Run ASAP program operations is paid for by fees collected from offenders in the program.***

No local, state, or federal tax money is used for the operational costs of the Bull Run ASAP program.

Convicted DWI offenders pay most of the costs of the program.

**** In addition to entirely funding the local program through offender fees, each local ASAP program sends funds back to Richmond, each month, to help financially support the operation of the VASAP State Office. The state fee share is currently 3%.**

5-YEAR PROGRAM REFERRAL COMPARISON*

REFERRALS BY PROGRAM TYPE – JULY 1, 2015 TO JUNE 30, 2019

Program Type	FY 15	FY 16	FY 17	FY 18	FY 19
SUSPENDED DRIVER INTERVENTION	335	322	303	285	271
DRUG OFFENDER	101	97	121	113	72
EDUCATION ONLY	34	19	20	42	26
HABITUAL OFFENDER EVALUATIONS	117	126	142	119	108
HABITUAL OFFENDER	35	36	59	78	52
IGNITION INTERLOCK MONITORING	241	270	215	194	203
PRE TRIAL ALCOHOL/DRUG EVALUATIONS	6	3	0	1	2
RECKLESS DRIVING	404	333	365	339	374
DRIVING UNDER INFLUENCE (DUI) **	2,503	2,211	2,101	1,994	1,963
YOUNG OFFENDER	27	28	26	29	11
ZERO TOLERANCE	2	2	3	1	0
ANNUAL TOTAL REFERRALS	3,805	3,447	3,355	3,195	3,082

*5-year comparison numbers updated annually

**Driving Under the Influence (DUI) cases represent a significant majority of offenders in the program
In Virginia, DUI is also called DWI (Driving While Intoxicated)

SERVICING JURISDICTIONS REFERRALS

PRINCE WILLIAM COUNTY	1498	49%
LOUDOUN COUNTY	651	21%

BULL RUN ASAP PROGRAM SERVICE TYPES & COSTS

DRIVER IMPROVEMENT PROGRAM: – This program was discontinued by Bull Run ASAP in 2013 because there are ample private businesses in the area offering driver improvement.

SUSPENDED DRIVER INTERVENTION PROGRAM: \$30 - Required by DMV for all persons having received 2 Driving Revoked/Suspended convictions within a 10-year period. The purpose of the interview is to review the offender's DMV Driving Record to help prevent the occurrence of a 3rd conviction, which requires a mandatory jail sentence.

DRUG OFFENDERS: \$400 - Referred from Court usually for Possession of Marijuana, Possession of Drug Paraphernalia, or other drug-related charges. ASAP probation/intervention services required.

LICENSE RESTORATION EVALUATION: \$175 - Required of Habitual Offenders, offenders convicted of DWI 3rd, or offenders who have been administratively revoked by DMV for 3 DWI convictions within a 10-year period. The evaluation is used by the offenders to petitioning the Court for restricted driving privileges or full restoration of driving privileges.

LICENSE RESTORATION REFERRAL: \$400 – Offenders referred from Court after petitioning and being granted restricted driving privileges. ASAP probation/intervention services sometimes required.

IGNITION INTERLOCK MONITORING: \$300 minimum - Monitoring and DMV administrative services for offenders required to have an Ignition Interlock device on their vehicle for a minimum 6-month period, with no alcohol violations. Initial 6-month period costs \$300, with a per month cost of \$50 thereafter as required.

PRE-TRIAL ALCOHOL/DRUG/DRIVER RISK EVALUATION: \$150 - These evaluations, sometimes requested by attorneys, report the need for alcohol/drug education or treatment, and also assesses the risk involved in allowing the offender to drive.

RECKLESS DRIVING OFFENDER: \$400 – Reckless Driving cases are offenders who were arrested for Driving Under the Influence (DUI) but the case was reduced to Reckless Driving in Court. ASAP probation/intervention required for 6 to 12 months.

DRIVING UNDER THE INFLUENCE OFFENDERS: \$400 - Referred from Court, Virginia DMV, or from out-of-state for convictions of Driving Under the Influence of alcohol or other drugs. The term DUI (Driving Under the Influence) and DWI (Driving While Intoxicated) are sometimes used interchangeably in Virginia. ASAP probation /intervention required for 1 to 3 years.

YOUNG OFFENDERS, ZERO TOLERANCE & JUVENILE OFFENDERS: \$150 to \$250 - Referred from General District Court and Juvenile Court for Under Age Drinking offenses and other alcohol/drug related youthful offenses.

CITY OF MANASSAS PARK - STAFF REPORT/RECOMMENDATION

AGENDA ITEM 6c

REQUESTING DEPARTMENT: Community Development

MEETING DATE: October 15, 2019

SUBJECT/TOPIC: Planning Commission

BACKGROUND: Appointment of Martha Collier as a member of the City of Manassas Park Planning Commission.

STAFF RECOMMENDATION: That the Governing Body approves the appointment of Martha Collier to the City of Manassas Park Planning Commission for a term expiring December 31, 2022.

ATTACHMENTS:

Recommendation Email dated October 10, 2019 from Jeanette Rishell.

From: [JM Rishell](#)
To: [Laszlo A. Palko](#); [Dean Crowhurst](#); [Keith Nguyen](#); [Lana A. Conner](#); [Janet Ward](#)
Cc: [Jeanette Rishell](#)
Subject: Martha Collier Appointment to the MPC Planning Commission
Date: Thursday, October 10, 2019 2:37:27 PM

To All Concerned,

Please include this email in the Meeting Agenda Packet, and consider it as recommendation of Ms. Martha Collier for appointment to the Manassas Park Planning Commission.

Ms. Collier's resume is already on file due to her service on:

**The Board of Equalization

**Parks and Recreation Advisory Commission

We thank Ms. Collier for her service to the City, and appreciate her willingness to serve on the Manassas Park Planning Commission.

Thank you!

Jeanette Rishell
Mayor
City of Manassas Park
City=703-856-5019
Other=703-401-0498

CITY OF MANASSAS PARK - STAFF REPORT/RECOMMENDATION

REQUESTING DEPARTMENT: *Community Development- Public Works Division*

AGENDA ITEM 8a

MEETING DATE: *October 15, 2019*

SUBJECT/TOPIC: *Approval of Task Order No. 5 to Julius Branscome, Inc. for milling and paving*

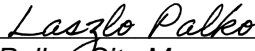
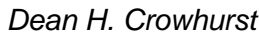
BACKGROUND: *Milling and paving of existing streets is necessary to maintain roadways in good condition, and is part of the City's capital investment in infrastructure. Staff performed a windshield survey of pavement in the Spring of 2019 and identified multiple sections of pavement in the City that require milling and paving over the next several years. Prioritization of milling and paving was based on that survey, further informed by other required work (e.g. water main upgrades, valve repairs, etc.); and by budget constraints. The City is using the cooperative procurement provisions of Va. Code § 2.2-4304 as the purchasing authority for this work. The City of Manassas issued an Invitation to Bid on April 8, 2015, and issued a contract to Julius Branscome, Inc. on May 15, 2015. That contract was renewed annually through 2019, and is the contract that the City of Manassas Park is riding. Task Order No. 5 encompasses high priority paving projects that require only minimal other work; the locations in Task Order No. 5 have also been the subject of numerous complaints. As other infrastructure upgrades / repairs are made, separate Task Orders will be recommended. Without milling and paving, streets will continue to deteriorate and make keeping the City's streets in good condition increasingly difficult.*

The total for the proposed work to be performed under Task Order No. 5 is \$45,187.60; however, since final payment is based on final measured quantities, a 20 % contingency (\$9,037.52) is recommended to ensure that sufficient payment is authorized based on final measured quantities. The final cost of the work shall not exceed \$54,225.12.

Staff recommend that the Governing Body approve Revised Task Order No. 5 to Branscome, Inc. in an amount not to exceed \$54,225.12, and direct the City Manager to sign Revised Task Order No. 5, subject to the approval of the City Attorney.

FINANCIAL IMPACT:	Budgeted:	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
	Amount Budgeted:	\$256,250.00 (Street Improvement / Resealing)
	Amount Spent:	\$0 (Street Improvement / Resealing)
	Amount Requested:	\$54,225.12
	Budget Line Item:	302-94100-0143-00-00-00 (Street Improvement / Resealing)

STAFF RECOMMENDATION: *Staff recommends that the Governing Body approve Revised Task Order No. 5 to Branscome, Inc. in the amount of \$45,187.60, along with a contingency of \$9,037.52, for a total amount not to exceed \$54,225.12, and to direct the City Manager to sign Task Order No. 5, subject to review by the City Attorney.*

CITY MANAGER APPROVAL:	 Laszlo A. Palko, City Manager
CITY ATTORNEY APPROVAL: Required: _____ Not Required: _____	 Dean H. Crowhurst

ATTACHMENTS:

- 1) Task Order No. 5;
- 2) Attachment A – Branscome job number BQ19W093;
- 3) Attachment B – Milling and Paving Agreement & Manassas Contract with Branscome (Uploaded separately on City Website, but not printed).

TASK ORDER NO. 5

BETWEEN JULIUS BRANSCOME, INC. AND CITY OF MANASSAS PARK

This TASK ORDER NO. 5 is issued pursuant to the Milling and Paving Agreement by and between the City of Manassas Park ("CITY") and Julius Branscome, Inc. ("BRANSCOME") dated May 18, 2017 (the "Agreement").

A. SCOPE OF SERVICES

In accordance with the Agreement, BRANSCOME shall perform the following services listed in the quote attached to this TASK ORDER NO. 5:

- Attachment A: Branscome job number BQ19W093 – Andrew Drive from Christopher Lane to West Carondelet Drive; patching as identified in the field: Lambert Street; the intersection of Martin Drive and Yost Street; the intersection of East Carondelet Drive and Matthew Drive.

BRANSCOME shall confirm the scope, schedule, and anticipated compensation for such services in writing prior to starting the work. Both email and fax are acceptable for purposes of obtaining written confirmation.

B. CITY'S RESPONSIBILITIES

CITY's responsibilities on this project include:

- CITY shall assign appropriate staff to the project and provide necessary documentation, and coordination.
- CITY shall provide timely review of submitted products/deliverables, and requests for further information (one-week turnaround or as otherwise agreed upon).
- CITY shall timely notify BRANSCOME when the terms of Attachment A have been satisfied, or of any decision by CITY that would cause BRANSCOME to cease work on the project, or that would otherwise increase the scope of the work defined in Attachment A.

C. COMPENSATION

1. CITY shall pay BRANSCOME according to the rate schedule set forth in Exhibit A of the Agreement.

2. CITY shall pay BRANSCOME as complete compensation for services provided under this TASK ORDER NO. 3, as shown in Attachment A. The fee quoted in the proposal for the estimated quantities is \$45,187.60. The final fee will be based on final measured quantities, but shall in no case exceed fifty-four thousand, two hundred twenty-five dollars and twelve cents (\$54,225.12).

D. SCHEDULE

BRANSCOME shall complete the work in accordance with the deadlines established between CITY and BRANSCOME for each activity, and all work outlined in Attachment A shall be completed by June 30, 2020. This TASK ORDER NO. 5 will expire June 30, 2020, unless extended by the CITY by a subsequent amendment.

The parties do mutually agree to all mutual covenants and agreements contained within this TASK ORDER NO. 5.

CITY OF MANASSAS PARK

BY: _____

TITLE: _____

DATE: _____

JULIUS BRANSCOME, INC.

BY: _____

TITLE: _____

DATE: _____

7812 Bethlehem Road
Manassas, Virginia 20109
(703) 335-1000 * Metro 690-5999
FAX (703) 335-1657

PROPOSAL TO:

City of Manassas Park

DATE: September 11, 2019

OUR JOB NO. BQ19W093

JOB NAME LOCATION

REVISÉ

2019 Street Patching

Attention: Mark

Item	Description (All thicknesses shown are average thicknesses)	Quantity		Unit Price	Total Price
		Type	Units		
	Lambert Street 4" Mill & Fill	SY	262		
622	4" Milling Of Existing Asphalt	SY	262	\$3.60	\$943.20
311	1.5" SM-9.5A Surface Course Asphalt With Tack Coat	TON	24	\$74.00	\$1,776.00
512	2.5" BM-25.0 Base Course Asphalt	TON	40	\$64.00	\$2,560.00
	Martin & Yost 4" Mill & Fill	SY	550		
622	4" Milling Of Existing Asphalt	SY	550	\$3.60	\$1,980.00
311	1.5" SM-9.5A Surface Course Asphalt With Tack Coat	TON	50	\$74.00	\$3,700.00
512	2.5" BM-25.0 Base Course Asphalt	TON	82	\$64.00	\$5,248.00
	East Carondelet & Matthew Drive 4" Mill & Fill	SY	614		
622	4" Milling Of Existing Asphalt	SY	614	\$3.60	\$2,210.40
311	1.5" SM-9.5A Surface Course Asphalt With Tack Coat	TON	56	\$74.00	\$4,144.00
512	2.5" BM-25.0 Base Course Asphalt	TON	92	\$64.00	\$5,888.00
	Andrew Drive Option #2 - 2" Mill & Overlay	SY	1570		
622	2" Milling Of Existing Asphalt	SY	1570	\$1.80	\$2,826.00
312	2" SM-9.5A Surface Course Asphalt With Tack Coat	TON	188	\$74.00	\$13,912.00
	DOLLAR TOTAL AMOUNT				\$45,187.60

We thank you for the opportunity to quote this work. Your signing and returning this proposal, which includes page two (2) TERMS AND CONDITIONS, will constitute acceptance of our proposal by you and will be our authorization to proceed with the work when we are notified to proceed, providing said acceptance has occurred no later than the 11th day of Oct-19

ACCEPTED:

Very truly yours,

Signed:

(Must be signed by an officer of the Company)

BRANSCOME PAVING COMPANY

Printed Name:

Title :

Date :

Company Name:

Page 45 of 133

By:

Printed: David E. Harrah

Title: Chief Estimator

TERMS AND CONDITIONS

Sub-Grade and/or Base Courses, prepared by others:

1. Surface graded prior to our work shall be plus or minus 1" (compacted) of finished grade to balance for the particular course, and in suitable condition to receive the paving. Customer shall furnish all soil testing and C.B.R. determinations and shall be responsible for all costs associated therewith and all failures relating thereto.
2. When the sub-base and/or base course is placed by others, Branscome Paving Company shall have no responsibility for defects in the finished pavement developing as a result of the action of the sub-base and/or base courses, as the case may be.
3. It is understood that if, after being made aware of undesirable sub-base or base course condition, the customer insists on the installation of any portion of the pavement without taking corrective action, Branscome Paving Company will not be responsible in any way for any subsequent pavement failures, and will be paid as stated in the payment section of this agreement, without deduction or offset. In such situations, Branscome will not be obliged to proceed without written direction and waiver from customer.
4. This agreement governs over any or the other contract documents and may not be modified, except in writing.
5. Drainage is not guaranteed on areas having less than 2% grade.

Responsibilities of the Customer and/or Contractor:

1. Customer shall obtain all required permits and tests before the work starts and locate and/or realign any conflicting utilities. Customer shall see that all manholes and other utility structures are on proper grade, in proper alignment, and are properly flagged. Branscome Paving Company will not be responsible for any damage to underground facilities caused by equipment necessary to carry out this contract.
2. Customer shall notify Branscome of any errors or discrepancies in billing within ten (10) days of receipt of billing, otherwise the billing will be considered final and binding of customer.

Credit and Payment

1. All payments are due within 30 days of receipt of invoice. Interest at the rate of 18% per annum will be charged on all invoices not paid within 30 days. In the event it becomes necessary to turn the account over for collection to an attorney, customer shall be liable, in addition to all unpaid charges and interest, to pay all costs of collection, including an attorney's fee of 25% of the outstanding balance.
2. We will not be obligated to proceed with the work until a credit check has been made and approved. If during the course of our work any payment becomes over due, Branscome Paving Company reserves the right to see sufficient payment assurances and to stop work until satisfactory arrangements are made. If arrangements are not made within thirty (30) days of work stoppage, (including costs of demobilization and remobilization) Branscome may terminate the contract.
3. Payment is not contingent on receipt of payment from others or third-party approval of work.

Additional Work:

Where unit prices are specified, these will prevail for all extra work performed above the original contract, if the work can be performed while Branscome Paving Company is at work at the site performing the work set forth in this contract. If this is not the case, Branscome Paving Company reserves the right to renegotiate if it must move back to the site to perform the additional work. In the case of lump sum contracts, unit prices will be negotiated and agreed to prior to the performance of any extra work regardless of the state of completion at the time the extra work is performed. Customer authorizes its on site representative to order extra work and any "rental tickets" signed by the representative will constitute conclusive evidence of the amount of work, scope of work and price for the work. Prices assume performance in one continuous operation. Additional mobilizations will be billed as additional work. If any quantity under-runs by more than 25%, unit prices will be subject to renegotiation.

Scheduling:

Branscome Paving Company will endeavor to fully cooperate with the progress of the work. However, we reserve the right to delay the start of paving until the entire area of the job, or a mutually acceptable area of the job is ready to be paved. Notice to proceed must be given by a customer at least fourteen (14) days in advance to the date work requested. Customer shall furnish Branscome with an anticipated progress schedule at the time of acceptance of this proposal and will not amend the schedule of Branscome's work without the agreement of Branscome.

Job Completion:

The pricing contained herein as based on all work being completed by December 1st, 2019. All work done after this date will be renegotiated prior to being done, and is subject to price escalation.

Exclusions:

The following are excluded from the prices stated on page one (1) of the Proposal unless specifically referenced: Testing. Permits, surveying, utilities or utility adjustment, striping, stone behind or under curb and gutter, handwork, wheelstops, mixes other than VDOT approved mixes.

CITY OF MANASSAS PARK - STAFF REPORT/RECOMMENDATION

REQUESTING DEPARTMENT: *City Manager*

AGENDA ITEM 8b

MEETING DATE: October 15, 2019

SUBJECT/TOPIC: VML/VACo Finance- Commercial Paper Program

BACKGROUND: At the September 10th, 2019 Governing Body meeting, the City Manager presented on an opportunity to join the VML/VACo Commercial Paper program (see Attachment 1 for the presentation). This program is critical for helping the City with its cash-flow due to mainly large Transportation Projects and other Capital Spending. At the September 17th, 2019, the Governing Body authorized the City Manager to proceed with VML Finance to enter the City in the program. Attached is the Resolution and Note (Attachment 2) crafted by VML Finance along with the Agreement (Attachment 3) to enter the City in the program.

For further background- when VML/VACo Finance was established in 2003, a member of VML and of VACo each stepped up to create a joint IDA, which was legally necessary to allow VML/VACo Finance to issue municipal bonds in the Commercial Paper Program. The Industrial Development Authority of Stafford & Staunton is exclusive to VML/VACo Finance (i.e. it only exists to support VML/VACo Finance). The City's Commercial Paper loan will be through the VML/VACo Finance Program through this IDA.

At the October 15th, 2019 meeting of the Governing Body, a public hearing will be held (see Attachment 4 for public hearing notice). The City Manager requests a vote the same evening in order to be able to make an initial draw in November to hopefully avoid needing to utilize the line-of-credit that has a higher interest rate.

STAFF RECOMMENDATION: *That the Governing Body adopt the attached Resolution and authorize the Mayor to sign the attached Note pending final review by the City Attorney. Furthermore that the Governing Body authorize the City Manager to sign the VML/VACo Finance Commercial Paper Program Agreement pending final review by the City Attorney.*

ATTACHMENTS:

1. City Manager Presentation from September 10th, 2019
2. VML/VACo Finance Commercial Paper Resolution & Note
3. VML/VACo Finance Commercial Paper Agreement
4. Public Hearing Notice

Commercial Paper Program

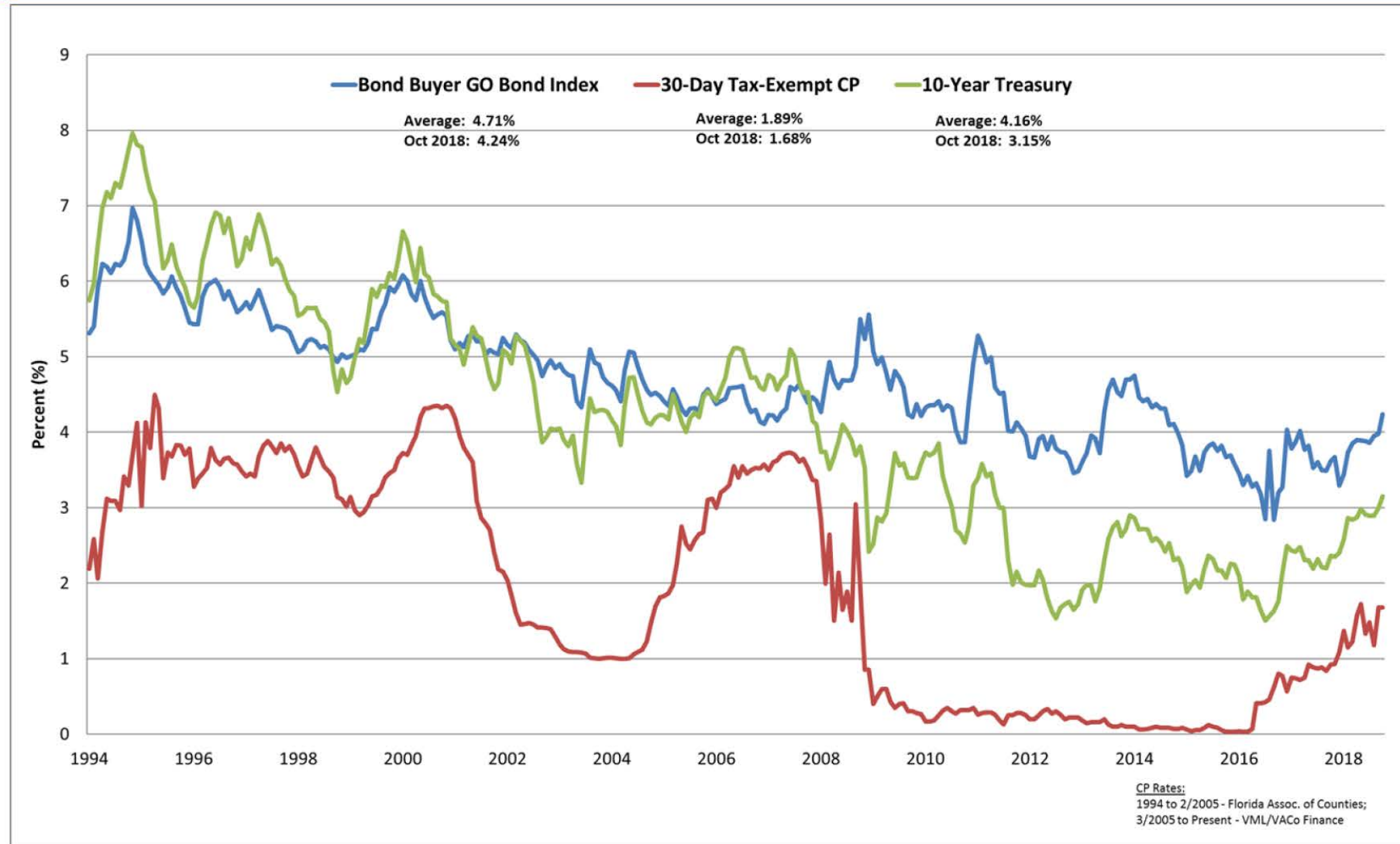
Presented by City Manager



Program Outline

- In general, Commercial Paper are short term notes issued by a corporation (investors buy the short term note from the corporation and they receive interest in exchange) to help deal with cash flow (like a line of credit).
- In Virginia, municipalities can take advantage of a Commercial Paper Program administered by VML/VACo Finance.
- In this program, VML/VACo Finance (and Bank of America as its financial intermediary) issues short term notes, on behalf of its participating localities, that are remarketed on a monthly basis.
- The purpose of this program is to help localities deal with short term cash flow impacts associated with Capital Projects or in general (e.g. Line of Credit).
- Current interest rates range from 2.5%-2.8%. Since these rates are so low (on average lower than the Bond Buyer GO Bond Index), some participants have utilized this for long-term capital funding.

CP Interest rates over past 25 years



Program Outline

- There is no commitment fee to participate and no closing costs.
- Administrative fees are part of the interest rate charge and not billed separately.
- The city must draw \$500K within the first 6 months of the joining the program (which we plan on doing this fall to deal with cash flow challenges).
- To join program all participants must back it via a GO pledge.
- Interest only charged on outstanding principal, not on original balance.
- We are billed by VML/VACo directly as they are the owners of the security and are paying the creditors directly (akin to UOSA Debt).
- Can also be used as a revenue anticipation note (like our Line of Credit).

Why we need it

- Current Line of Credit interest rate is Wall street Journal Prime rate (5.25%) minus 1%, which is 4.25%.
- Thus using this program will save us nearly 2% points of interest rates when compared to the Line of Credit.
- The City really struggled with short-term cash requirements the last time it implemented a transportation project (Safe Routes and Euclid/Manassas Drive intersection) due to the delayed process of getting reimbursed from VDOT.
- Like the Line of Credit we can pay back any drawings in full anytime we use it and no longer need it (i.e. when we get reimbursed by VDOT or we receive our Real Estate Tax revenues).



Next Steps

- If City enters this program it will utilize it as cash flow for upcoming capital expenditures (Moseby Culvert, Conner Drive, Upper Kent, and Conner Pond) as needed to hopefully avoid needing to use Line of Credit prior to receipt of Real Estate Tax revenues in December and/or VDOT reimbursements.
- We will need to hold a public hearing per state law to join the program.
- GB will need to pass a resolution authorizing City Staff to work with VML/VACo.
- Final Loan Documents will be prepared and presented to the GB for final approval.
- Once approved the City will have a \$2M borrowing ceiling and can draw with 10 days notice.

Reminder

- This is not new debt that will impact our annual debt payment amounts. This is instead like our currently utilized line of credit program for short-term cash flow borrowing.
- In the long run when our Operating Cash Fund is built up (and our Capital Fund) we will no longer need programs like this.



**RESOLUTION
OF THE GOVERNING BODY OF
MANASSAS PARK, VIRGINIA
AUTHORIZING THE ISSUANCE AND SALE OF ITS
REVENUE ANTICIPATION NOTE, SERIES 2019
AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN
DOCUMENTS PREPARED IN CONNECTION THEREWITH**

October 15, 2019

WHEREAS, the Governing Body of the City of Manassas Park, Virginia (the "City") has determined that it is necessary and advisable to borrow money for cash flow purposes and issue its revenue anticipation note in anticipation of the collection of grants and revenues from local, state and federal sources, primarily related to transportation improvements;

WHEREAS, the Governing Body held a public hearing on the date hereof for the public to comment on the planned borrowing by the City for the cash flow payment of (i) the design, necessary easements, site work, excavation, construction, utility emplacement, paving, fencing, signage, curbing and sidewalks for the Moseby Drive Culvert Replacement, Upper Kent Drive Reconstruction, and Conner Drive Extension transportation projects; and (ii) renovations and improvements to the Conner Center Pond #1 stormwater facility, and related engineering, administrative and financing costs (collectively, "the Project");

WHEREAS, the City has previously submitted an application to the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (the "Authority"), to obtain financing to pay for the Project (the "Financing"), through the Virginia Municipal League/Virginia Association of Counties' Commercial Paper Program, and the Authority has indicated its willingness to assist with the Financing using the proceeds of its revenue bonds (the "Authority's Bonds"), in accordance with the terms of a Loan Agreement between the Authority and the City (the "Loan Agreement"), the form of which has been presented to this meeting;

NOW, THEREFORE, BE IT RESOLVED AND ORDAINED by the Governing Body of the City of Manassas Park:

1. Authorization, Issuance, Use and Sale of the Note. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended, (the "Act"), and without regard to any requirements or restrictions contained in any charter or special act of the City, the Governing Body (the "Council") authorizes the issuance and sale of its revenue anticipation note in the maximum principal amount of \$2,000,000 to the Authority to provide funds for the payment of the Project.

2. Authorization of Line of Credit; Notes. The Council accepts the proposal of the Authority to purchase the City's Revenue Anticipation Note, Series 2019 (the "Note"). The Mayor and the City Manager, either of whom may act, are authorized to arrange for the issuance of the

Note. The Note shall be issued on the terms set forth in this Resolution and on such additional terms, not inconsistent with this Resolution, as the Mayor or the City Manager may approve, such approval to be evidenced conclusively by the execution and delivery of the Note.

3. Authorization of Loan Agreement. The forms of the Loan Agreement and the Note (collectively, the “Loan Documents”), each of which has been submitted to this meeting, are hereby approved. The City Manager and the Mayor are each authorized to execute the Loan Documents in substantially such forms, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the City Manager or the Mayor, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Note to the Authority shall be upon the terms and conditions of the Loan Agreement. The proceeds of the Note shall be applied in the manner set forth in the Loan Agreement and related documents. All capitalized terms used but not defined herein shall have the same meaning as set forth in the Loan Agreement.

4. Note Details. The Note shall be issued as a single, registered note, shall be designated “Revenue Anticipation Note, Series 2019”, shall be numbered R-1, and shall be in substantially the form of Exhibit A to this Resolution, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officers signing such Note. The Council authorizes the issuance and sale of the Note on such terms as shall be satisfactory to the City Manager or the Mayor; provided however, that the Note (a) shall be in a principal amount not to exceed \$2,000,000, (b) shall mature no later than June 30, 2021 and (c) shall bear interest on the outstanding principal balance thereof at an initial rate of interest approved by the City Manager or the Mayor, with such rate to be adjusted periodically in accordance with the terms and conditions of the Loan Agreement and the documents prepared in connection with the issuance of the Authority’s bonds, and shall accrue certain other ongoing costs and expenses upon the terms and conditions described in the Loan Agreement. Subject to the preceding terms, the Council further authorizes the City Manager or the Mayor to (1) determine the final principal amount of the Note and (2) to establish the maturity date and principal amortization schedule (including the principal installment dates and amounts, if any) for the Note in such manner as the City Manager or the Mayor shall determine to be in the best interest of the City. The approval by City Manager and the Mayor of the final terms, purchase price, initial interest rate, interest rate adjustment provisions, maturity date and amortization schedule of the Note shall be evidenced by the execution and delivery of the Note, and no further action shall be necessary on the part of the City so long as such provisions are within the limits prescribed in this Resolution. As set forth in the Loan Agreement, the City agrees to pay the Program Expenses associated with the Note and the Loan Agreement, together with any applicable late payment or similar costs and expenses described therein. The principal of and premium, if any, and interest on the Note shall be payable in lawful money of the United States of America.

5. Payment and Redemption Provisions. The principal of and premium, if any, and interest on the Note shall be payable as set forth in the Note and the Loan Agreement. The City may, at its option, redeem, prepay or refund the Note upon the terms set forth in the Loan Agreement.

6. Preparation of Printed Note; Mutilated or Destroyed Note. Upon the reasonable request of the registered owner and upon presentation of the Note at the office of the Registrar (as

hereinafter defined), the City shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Note in typewritten form in an aggregate principal amount equal to the unpaid principal of the Note of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Note may be executed by manual or facsimile signature of the Mayor, with the City's seal affixed thereto and attested by the City Clerk; provided, however, that, if both such signatures are facsimiles, no Note shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Note surrendered in any such exchange shall be canceled. If the Note has been mutilated, lost or destroyed, the City shall execute and deliver a new Note of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Note or in lieu of and in substitution for such lost or destroyed Note; provided, however, that the City shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the City in connection therewith and, in the case of a lost or destroyed Note, (a) has filed with the City evidence satisfactory to the City that such Note was lost or destroyed and (b) has furnished to the City satisfactory indemnity.

7. Pledge of General Obligation. The Note shall be payable from the collection of the grants the City received or will receive from the state and federal sources related to the costs of the Project. In addition, the full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on the Note and the performance of the City's obligations under the Loan Agreement. Unless other funds are lawfully available and appropriated for timely payment of the Note, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of and premium, if any, and interest on the Note.. The Note shall not be a general obligation of the Commonwealth of Virginia or any other political subdivision.

8. Appointment of Note Registrar and Paying Agent; Transfer. The City Treasurer is appointed as Note Registrar and Paying Agent for the Note. The City Manager may appoint a subsequent registrar and/or one or more paying agents for the Note by giving written notice to the owner of the Note specifying the name and location of the principal office of any such registrar or paying agent. This Note may be transferred only by an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative in a form satisfactory to the Note Registrar. Such transfer shall be made in the registration books kept by the Note Registrar upon presentation and surrender hereof and the City shall execute, and the Note Registrar shall authenticate, if necessary, and deliver in exchange, a new Note having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rate, and registered in such name as requested by the then registered owner hereof or such owner's attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Note Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

9. Tax Provisions. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the Note to be includable in the gross income of the registered owner thereof under existing law. Without limiting the generality of the

foregoing, the City shall comply with any provision of law that may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Note, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Note from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The City shall pay any such required rebate from legally available funds.

10. Tax and Other Documents. The City Manager and the Mayor are each authorized and directed to execute and deliver a Tax Certificate as to Arbitrage, an IRS Form 8038-G and a Program Administration Agreement, each in a form approved by such officers and the City's bond counsel.

11. Other Actions. All other actions of City officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Note are ratified, approved and confirmed. The City officials are authorized and directed to execute and deliver all certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Note pursuant to this Resolution and the Loan Agreement.

12. Effective Date; Applicable Law. This Resolution shall take effect immediately. The Council elects to issue the Note pursuant to the provisions of the Public Finance Act of 1991.

CERTIFICATE

The undersigned Clerk of the City of Manassas Park, Virginia (the "Clerk"), hereby certifies that:

1. A meeting of the Governing Body was duly called and held on October 15, 2019 (the "Meeting").

2 Attached hereto is a true, correct and complete copy of a resolution (the "Resolution") of the Governing Body entitled "Resolution of the Governing Body of the City of Manassas Park, Virginia, Authorizing the Issuance and Sale of its Revenue Anticipation Note, Series 2019 and the Execution and Delivery of Certain Documents Prepared in Connection Therewith," as recorded in full in the minutes of the Meeting and duly adopted by a majority of the members of the Governing Body present and voting during the Meeting.

3. A summary of the members of the Governing Body present or absent at the Meeting, and the recorded vote with respect to the Resolution, is set forth below:

Member Name	Voting				
	Present	Absent	Yes	No	Abstaining
Jeanette Rishell, Mayor	_____	_____	_____	_____	_____
Preston Banks, Vice Mayor	_____	_____	_____	_____	_____
Hector Cendejas	_____	_____	_____	_____	_____
Donald Shuemaker	_____	_____	_____	_____	_____
Miriam Machado	_____	_____	_____	_____	_____
Alanna Mensing	_____	_____	_____	_____	_____
Haseeb Javed	_____	_____	_____	_____	_____

4. The Resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

WITNESS my signature and the seal of the City of Manassas Park, Virginia, dated November ____, 2019.

(SEAL)

City Clerk
City of Manassas Park, Virginia

Exhibit A
Form of Note

*Interest on this note is intended by the issuer thereof to be exempt from gross income
for federal income tax purposes.*

REGISTERED

No. R-1

DATED DATE

November __, 2019

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

CITY OF MANASSAS PARK

**REVENUE ANTICIPATION NOTE
SERIES 2019**

CITY OF MANASSAS PARK, VIRGINIA (the "City"), for value received, acknowledges itself indebted and promises to pay to the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF STAFFORD AND THE CITY OF STAUNTON, VIRGINIA** (the "Authority"), its registered assigns or legal representative, the principal amount of

TWO MILLION DOLLARS (\$2,000,000)

On or before June 30, 2021, together with interest on the outstanding principal amount advanced under this Note at the rate or rates provided in the Loan Agreement, hereinafter defined. All payments hereunder are payable in lawful money of the United States of America, by check or wire transfer mailed or sent to the registered owner hereof, upon presentation and surrender hereof at the office of the City Treasurer, as Note Registrar. This Note is issued as further evidence of the City's payment obligations under the Loan Agreement dated as of the date thereof (the "Loan Agreement"), between the Authority and the City. All of the terms, conditions and provisions of the Loan Agreement are, by, this reference thereto, incorporated herein as a part of this Note. The obligations of the City under this Note shall be deemed to be amounts payable by the City under the Loan Agreement, and each payment made by the City pursuant to this Note shall be deemed to be a credit against the corresponding obligation of the City under the Loan Agreement.

This Note is registered in the name of the holder hereof on the registration books kept by the City Treasurer, who has been designated as Registrar for this Note and Paying Agent pursuant to the Resolution (as hereinafter defined), which registration has been made in such registration books and endorsed hereon by the Registrar, and no transfer hereof shall be valid unless made on such registration books upon assignment executed by the registered holder hereof, as provided in the Resolution. The Note Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

This Note is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26 of Title 15.2 of the Code of Virginia of 1950, as amended, a resolution adopted by the Governing Body on October 15, 2019 (the "Resolution"), in anticipation of the collection of certain grant revenues and for the financing of (i) the design, necessary easements, site work, excavation, construction, utility emplacement, paving, fencing, signage, curbing and sidewalks for the Moseby Drive Culvert Replacement, Upper Kent Drive Reconstruction, and Conner Drive Extension transportation projects; and (ii) renovations and improvements to the Conner Center Pond #1 stormwater facility, and related engineering, administrative and financing costs, all as set forth in the Resolution.

This Note is subject to prepayment, in whole or in part, prior to maturity at the option of the City on any Interest Payment Date upon payment of 100% of the principal amount of this Note to be prepaid plus interest accrued to the date fixed for prepayment.

The full faith and credit of the City are irrevocably pledged for the payment of principal of and premium, if any, and interest on this Note and the performance of the City's obligations under the Loan Agreement. Unless other funds are lawfully available and appropriated for timely payment of this Note, the Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of and premium, if any, and interest on this Note.. This Note shall not be a general obligation of the Commonwealth of Virginia.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Note have happened, exist and have been performed in due time, form and manner as so required, and the issue of this Note, together with all other indebtedness of the City; is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Governing Body of the City of Manassas Park, Virginia, has caused this Note to be signed by the Mayor, the City's seal to be affixed hereto and attested by the City Clerk and this Note to be dated the date first above written.

CITY OF MANASSAS PARK, VIRGINIA

(SEAL)

Mayor
City of Manassas Park, Virginia

ATTEST:

City Clerk
City of Manassas Park, Virginia

CERTIFICATE OF REGISTRATION

**Date of
Registration**

**Name of
Registered Owner**

Signature of Registrar

November , 2019

IDA of Stafford and
Staunton, Virginia

ASSIGNMENT

The Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (the Authority), hereby irrevocably assigns, without recourse, representation or warranty, the foregoing Revenue Anticipation Note, Series 2019, to U.S. Bank National Association, as Trustee under an Amended and Restated Trust Indenture dated as of June 26, 2008, and as subsequently supplemented (the Indenture), between the Authority and the Trustee, and hereby directs the City of Manassas Park, Virginia (the Borrower), as the maker of the Note, to make all payments of principal of and interest thereon directly to the Trustee at its principal corporate trust office in New York, New York, or at such other place as the Trustee may direct in writing. Such assignment is made as security for the payment of the Authority's Variable Rate Demand Revenue Bonds (VML/VACo Commercial Paper Program), Series 2008A-1, issued pursuant to the Indenture.

Dated: November __, 2019

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF STAFFORD AND THE
CITY OF STAUNTON, VIRGINIA

By: _____
Chairman

LOAN AGREEMENT

by and between

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF STAFFORD
AND THE CITY OF STAUNTON, VIRGINIA

and

CITY OF MANASSAS PARK, VIRGINIA

Industrial Development Authority of the County of Stafford
and the City of Staunton, Virginia
Variable Rate Demand Revenue Bonds, Series 2008A-1
(VML/VACo Commercial Paper Program)

Dated as of the Loan Commencement Date

Certain rights of the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia, hereunder have been assigned to U.S. Bank National Association, solely in its capacity as trustee and not in its individual capacity (the “Trustee”) under an Amended and Restated Trust Indenture dated as of June 26, 2008, between the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia, and the Trustee, and as subsequently supplemented June 1, 2012 and June 4, 2012.

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LOAN AGREEMENT

THIS LOAN AGREEMENT, effective as of the Loan Commencement Date set forth on *Appendix A* attached hereto which is incorporated in its entirety and made a part hereof (this “Agreement” or this “Loan Agreement”), is entered into by and between the INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF STAFFORD AND THE CITY OF STAUNTON, VIRGINIA, a political subdivision duly organized and existing under the Constitution and laws of the Commonwealth of Virginia (the “Issuer”), and CITY OF MANASSAS PARK, VIRGINIA, a political subdivision duly organized and existing under the Constitution and laws of the Commonwealth of Virginia (the “Borrower”).

RECITALS

Pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950 (the “Act”), and in accordance with the Amended and Restated Trust Indenture dated as of June 26, 2008 and as supplemented (the “Indenture”), between the Issuer and U.S. Bank National Association, as Trustee (the “Trustee”), the Issuer has determined to issue certain of its Variable Rate Demand Revenue Bonds, Series 2008A-1 (VML/VACo Commercial Paper Program) (the “Bonds”) and has determined to make the proceeds derived therefrom available to the Borrower to finance or refinance all or a portion of the costs described in *Appendix A*, and to pay related costs and expenses. The Borrower has determined to obtain such financing from the Issuer, subject to the terms and conditions of and for the purposes set forth in this Loan Agreement.

Pursuant to the Amended and Restated Letter of Credit and Reimbursement Agreement dated as of June 26, 2008 (the “Reimbursement Agreement”), between the Issuer and Bank of America, N.A. (the “Bank”), the Bank has agreed to issue a letter of credit (the “Letter of Credit”) to provide for the payment of interest on, and principal and purchase price of, the Bonds.

The Bonds are limited obligations of the Issuer and are not a lien or charge upon the funds or property of the Issuer, except to the extent of the herein mentioned pledge and assignment. The principal of and premium, if any, and interest on the Bonds do not constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions (although the Borrower will be obligated to repay the Loan, as hereafter defined, in accordance with the terms and conditions of this Loan Agreement).

Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Issuer, will be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident thereto except from the Designated Revenues (as defined in the Indenture) received by the Issuer. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof is pledged to the payment of the principal of or premium, if any, or interest on the Bonds. Notwithstanding anything in this Agreement or elsewhere to the contrary, the Trustee’s liabilities and obligations herein are strictly limited to the available amount of the Trust Estate.

For and in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 General Definitions. All capitalized terms used herein and not otherwise herein defined shall have the meanings ascribed to them in the Indenture and/or the Reimbursement Agreement. The following additional terms have the meanings indicated below for all purposes of this Loan Agreement unless the context clearly requires otherwise. Additional terms are defined in the preambles or in the Appendices to this Loan Agreement and have the meanings set forth therein.

“*Annual Letter of Credit Fee*” means with respect to the Bonds allocable to the Loan the annual non-refundable Letter of Credit fee of the Bank in the amount set forth in *Appendix A*.

“*Authorized Officer*” means, when used with reference to any act or document (a) in the case of the Issuer, the Chairman, the Vice-Chairman, the Secretary-Treasurer or any other person authorized pursuant to a resolution of the Issuer to perform such act or execute such document; (b) in the case of the Borrower, any person authorized by resolution, ordinance or other official act of the governing body of the Borrower to perform such act or execute such document; and (c) in the case of the Trustee, the Program Administrator, the Remarketing Agent or the Bank, any person authorized to perform such act or execute such document.

“*Bank*” means Bank of America, N.A. and any bank or banks that issue a Substitute Letter of Credit under the Indenture.

“*Bank Rate*” shall have the meaning given such term in the Reimbursement Agreement.

“*Bond Counsel*” means Spotts Fain PC, as bond counsel for the Program, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law who subsequently serves as bond counsel for the Program.

“*Borrower*” means the party to this Loan Agreement identified as such in *Appendix A* and its successors and assigns.

“*Borrowers*” means, collectively, all borrowers who participate in the Program from time to time.

“*Borrower’s Principal Reserve*” or “*Borrower’s Principal Account*” means the reserve account, if any, required to be maintained by the Borrower with the Trustee pursuant to Section 4.6 hereof to provide for principal payments on the Loan.

“*Commitment*” means the maximum portion of the Stated Amount of the Letter of Credit that has been approved by the Bank to secure Bonds allocable to the Loan, as indicated on *Appendix A* attached hereto and made a part hereof.

“*Commitment Expiration Date*” means the expiration date of the Commitment, as specified in *Appendix A*, as the same may be extended if so agreed by the Bank in writing in its sole discretion.

“*Costs*” means all costs (including, but not limited to, Costs of Issuance and certain other costs associated with the making of the Loan) and allowances which the Issuer or the Borrower may properly pay or accrue in connection with the Financing and which constitute costs or expenses for which the Issuer may expend Bond proceeds under the Act.

“*Costs of Issuance*” means all items of expense directly or indirectly payable by or reimbursable to the Issuer or the Borrower related to the authorization, issuance, sale and delivery of the Bonds and reasonably determined by the Program Administrator and Bond Counsel to be allocable to the Loan, in the amounts specified by the respective parties entitled to payment at the time of closing of the Loan in the amounts specified in *Appendix A*.

“*Default*” means any event or condition the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default.

“*Event of Default*” means any occurrence or event specified in Section 6.1 of this Loan Agreement.

“*Extraordinary Program Expenses*” means any Program Expenses (including, without limitation, reasonable attorneys’ fees and expenses) reasonably determined by an Authorized Officer of the Issuer, the Trustee, the Program Administrator, the Remarketing Agent, Bond Counsel or the Bank to be allocable to the Loan that do not constitute Fixed Program Expenses, such as amounts payable in connection with arbitrage or rebate calculations, costs payable in connection with the realization of funds under the transfer of or the amendment of the Letter of Credit, any interest payable to the Bank at the Bank Rate or the Reimbursement Rate, Bond Counsel fees for opinions or approvals requested by the Borrower, the Trustee, the Program Administrator, the Remarketing Agent or the Bank subsequent to the making of the Loan, transaction fees payable to the Bank under the Reimbursement Agreement that are not predetermined or recurring on a regular basis, any fees, costs and expenses incurred by the Issuer, the Trustee or the Bank (including but not limited to attorney’s fees) to compel full and punctual performance of the provisions of the Letter of Credit, this Loan Agreement or the Security Instruments in accordance with the terms thereof or the taking of any reasonable actions following an Event of Default hereunder; provided, however, that under no circumstances shall the Borrower be charged with, or be liable for, any expenses (e.g., interest payable at a default rate) arising solely from the default of another Borrower under the Program.

“*Financing*” means the financing described on *Appendix A*, all or a portion of the Costs of which is provided by the Issuer pursuant to the Indenture and this Loan Agreement.

“*Fiscal Year*” means the twelve month period commencing on July 1 and ending on June 30.

“*Fixed Program Expenses*” means ongoing fixed expenses of the Program related to the Bonds and reasonably determined by the Trustee and approved by the Program Administrator and Bond Counsel to be allocable to the Loan, including the annual fee of the Remarketing Agent, the annual Trustee’s fee, the Annual Letter of Credit Fee, initially as described in *Appendix A*, as such fee may be revised from time to time pursuant to the Reimbursement Agreement, any annual rating agency fee, predetermined transaction fees payable under the Reimbursement Agreement, and any other ongoing predetermined Program Expenses that the Program Administrator and Bond Counsel determine should be included in the borrowing rate applicable to the Loan and paid by the Borrower for deposit in the Borrower’s Program Expense Account.

“*Flexible Mode Interest Reserve Amount*” means the amount, if any, required to be deposited by the Issuer in the Interest Reserve Account of the Series A Bond Fund under the Indenture if the Interest Rate on the Bonds is set at the Flexible Rate with a Flexible Rate Term in excess of 31 days.

“*Letter of Credit*” means the irrevocable letter of credit issued by the Bank upon the issuance and delivery of the Bonds, as supplemented and amended from time to time.

“*Loan*” means the financing made available by the Issuer to the Borrower from proceeds of the Bonds to pay the Costs pursuant to this Loan Agreement, including the Note evidencing the Loan.

“*Loan Agreement*” means this Loan Agreement, including the Appendices attached hereto, as it may be supplemented or amended from time to time in accordance with the terms hereof and of the Indenture.

“*Loan Commencement Date*” means the date of commencement of the term of this Loan Agreement, as specified in *Appendix A*.

“*Loan Documents*” means this Loan Agreement, the Note, any Tax Agreement, any Security Instruments, any guaranty and all other documents, instruments and agreements made for the purpose of evidencing, securing, guarantying or otherwise setting forth the terms and conditions of the Loan, as the same may be amended and supplemented from time to time.

“*Loan Maturity Date*” means the earliest of (a) the date of the last payment set forth on the Periodic Principal Payment Schedule set forth in *Appendix A*, (b) the Commitment Expiration Date, or (c) the date of acceleration of the Loan after the occurrence of an Event of Default.

“*Loan Repayments*” means the amounts payable by the Borrower with respect to principal, interest, and Fixed Program Expenses pursuant to Article IV hereof.

“*Loan Term*” means the term of the Loan beginning on the Loan Commencement Date and ending on the Loan Maturity Date.

“*Local Obligation*” or “*Note*” means the Borrower’s \$2,000,000 Revenue Anticipation Note, Series 2019, executed and delivered by the Borrower to the Issuer to evidence the Loan, in the form attached hereto as *Appendix C*.

“*Maximum Loan Amount*” means the maximum principal amount of the Loan set forth on *Appendix A*.

“*Mandatory Prepayment*” means any mandatory prepayment of the Loan, as provided in the attached Appendices and/or in the Security Instruments.

“*Outstanding Principal Balance of the Loan*” means the outstanding principal balance of the Bonds allocable to the Loan, regardless of any payments made by the Borrower to the Trustee for application to the redemption of the Bonds (or to reimbursement of the Bank for any Principal Drawing in connection therewith) or for deposit in the Borrower’s Principal Account, if any, until such time as such redemption is effected, as provided in Section 4.9 hereof. The term “*Outstanding Principal Balance of the Loan*” does not include any amounts not drawn by the Borrower and does not include any amounts drawn and repaid by the Borrower during the term of the Loan.

“*Periodic Principal Redemptions*” has the meaning set forth in Section 4.6 hereof.

“*Pledged Bonds*” means Bonds purchased with the proceeds of a Liquidity Drawing (as defined in the Reimbursement Agreement) under the Letter of Credit and pledged to the Bank as security for the Reimbursement Obligations arising therefrom.

“*Program*” means the Issuer’s variable rate loan program for the issuance of the Bonds and lending of the proceeds thereof to Borrowers to finance a governmental undertaking approved by the governing body of a Borrower for a public purpose, including the refinancing of any indebtedness.

“*Program Administration Agreement*” means the agreement of even date herewith between the Borrower and the Program Administrator, as may be amended, restated or substituted from time to time.

“*Program Administrator*” means Virginia Local Government Finance Corporation, a Virginia nonstock, nonprofit corporation (together with any replacement or successor representative), and its successors and assigns.

“*Program Expenses*” means, collectively, Fixed Program Expenses and Extraordinary Program Expenses.

“*Project Account*” or “*Borrower’s Project Account*” means the Project Account established by the Trustee under the Indenture for deposit of the net proceeds of the Bonds disbursed in connection with the Loan and the Financing.

“*Public Finance Act*” means the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended.

“*Purchase Drawing*” shall have the meaning given such term in the Reimbursement Agreement.

“*Reimbursement Rate*” shall have the meaning given such term in the Reimbursement Agreement.

“*Release Date*” means any date on which the Issuer and the Trustee shall be required to release all of their right, title and interest in this Loan Agreement pursuant to the Indenture upon repayment in full of all Bonds allocable to the Loan from the proceeds of a Drawing or Drawings under the Letter of Credit.

“*Satisfaction Date*” means the date of satisfaction in full of all obligations of the Borrower and all other obligors under the Loan Documents.

“*Security Instruments*” means any collateral security instruments identified in *Appendix A* attached hereto delivered to the Trustee in connection with this Loan Agreement.

“*Tax Agreement*” means any tax regulatory agreement or certificate delivered by the Borrower to Bond Counsel as of the Loan Commencement Date.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, for all purposes of this Loan Agreement (a) words importing the singular number include the plural number and words importing the plural number include the singular number; (b) words of the masculine gender include correlative words of the feminine and neuter genders; (c) words importing persons include any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof; (d) any reference to a particular Article or Section shall be to such Article or Section of this Loan Agreement; and (e) any reference to a particular Appendix shall be to such Appendix to this Loan Agreement and to all sub-Appendices related thereto (e.g., references to *Appendix A* shall include *Appendix A-1*, *Appendix A-2*, etc.). Unless expressly provided to the contrary, the right of any person hereunder to give any consent or approval shall not be unreasonably conditioned, withheld or delayed. The headings and the Table of Contents set forth in this Loan Agreement are solely for convenience of reference and shall not constitute a part of this Loan Agreement or affect its meaning, construction or effect.

ARTICLE II
REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

Section 2.1 Representations and Warranties of Borrower. Except to the extent otherwise provided in *Appendix A* or *Appendix B*, the Borrower represents and warrants for the benefit of the Issuer, the Trustee, the holders of the Bonds and the Bank, to the best of its knowledge, and covenants, as follows:

(a) Organization and Authority. The Borrower:

(1) is duly organized and validly existing political subdivision of the Commonwealth of Virginia; and

(2) has all requisite power and authority to own and operate its properties and to carry on its activities as now conducted and as presently proposed to be conducted.

(b) Full Disclosure. There is no fact known to the Borrower which has not been specifically disclosed in writing to the Issuer and the Bank that materially and adversely affects or, except for pending or proposed legislation or regulations that are a matter of general, public information affecting Virginia localities or other political subdivisions generally, that will materially affect adversely the properties, activities, prospects or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Loan Agreement and the other Loan Documents. The financial statements, including balance sheets, and any other written statement furnished by the Borrower to the Issuer and the Bank do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact known to the Borrower which has not been disclosed to the Issuer and the Bank in writing which materially affects adversely or is likely to materially affect adversely the financial condition of the Borrower, or its ability to make the payments under this Loan Agreement and the other Loan Documents when and as the same become due and payable.

(c) Pending Litigation. There are no proceedings pending or threatened against or affecting the Borrower, except as specifically described in writing to the Issuer and the Bank, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, prospects or condition (financial or otherwise) of the Borrower, or the existence or powers or ability of the Borrower to enter into and perform its obligations under this Loan Agreement and the other Loan Documents.

(d) Financing Legal and Authorized. This Loan Agreement and the other Loan Documents have been duly authorized, executed and delivered, or approved, by the Borrower, and constitute the legal and validly binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally. The execution and delivery of this Loan Agreement and the other Loan Documents,

the undertaking and completion of the Financing, and the consummation of the transactions provided for in this Loan Agreement and compliance by the Borrower with the provisions of this Loan Agreement do not and will not (i) conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any indenture, loan agreement or other agreement or instrument (other than any Loan Document) or restriction to which the Borrower is a party or by which the Borrower, its properties or operations are bound as of the date of this Loan Agreement or (ii) with the giving of notice or the passage of time or both, constitute a breach or default or so result in the creation or imposition of any lien, charge or encumbrance, which breach, default, lien, charge or encumbrance (described in (i) or (ii)) could materially and adversely affect the validity or the enforceability of any Loan Document or the Borrower's ability to perform fully its obligations under any Loan Document nor does such action result in any violation of the provisions of any laws, ordinances, governmental rules or regulations or court orders to which the Borrower, its properties or operations may be bound.

(e) No Defaults. No event has occurred and no condition exists that constitutes an Event of Default, or which, upon the execution and delivery of this Loan Agreement and/or the passage of time or giving of notice or both, would constitute an Event of Default. The Borrower is not in violation in any material respect, and has not received notice of any claimed violation (except such violations as (i) heretofore have been specifically disclosed in writing to, and have been in writing specifically consented to by, the Issuer and the Bank and (ii) do not, and shall not, have any material adverse effect on the transactions herein contemplated and the compliance by the Borrower with the terms hereof) of any terms of any agreement or other instrument to which it is a party or by which it, its properties or operations may be bound which may materially adversely affect the ability of the Borrower to perform hereunder or under any other Loan Document.

(f) Governmental Consent. The Borrower has obtained, or will obtain, all permits, approvals and findings required as of the date hereof by any governmental body or officer to consummate the Financing and the Loan and the proper application of the proceeds thereof; the Borrower has complied with or will comply with all applicable provisions of law requiring any notification, declaration, filing or registration with any agency or other governmental body or officer in connection with the Financing; and any action, financing, refinancing or reimbursement contemplated in this Loan Agreement is consistent with, and does not violate or conflict with, the terms of any such agency or other governmental consent, order or other action which is applicable thereto. No further consent, approval or authorization of, or filing, registration or qualification with, any governmental authority is required on the part of the Borrower as a condition to the execution and delivery of this Loan Agreement and the other Loan Documents, or to amounts becoming outstanding hereunder or thereunder.

(g) Compliance with Law. The Borrower is not in violation of any laws, ordinances, governmental rules or regulations material to its properties, operations, finances or status as a political subdivision of the Commonwealth of Virginia, the violation of which would have a material adverse effect on the transactions herein contemplated.

(h) Use of Proceeds. The Borrower agrees to (1) apply for a disbursement of Loan funds by submitting a requisition in accordance with the provisions of Article III below; (2) apply the proceeds of the Loan from the Issuer solely for the financing or refinancing of the Costs of the Financing as described in *Appendix A* and in accordance with the requirements of the Tax Agreement; (3) make no use of the proceeds of the Loan which would cause the Bonds to be “Arbitrage Bonds” within the meaning of Section 148 of the Code; and (4) neither take any action nor fail to take any action or, to the extent that the Borrower may do so, permit any other party to take any action which, if either taken or not taken, would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

(i) The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the Borrower’s security transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and the Borrower expects that it will receive periodic cash transaction statements that will detail all investment transactions.

(j) The Financing is permitted to be undertaken with the proceeds of the Bonds and the Loan pursuant to the Act.

Section 2.2 General Covenants of Borrower. The Borrower agrees to comply with the specific covenants, if any, set forth in *Appendix A* and *Appendix B* attached hereto, and in addition (unless otherwise provided in *Appendix A* or *Appendix B* attached hereto) agrees:

(a) Loan Proceeds. The Borrower shall use the proceeds of the Loan solely to pay for or to reimburse itself for the payment of Costs.

(b) Repayment. As more fully described in Section 4.20 and in *Appendix A* and *Appendix B* attached hereto, while the Borrower intends to make payments from certain grants from state and federal sources, notwithstanding anything contained in this Loan Agreement to the contrary, the Borrower's obligation to make any and all payments due and payable hereunder is a general obligation of the Borrower. In case of a shortfall in the amount of grant sources to cover all of the payments due and payable hereunder or in the timing of the receipt of such funds, the Borrower's obligation to make any further payment to cover any shortfall is required by an ad valorem tax on the property within the boundaries of the Borrower.

(c) Delivery of Information to the Issuer and the Bank. The Borrower shall deliver to the Issuer and the Bank (either directly or via the Program Administrator) as soon as available and in any event within 270 days after the end of each Fiscal Year an audited statement of its financial position as of the end of such Fiscal Year, reflecting the Borrower’s financial position as of the end of such Fiscal Year and the results of the Borrower’s operations and changes in the financial position of its funds for such Fiscal Year, all reported by a firm of independent certified public accountants, or by another accountant or firm of accountants reasonably acceptable to the Bank, whose report shall state that such financial statements present fairly the Borrower’s financial position as of the end of such Fiscal Year and the results of operations and changes in financial position for such Fiscal Year.

(d) Information. The Borrower's chief financial officer shall, at the reasonable request of the Bank, discuss Borrower's financial matters with the Bank or its designee and provide the Bank with copies of any documents reasonably requested by the Bank or its designee unless such documents or material are protected or privileged from disclosure under applicable laws of the Commonwealth of Virginia.

(e) Further Assurance. The Borrower shall execute and deliver to the Trustee all such documents and instruments and do all such other acts and things, as may be reasonably necessary to enable the Trustee to exercise and enforce the rights of the Issuer under this Loan Agreement and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be reasonably necessary or required by the Trustee to validate, preserve and protect the position of the Trustee under this Loan Agreement.

(f) Keeping of Records and Books of Account. The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs, including those related to the Financing.

(g) Payment of Taxes, Etc. The Borrower shall pay, to the extent applicable, all legally contracted obligations when due and shall pay all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims, which, if unpaid, might become a lien or charge upon any of its properties subject to this Loan Agreement, provided that it shall not be required to pay any such tax, assessment, charge, levy or claim, which is being contested in good faith and by appropriate proceedings, which shall operate to stay the enforcement thereof.

(h) Compliance with Laws, Etc. The Borrower shall comply with the requirements of all applicable laws, the terms of all grants, rules, regulations and lawful orders of any governmental authority, non-compliance with which would, singularly or in the aggregate, affect its business, properties, earnings, prospects or credit in a manner that materially adversely affects its ability to comply with its obligations under this Loan Agreement, unless the same shall be contested by it in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(i) Tax-Exempt Status of the Bonds. The Issuer and the Borrower understand that it is the intention hereof that the interest on the Bonds allocable to the Loan not be included within the gross income of the holders thereof for federal income tax purposes. In furtherance thereof, each of the Borrower and the Issuer agrees that it will take all lawful action within its control which is necessary in order for the interest on the Bonds allocable to the Loan to remain excluded from gross income for federal income taxation purposes and shall refrain from taking any action which results in such interest becoming included in gross income.

Each of the Borrower and the Issuer further covenants that, to the extent it has control over the proceeds of the Bonds allocable to the Loan, it will not take any action or fail to take

any lawful act with respect to the investment of the proceeds of any such Bonds, with respect to the payments derived from such Bonds or hereunder or with respect to the issuance of other Issuer obligations which action or failure to act may cause the Bonds to be “Arbitrage Bonds” within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder. In furtherance of the covenant contained in the preceding sentence, the Borrower and the Issuer agree to comply with the Tax Certificate as to Arbitrage (including any attachments) and the provisions of Section 141 through 150 of the Code, as applicable.

(j) Information Reports. The Borrower covenants to provide the Issuer with all material and information it possesses or has the lawful ability to possess necessary to enable the Issuer to file all reports required under Section 149(e) of the Code to assure that interest paid by the Issuer on the Bonds allocable to the Loan shall, for purposes of the federal income tax, be excluded from gross income.

(k) Limited Obligations. It is the intent of each of the parties hereto and each does hereby covenant and agree that the liability of the Borrower hereunder is a several liability of the Borrower for its Loan only, and the Borrower shall have no joint liability with any other borrower or the Issuer with respect to any other loans made by the Issuer to other borrowers.

(l) No Advances to Bank. The Borrower shall not make advances to the Bank for the purpose of supplying moneys to purchase Bonds for the Borrower’s own account or to pay the principal of Bonds on its behalf, in lieu of moneys supplied by the Bank.

(m) Additional Covenants. The Borrower shall comply with the provisions of *Appendix A* and *Appendix B*.

ARTICLE III LOAN TO BORROWER

Section 3.1 The Loan. The Issuer hereby agrees to make available to the Borrower, and the Borrower agrees to accept from the Issuer, the Loan in the Maximum Loan Amount (or such portion thereof that is advanced hereunder), subject to the further provisions of this Loan Agreement. To evidence its obligation to repay the Loan, the Borrower has issued, executed and delivered the Note.

Section 3.2 Issuance of Bonds to Fund Loan. The Loan will be made from proceeds of the Bonds issued under the Program.

Section 3.3 Procedure For Advances and Disbursements. The proceeds of the Bonds used to make advances on the Loan to the Borrower shall be automatically disbursed and deposited into the Project Account and the Cost of Issuance Account maintained by the Trustee under the Indenture for the benefit of the Borrower pursuant to and in accordance with the monthly draw schedule agreed to by the Borrower and the Bank as of the Loan Commencement Date, as the same may be amended from time to time upon reasonable prior notice to the Bank, on the Interest Payment Date indicated in such draw schedule (or such other date as may be approved by the Bank and the Remarketing Agent), at which time such amount shall

automatically increase the principal amount of the Loan outstanding hereunder. Once such amounts are on deposit in the Borrower's Project Account and Cost of Issuance Account, the Trustee shall fund all disbursements of the Loan from amounts on deposit in the Borrower's Project Account and Cost of Issuance Account in order to pay the Costs, as follows:

(a) *Requisition.* To request a disbursement of Loan proceeds from the Borrower's Project Account and Cost of Issuance Account, the Borrower must deliver to the Trustee a completed requisition in the form attached hereto as *Appendix F* that has been executed by the Borrower, together with such attachments or other information as may be required pursuant to the terms of the requisition. Each requisition, and the Borrower's acceptance of any disbursement, shall be deemed to ratify and confirm that no Default or Event of Default has occurred and that all representations and warranties in this Loan Agreement remain true and correct as of the date of the requisition and the disbursement, respectively.

(b) *Funding From Amounts on Deposit in Project Account.* The Trustee shall promptly disburse the requested amounts from the Borrower's Project Account and Cost of Issuance Account after the receipt of an appropriately completed requisition from the Borrower (provided that sufficient funds are on deposit in the Borrower's Project Account and Cost of Issuance Account therefor).

(c) *Limitations on Advances.* In no event shall any amounts be advanced to the Borrower's Project Account and Cost of Issuance Account (i) after the Commitment Expiration Date, (ii) in excess of the principal portion of the Commitment in effect at any time, or (iii) in excess of the Maximum Loan Amount. The Borrower further acknowledges and agrees that the Bank is under no obligation to increase the amount of the Commitment or to extend the Commitment Expiration Date as each is set forth in *Appendix A*.

Unless otherwise provided in a resolution of the Issuer pursuant to which such Bonds are issued, the Borrower shall have no legal or equitable interest in the proceeds of the Bonds or in any amounts from time to time on deposit in the funds and accounts created by the Indenture except to require their application in accordance with the Indenture. The proceeds of the Loan shall be used strictly to finance the Costs in accordance with this Loan Agreement and the Tax Agreement.

Section 3.4 Conditions Precedent to Loan Closing. Prior to the Loan Commencement Date, the Borrower shall cause to be delivered to the Issuer, the Trustee, Bond Counsel, the Bank and the Bank's Counsel each of the following items:

(a) Executed Loan Documents. An executed counterpart of this Loan Agreement duly executed by the Borrower and the Issuer, the executed Note, together with an assignment thereof to the Trustee, and any executed Security Instruments, if applicable.

(b) Executed Local Obligation. The Note duly executed by the Borrower.

(c) Certificate of Borrower's Counsel. A certificate of counsel to the Borrower in a form satisfactory to Bond Counsel, the Issuer and the Bank.

(d) Tax Agreement. The Tax Agreement signed by an Authorized Officer of the Borrower, in form and substance satisfactory to Bond Counsel, with respect to the use of the proceeds of the Loan in connection with the Financing.

(e) Opinion of Bond Counsel. An Opinion of Bond Counsel in form satisfactory to the Issuer, the Bank and the Trustee.

(f) Issuer Resolution. A resolution of the Issuer approving the issuance of Bonds and the execution and delivery by the Issuer of this Loan Agreement.

(g) Letter of Credit. Confirmation from the Bank that all of the Bank's conditions precedent set forth in its commitment letter, if any, this Loan Agreement and *Appendix D*, have been satisfied, such that the Bank can deliver evidence that the Letter of Credit has been issued or increased in the amount of the Commitment (or necessary portion thereof) to secure the portion of the Bonds to be issued in connection with the Financing.

Section 3.5 Conditions Precedent to Loan Advances. Prior to any Loan advances, all conditions precedent set forth as *Appendix E* shall have been satisfied.

Section 3.6 Limitation of Liability. In no event shall the Issuer, the Trustee, the Program Administrator, the Underwriter, the Remarketing Agent, Bond Counsel or the Bank or their respective agents be liable for any incidental, indirect, special or consequential damages in connection with or arising out of the Financing.

ARTICLE IV PAYMENTS REQUIRED

Section 4.1 Loan Repayments. The Borrower shall pay the outstanding principal amount of the Loan and all interest thereon and all Costs of Issuance and Program Expenses allocable thereto, as provided in this Article IV.

Section 4.2 Costs of Issuance. Costs of Issuance shall be paid to the Trustee from the proceeds of the Loan on the Loan Commencement Date in the amount specified by the respective parties entitled to payment at the time of closing of the Loan in the amounts specified in *Appendix A*.

Section 4.3 Designated Revenues Required for Payment of Interest. Pursuant to the Indenture: (a) all of the Bonds that are allocable to the Loan shall initially bear interest at the Flexible Rate until the date, if any, upon which the Interest Rate determination method is changed as described in the Indenture, (b) while the Bonds bear interest at the Flexible Rate, interest shall be payable in arrears at the end of each applicable Flexible Rate Period, and (c) all interest on the Bonds shall be paid from the proceeds of an Interest Drawing under the Letter of Credit. Pursuant to the Reimbursement Agreement, the Issuer is required to reimburse the Bank immediately for all of such Interest Drawings from Designated Revenues. It is the obligation of the Borrower to provide sufficient Designated Revenues in such amounts and at such times as

necessary to enable the Issuer to reimburse the Bank for all Interest Drawings made to pay interest on the Bonds that are allocable to the Loan.

Section 4.4 Provision for Payment of Fixed Program Expenses. In addition to the monthly interest expense on the Bonds allocable to the Loan, Fixed Program Expenses shall be added to the interest expense on such Loan and the Borrower shall deposit or cause to be deposited in the Program Expense Account established under the Indenture such amounts as are needed to pay Fixed Program Expenses for disbursement upon direction of the Program Administrator.

Section 4.5 Payment of Interest. The Borrower shall provide Designated Revenues to satisfy the foregoing requirements with respect to interest in such amounts and at such times as necessary to enable the Issuer to reimburse the Bank for all Interest Drawings that are allocable to the Loan. The Borrower shall pay such amounts one Business Day prior to each Interest Payment Date.

Section 4.6 Payment of Principal. *Appendix A* to this Loan Agreement provides that a portion of the Bonds allocable to the Loan shall be payable through periodic redemptions in accordance with a schedule set forth therein, if any (the Periodic Principal Redemptions) and the Indenture provides that the redemption price payable at the time of each Periodic Principal Redemption on such Bonds shall be paid from the proceeds of a Principal Drawing under the Letter of Credit. Pursuant to the Reimbursement Agreement, the Issuer is required to reimburse the Bank immediately for all of such Principal Drawings from Designated Revenues. It is the obligation of the Borrower to provide sufficient Designated Revenues in such amounts and at such times as necessary to enable the Issuer to reimburse the Bank for all Principal Drawings made to pay the redemption price of all Periodic Principal Redemptions on the portion of the Bonds that are allocable to the Loan. Such Designated Revenues shall be provided by the establishment of a principal reserve by the Borrower with the Trustee to provide for reimbursement of such Principal Drawings, as set forth below.

(a) *Principal Reserve Required.* On the Loan Commencement Date, the Borrower hereby establishes and agrees to maintain a Principal Account (Borrower's Principal Account) to be held by the Trustee under the Indenture in anticipation of Principal Drawings under the Letter of Credit to pay the redemption price of the Periodic Principal Redemptions on the Bonds allocable to the Loan.

(b) *Principal Deposits.* One Business Day prior to each of the dates specified in *Appendix A*, the Borrower shall deposit or cause to be deposited in the Borrower's Principal Account the amount of the principal payment on the Loan specified in *Appendix A*. Immediately after each Principal Drawing to pay the redemption price of a Periodic Principal Redemption under the Bonds allocable to the Loan, the Trustee shall withdraw funds from the Borrower's Principal Account in an amount equal to the amount of such Principal Drawing allocable to the Loan in order to reimburse Bank for principal paid in connection with such Principal Drawing.

(c) *Loan Maturity Date.* On the Loan Maturity Date, the entire outstanding principal balance of the Loan, all accrued and unpaid interest thereon, and all unpaid Fixed

Program Expenses and Extraordinary Program Expenses allocable thereto shall be paid in full (subject to the terms and conditions set forth in Section 4.12, as applicable).

Section 4.7 Deposit of Excess Proceeds and Other Principal Prepayments. Any excess Loan proceeds remaining in the Borrower's Project Account after the completion of the Financing (as certified by the Borrower) shall be delivered to the Trustee with instructions to the Trustee to apply such amounts to the optional redemption of the Bonds allocable to the Loan on the earliest practicable redemption date, such funds to be held in escrow pending the applicable redemption and, immediately following such redemption, to be delivered to the Bank to reimburse the Bank for the Principal Drawing to effect such redemption. If such amounts are deposited by the Trustee in the Borrower's Principal Account, they shall be segregated from other amounts in the Borrower's Principal Account required to be applied to Periodic Principal Redemptions and shall be credited toward the Borrower's required scheduled principal Loan payments in the inverse order of their maturity unless otherwise specified in *Appendix A*.

Section 4.8 Additional Payments. In addition to the principal and interest and Fixed Program Expense amounts set forth above: (a) if on any date on which the principal of the portion of the Bonds allocable to the Loan becomes due (other than principal due (i) by virtue of the optional tender of Bonds that are not remarketed, or (ii) by virtue of any mandatory tender on each Interest Payment Date of Bonds bearing interest at the Flexible Rate or any mandatory tender pursuant to Section 3.07(a)(iv) of the Indenture) the amount on deposit in the Borrower's Principal Account or otherwise available through the Bond Fund maintained under the Indenture for the Bonds is not sufficient to pay such principal, the Borrower shall pay to the Trustee immediately an amount equal to the portion of such deficiency allocable to the Loan and until so paid such deficiency shall bear interest thereon at the Reimbursement Rate; (b) in the event that the Borrower fails to pay any monthly principal deposit on the Loan referenced in Section 4.6(b) above within 10 days after the date due, such delinquent deposit shall bear interest at the Reimbursement Rate until paid in full; (c) in the event the Bank is not reimbursed immediately for a Purchase Drawing, the Borrower shall pay interest on the unreimbursed amount at the Bank Rate and the amount drawn shall be repaid by the Borrower in accordance with the provisions of Section 2.8.3 of the Reimbursement Agreement; and (d) in the event that at any other time the Bank is not reimbursed immediately for any Drawing under the Letter of Credit that is allocable to the Loan, the Borrower shall pay all resulting additional interest at the Reimbursement Rate, and all late charges (if any) payable to the Bank under the Reimbursement Agreement.

Section 4.9 Loan Prepayments. To the extent permitted in Section 4.9(a) or Section 4.9(b) below, the Borrower may prepay the Loan Repayments, in whole or in part in such amounts and upon such notice as permitted and specified below, and upon payment by the Borrower to the Trustee or the Bank, as appropriate, of the applicable prepayment price set forth below. Except as otherwise required or permitted by the Bank, such prepayments shall be applied first to accrued interest on the portion of the Loan to be prepaid and then to principal payments on the Loan in the inverse chronological order of their due dates unless otherwise specified in *Appendix A*.

(a) Prepayment Prior to Release Date. Prior to the Release Date, the principal amount of the Loan may not be prepaid except in accordance with the provisions of this paragraph (a), as follows:

(i) The Borrower may prepay the Loan by giving at least 30 days' written notice to the Trustee and the Remarketing Agent (or such fewer number of days as shall be acceptable to the Trustee and the Remarketing Agent) and payment to the Trustee of the prepayment price set forth below. Any such prepayment shall be made on the first Interest Payment Date following the expiration of such 30 day notice period, or such other period as may be acceptable to the Trustee, the Remarketing Agent and the Bank;

(ii) The prepayment price of any portion of the principal amount of the Loan to be prepaid on any date shall be an amount equal to the sum of (A) the principal amount of the Loan prepaid, (B) interest accrued and to accrue on such principal amount until the date on which corresponding Bonds can be redeemed or retired, calculated at the applicable rate or rates of interest borne by such Bonds and, if for any period prior to the anticipated redemption date that the applicable interest rate on the Bonds has not yet been established, at an interest rate equal to the interest rate borne by the Bonds on the prepayment date plus one percent, and (C) all Fixed Program Expenses accruing or expected to accrue prior to the earliest date on which corresponding Bonds are redeemed or retired in connection with such prepayment, together with any other outstanding Program Expenses. Notwithstanding the foregoing provisions, unless prepaid in full, the Borrower may not prepay the Loan by any amount that may cause the outstanding principal balance of the corresponding Bonds to be less than \$100,000 at any time;

(iii) Notwithstanding the foregoing provisions, if on any prepayment date, Bonds in an amount equal to the principal amount of the Loan to be prepaid cannot be redeemed or retired in accordance with the provisions of this Section within 45 days following the prepayment date, the prepayment price of the principal amount of the Loan prepaid on such date, at the election of the Borrower, shall be the amount necessary (A) to purchase Government Obligations (as defined in the Indenture) maturing as to principal and interest on such dates and in such amounts as shall be sufficient without reinvestment to pay the principal amount of the corresponding Bonds to be redeemed or retired, together with the interest accrued and to accrue on such Bonds to the date of such redemption or retirement on the due dates for the payment of such interest, and (B) to pay all Fixed Program Expenses accruing or expected to accrue prior to the earliest date on which corresponding Bonds are redeemed or retired in connection with such prepayment, together with any other outstanding Program Expenses; and

(iv) Loan prepayments shall be applied to the redemption of corresponding Bonds on the earliest practicable redemption date following receipt by the Trustee of the prepayment price.

(b) Prepayment After Release Date. After the Release Date, the Borrower may prepay the Loan in any principal amount at any time without premium or penalty, upon at least one Business Day's notice to the Bank and payment to the Bank of an amount equal to the sum of (i) the principal amount of the Loan prepaid, (ii) the accrued interest on such principal

amount until the prepayment date, and (iii) any other fees and expenses then due and payable by the Borrower to the Bank.

Section 4.10 Letter of Credit Fee. The Annual Letter of Credit Fee shall be payable by or on behalf of the Borrower in arrears on each Interest Payment Date, beginning on the date specified in *Appendix A*, upon receipt from the Trustee or the Program Administrator of an invoice therefor.

Section 4.11 Extraordinary Program Expenses. Any Extraordinary Program Expenses shall be promptly paid to the Trustee, the Program Administrator, the Remarketing Agent or the Bank upon request of any Authorized Officer from time to time from any legally available funds of the Borrower.

Section 4.12 Loan Payments Required After Release Date. After the Release Date, so long as no Event of Default has occurred hereunder, the Loan shall remain outstanding on the same terms and conditions as those set forth herein until the applicable Loan Maturity Date, except that beginning on the Release Date: (a) as provided in Section 6.4 below, all payments shall be made by the Borrower directly to the Bank instead of to the Trustee; (b) the Loan shall bear interest at the Reimbursement Rate instead of its then current interest rate, which interest shall be payable on the first day of each month; (c) principal payments shall continue to be made in accordance with the Periodic Principal Payment Schedule, if any, set forth on *Appendix A* up to and including the applicable Loan Maturity Date, at which time the Loan shall mature and all principal and interest thereon and other amounts due in connection therewith shall be payable in full; and (d) no Program Expense Account or Principal Account shall be required.

Section 4.13 Late Payments. In addition to the payments of principal and interest on the Loan, to the extent permitted by law, the Borrower shall pay interest on the amount or any payment required to be paid by the Borrower hereunder that is received by the Trustee or the Bank (as the case may be) later than the tenth (10th) day following its due date beginning on the due date for such payment until such payment is paid in full at the Reimbursement Rate calculated on the basis of the actual number of days elapsed in a year of 360 days, plus all costs of collection, including legal fees incurred, with respect thereto.

Section 4.14 Local Obligation; Application of Payments. Except as may be otherwise specifically provided in this Loan Agreement, each payment made hereunder shall be applied to the amounts then due and payable hereunder first, in respect of Fixed Program Expenses, second, in respect of interest, third, in respect of principal, and fourth, in respect of any other amounts payable hereunder.

Section 4.15 Outstanding Loan Balance. The Borrower acknowledges that it is responsible for payment of all amounts on the Bonds allocable to the Loan so long as such Bonds are outstanding, and that principal payments received by the Trustee may not be applied immediately to the redemption or other retirement of such Bonds. ACCORDINGLY, FOR ALL PURPOSES OF THIS AGREEMENT, THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN AT ANY TIME SHALL BE DEEMED TO BE THE OUTSTANDING PRINCIPAL BALANCE OF THE BONDS ALLOCABLE TO THE LOAN, REGARDLESS OF

THE AMOUNT OF PAYMENTS THAT MAY HAVE BEEN MADE BY THE BORROWER BUT NOT YET APPLIED TO REDUCE THE OUTSTANDING PRINCIPAL BALANCE OF SUCH BONDS. Notwithstanding the foregoing, all amounts delivered to the Trustee by the Borrower hereunder pending anticipated application thereof to reimbursement of the Bank or to payment of Program Expenses shall be invested by the Trustee as required under the Indenture, and all investment earnings thereon shall inure to the benefit of the Borrower to the extent permitted by the Code.

Section 4.16 Pledged Bonds. Pursuant to the provisions of the Letter of Credit and the Indenture, the Trustee shall not make any drawings under the Letter of Credit to pay principal or interest due on any Pledged Bonds. Accordingly, the Trustee shall withdraw amounts from the Borrower's Principal Account to make payments of principal on such Pledged Bonds when due.

Section 4.17 Unconditional Obligations. To the extent permitted by law and subject in all respects to the provisions of this Loan Agreement, the obligations of the Borrower to make the payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever while any portion of the Loan remains outstanding regardless of any contingency, act of God, event or cause whatsoever. This Loan Agreement shall be deemed and construed to be a "net contract," and the Borrower shall pay absolutely net the amounts required to be paid hereunder, regardless of any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the Issuer, the Trustee, the Bank, the Program Administrator, the Remarketing Agent or any other party or parties.

Section 4.18 Payment in Full. This Loan Agreement will terminate upon the payment in full of all amounts due under this Loan Agreement, provided any prepayment is undertaken in accordance with Section 4.9 of this Agreement.

Section 4.19 Loan Agreement to Survive Indenture and Bonds. The Borrower acknowledges that payment of the Bonds allocable to the Loan from sources other than Designated Revenues or otherwise under the Note or under this Loan Agreement (including payment from funds realized by the Trustee under the Letter of Credit) does not constitute payment of the amounts due under this Loan Agreement, the Local Obligation and the Security Instruments, if any, and that its obligations hereunder shall survive the discharge of the Indenture and payment of the principal of and interest on the Bonds allocable to the Loan.

Section 4.20 Nature of Borrower's Obligations.

(a) The Borrower's obligation to make payments under this Loan Agreement and the Note shall be payable from the collection of the grants the Borrower received or will receive from the state and federal sources related to the costs of the Project. In addition, the full faith and credit of the Borrower are irrevocably pledged for the payment of principal of and premium, if any, and interest on the Note and the performance of the Borrower's obligations under the Loan Agreement. Unless other funds are lawfully available and appropriated for timely

payment of the Note, the Borrower's governing body shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Borrower's boundaries sufficient to pay when due the principal of and premium, if any, and interest on the Note.

(b) The Note shall not be a general obligation of the Commonwealth of Virginia or any other political subdivision.

ARTICLE V ASSIGNMENT

Section 5.1 Assignment and Transfer by Issuer.

(a) The Borrower expressly acknowledges that, pursuant to the Indenture, all right, title and interest of the Issuer in and to this Loan Agreement (except for the Unassigned Rights of the Issuer), the Local Obligation and the Security Instruments, if any, have been assigned to the Trustee for the benefit of the holders of the Bonds allocable to the Loan and to the Bank as security for the amounts due under the Reimbursement Agreement. The Borrower further acknowledges that the Issuer has appointed the Trustee as servicer entitled to act hereunder in the place and stead of the Issuer as set forth herein. The Borrower hereby approves the Indenture and consents to such assignment and appointment. This Loan Agreement, the Local Obligation and the Security Instruments, if any, including, without limitation, the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce performance by the Borrower of its other obligations hereunder, may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee or the Bank at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving notice to, the Borrower.

(b) The Borrower hereby approves and consents to any further assignment or transfer of this Loan Agreement that the Issuer deems to be necessary in connection with any refunding of the Bonds or the issuance of Additional Bonds under the Indenture or otherwise in connection with the Program or any successor pooled loan program of the Issuer.

Section 5.2 Assignment by Borrower. This Loan Agreement may not be assigned by the Borrower without the prior written consent of the Issuer, the Trustee and the Bank.

Section 5.3 Participation. The Borrower agrees that the Bank may, in accordance with the Reimbursement Agreement, sell or grant participation to any other persons in the rights of the Bank under this Loan Agreement, the Local Obligation and the Security Instruments, if any. The Borrower acknowledges that the Bank may disclose to the holder of any such participation any financial information relating to the Borrower which is provided to the Bank pursuant to this Loan Agreement. Notwithstanding the foregoing provisions of this Section, neither the Borrower, the Issuer nor the Trustee shall have any obligation hereunder to provide notices to or obtain the consent of any holder of any such participation.

ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(a) failure by the Borrower to pay any Loan Repayment required to be paid hereunder within ten (10) days after the date due;

(b) failure by the Borrower to observe and perform any covenant, condition or agreement other than a failure under (a) above, on its part to be observed or performed under this Loan Agreement, for a period of thirty (30) days after notice of the failure, unless the Issuer, the Bank and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Issuer, the Bank or the Trustee, but cannot be cured within the applicable 30-day period, the Issuer, the Bank and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the failure is corrected;

(c) the occurrence of any Event of Default under any Security Instrument (after any applicable notice or cure period);

(d) any warranty, representation or other statement by the Borrower or by an officer or agent of the Borrower contained in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement is false or misleading in any material respect when made;

(e) a petition is filed against the Borrower under any applicable bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days of such filing;

(f) the Borrower files a petition in voluntary bankruptcy or seeking relief under any provision of any applicable bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(g) the Borrower admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Borrower or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 60 days;

(h) any material provision of this Loan Agreement or any Security Instrument shall at any time for any reason cease to be valid and binding on the Borrower, or shall be

declared to be null and void, or the validity or enforceability of this Loan Agreement or any Security Instrument shall be contested by the Borrower or any governmental agency or authority, or if the Borrower shall deny any further liability or obligation under this Loan Agreement or any Loan Document or Security Instrument; or

(i) unless waived in writing by the Bank, the occurrence of any additional Event of Default set forth in *Appendix B*.

Section 6.2 Notice of Default. The Borrower shall give the Trustee, the Bank and the Issuer prompt telephonic notice of the occurrence of any event or condition that constitutes a Default or an Event of Default at such time as any financial or similar officer of the Borrower becomes aware of the existence thereof.

Section 6.3 Remedies on Default. If an Event of Default shall have occurred, the Trustee or the Bank may take any one or more of the following remedial steps (subject to the provisions of Section 6.4 below):

(a) declare all Loan Repayments and all other amounts due hereunder (including, without limitation, amounts payable under the Local Obligation and the Security Instruments, if any) to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable, without further notice or demand;

(b) take whatever action permitted at law or in equity that may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Local Obligation and the Security Instruments, if any;

(c) exercise any and all available remedies under the Security Instruments, if any;

(d) exercise any other remedies provided by the laws of the Commonwealth of Virginia; and

(e) take such steps as may be required under the Indenture to effect the redemption or purchase of Bonds allocable to the Loan.

Section 6.4 Rights of Trustee vis-à-vis the Bank.

(a) Prior to the Release Date, as provided in the Indenture, at the direction of, or with the consent of, the Bank, the Trustee shall enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of this Loan Agreement, the Local Obligation and any Security Instruments, including the prompt payment of all Loan Repayments and all other amounts due hereunder. The Trustee shall promptly notify the Bank of the occurrence of any Event of Default of which it has knowledge. The Trustee shall not (without the prior written consent of the Bank), release the obligations of

the Borrower under this Loan Agreement and shall at all times, in accordance with the provisions of the Indenture and to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Owners of the Bonds allocable to the Loan and of the Trustee under or with respect to this Loan Agreement; provided that this provision shall not be construed to prevent the Trustee, with the consent of the Bank, from settling a default under any Loan Agreement or Security Instrument securing it on such terms as the Trustee shall determine to be in the best interest of the Owners of the Bonds allocable to the Loan. Pursuant to the Indenture, the Issuer has appointed the Trustee as its agent and attorney-in-fact for purposes of enforcing all rights under this Loan Agreement, whether or not the Issuer is in default under the Bonds or the Indenture.

(b) The Borrower acknowledges that upon the payment in full of the Bonds allocable to the loan by virtue of a Drawing under the Letter of Credit, the Issuer and the Trustee may release to the Bank all of their right, title and interest in and to this Loan Agreement, the Local Obligation and the Security Instruments, if any. The Borrower acknowledges that on and after any Release Date, the Bank shall be entitled to act hereunder in the place and stead of the Issuer and the Trustee. Upon receipt of notice of any such release, the Borrower shall make all payments required hereunder and under the Local Obligation and the Security Instruments, if any, directly to the Bank regardless of any defense or right of set-off that the Borrower may have against the Issuer or the Trustee. Thereafter (i) the Bank shall have all rights to receive notices and give consents and approvals hereunder, (ii) the Bank may exercise or refrain from exercising any of the remedies set forth herein or otherwise provided at law with respect to any failure of the Borrower to fulfill any of its obligations hereunder, and (iii) all references to the "Issuer" and the "Trustee" herein shall be deemed to be references to the Bank.

Section 6.5 Right to Advance or Post Funds. If at any time any Default or Event of Default shall have occurred, or if the Bank reasonably determines that an event or condition exists that could endanger the timely performance by the Borrower of its obligations under this Loan Agreement, the Local Obligation or the Security Instruments, if any, and such event or condition has not otherwise been cured, provided for or contested (in a manner permitted by this Loan Agreement and satisfactory to the Bank), the Bank may cure such Default or Event of Default or advance funds for the account of the Borrower to correct such event or condition in such other manner as the Bank deems proper, without prejudice to the Borrower's rights, if any, to recover such funds from the party to whom paid. Amounts so advanced by the Bank and any reasonable expenses of the Bank incurred in connection therewith shall be for the account of the Borrower, shall be reimbursed to the Bank by the Borrower immediately following receipt of notice or demand from the Bank (with interest at the Reimbursement Rate from the date of such advance or payment through the date of reimbursement), and shall be secured (along with such accrued interest) by the Security Instruments, if any. Nothing in this Loan Agreement shall be construed as imposing any obligation upon the Bank to complete the Financing, to cure any Default or Event of Default of the Borrower under this Loan Agreement or under the Local Obligation or the Security Instruments, if any, or otherwise to perform any of the Borrower's obligations hereunder or thereunder.

Section 6.6 Attorneys' Fees and Other Expenses. The Borrower, on demand, shall pay to the Issuer, the Bank, the Program Administrator and the Trustee the reasonable fees and

expenses of attorneys and other reasonable expenses of any nature incurred by any of them in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance of any other obligations of the Borrower upon any Default or Event of Default. The Borrower shall pay interest on any amount due under this Section and not paid on or before the date 30 days after demand therefor upon the Borrower pursuant to the Reimbursement Agreement at the Reimbursement Rate from such date until payment thereof. The provisions of this Section shall survive the termination of this Loan Agreement.

Section 6.7 Application of Moneys. Any moneys collected by the Trustee or the Bank pursuant to Section 6.3 shall be applied (a) first to pay any amounts owed by the Borrower pursuant to Section 6.6; (b) second to pay interest at the Reimbursement Rate or the Bank Rate, as applicable, and late charges (if any) payable to the Bank under the Reimbursement Agreement; (c) third, to pay other interest due on the Loan; (d) fourth, to pay any other amounts due hereunder; and (e) fifth, to pay principal on the Loan and other amounts payable hereunder as such amounts become due and payable.

Section 6.8 No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Issuer, the Trustee or the Bank is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Default or Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Trustee or the Bank to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 6.9 Retention of Issuer Rights. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Indenture, or, anything else to the contrary contained herein, the Issuer shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Borrower at law or in equity, as the Issuer may, in its discretion, deem necessary to enforce the obligations of the Borrower to the Issuer with respect to its Unassigned Rights.

ARTICLE VII MISCELLANEOUS

Section 7.1 Notices. Except as specifically provided otherwise in this Loan Agreement, all notices, certificates or other communications hereunder shall be in writing and shall be hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower and the Bank and any other parties designated in *Appendix A* at the addresses specified on *Appendix A*, and to the following Persons at the following addresses:

(a) Issuer: Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia
c/o Virginia Local Government Finance Corporation
919 East Main Street Suite 1100
Richmond, VA 23219
Telephone: (804) 648-0635
Facsimile: (804) 783-2286

with a copy to: Howard P. Estes, Jr., Esquire
Spotts Fain PC
411 E. Franklin Street, Suite 600
Richmond, VA 23219
Telephone: (804) 697-2042
Facsimile: (804) 697-2142

(b) Trustee: U.S. Bank National Association
100 Wall Street, Suite 1600
New York, NY 10005
Telephone: (212) 951-6993
Facsimile: (212) 509-3384
Attention: Beverly A. Freeney, Vice President

(c) Borrower: City of Manassas Park, Virginia
1 Park Center Court
Manassas Park, VA 20111
Telephone: (703) 335-8813
Facsimile: (703) 335-0053
Attention: Laszlo Palko, City Manager

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others. Notices, certificates or other communications given by mail shall be deemed to have been given three Business Days after dispatch. Notices, certificates or other communications not given by mail shall be deemed to have been given when received.

Section 7.2 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Borrower and their respective successors and assigns.

Section 7.3 Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 7.4 Amendments, Changes and Modifications; References to the Bank. This Loan Agreement may only be amended by written agreement of the parties hereto with the prior written consent of the Trustee and the Bank; provided, however, that any amendments to change any terms of *Appendix A*, or *Appendix B* attached hereto may be made by the Borrower and the

Bank, as assignee of the Issuer, without the consent of the Issuer or the Trustee. The Bank shall have no rights to enforce any provisions of this Loan Agreement (except with respect to amounts payable and due to the Bank which have not been paid) or to give any consents, approvals or directions during any period in which it has dishonored a draw under the Letter of Credit presented in strict compliance with the terms thereof. In such event, the right of the Bank to give any consents or approvals shall be given by the Issuer and the Trustee notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Indenture or any other provision hereof.

Section 7.5 Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.6 Applicable Law. This Loan Agreement shall be governed by and in accordance with the laws of the Commonwealth of Virginia.

Section 7.7 Consents and Approvals. Whenever the consent or approval of the Issuer shall be required under the provisions of this Loan Agreement, the written consent or approval of an Authorized Officer of the Issuer shall be required hereunder except as otherwise provided in any resolution of the Issuer.

Section 7.8 No Recourse Against Members. In the absence of fraud, no recourse shall be had for the payment of the principal of or premium or interest payable hereunder or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement against any past, present or future official, officer, member, counsel, employee, director or agent, as such, of the Issuer or the Borrower, either directly or through the Issuer or the Borrower, or respectively, any successor political subdivision thereto under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officials, officers, members, counsels, employees, directors or agents as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Loan Agreement.

Section 7.9 Benefit of Loan Agreement, Compliance with Indenture. This Loan Agreement is executed, among other reasons, to induce the purchase of the portion of the Bonds allocable to the Loan and the increase or issuance of the Letter of Credit. Accordingly, all covenants, representations and agreements of the Borrower herein contained are hereby declared to be for the benefit of the holders of the Bonds allocable to the Loan, the Issuer and the Bank, and it is intended that the Bank be a third-party beneficiary hereof and of all Security Instruments. The Borrower covenants and agrees to comply with, and to enable the issuer to comply with, all covenants and requirements contained in the Indenture.

Section 7.10 Amendment of Reimbursement Agreement. The Borrower acknowledges and agrees that the Issuer and the Bank may supplement and amend the Reimbursement Agreement and the Letter of Credit and the Issuer may enter into other Reimbursement Agreements with the providers of Substitute Letters of Credit from time to time without notice to or the consent of the Borrower (but with prior notice to the Trustee) provided, after giving effect

to such supplement or amendment, the Borrower's liabilities hereunder shall not change in any respect.

Section 7.11 Consent to Appointment of Remarketing Agent. The Borrower hereby consents to the appointment by the Issuer of Merrill Lynch, Pierce, Fenner & Smith Incorporated, and its successors and assigns, as agent for the Borrower for the purpose of remarketing Bonds allocable to the Loan tendered for purchase in accordance with the terms and subject to the conditions set forth in the Indenture and in the Remarketing Agreement.

Section 7.12 Further Assurances. The Borrower shall, at the request of the Issuer, the Trustee or the Bank execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement, the Local Obligation and the Security Instruments, if any.

Section 7.13 Conflicts; No Oral Agreements. In the event of any conflict between the terms and provisions of this Loan Agreement, the Local Obligation and the Security Instruments, if any, with any commitment letter issued by the Bank or any other previous oral or written communications between the parties, this Loan Agreement, the Local Obligation and the Security Instruments, if any, shall control. THIS WRITTEN LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

[Counterpart Signature Page to Loan Agreement]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed and delivered, as of the Loan Commencement Date.

INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF STAFFORD AND THE
CITY OF STAUNTON, VIRGINIA

By: _____
Chair

[Counterpart Signature Page to Loan Agreement]

CITY OF MANASSAS PARK, VIRGINIA

By: _____
City Manager

ATTACHMENTS

APPENDICES

<i>Appendix A</i>	Description of the Loan
<i>Appendix B</i>	Additional Covenants of the Borrower and Events of Default
<i>Appendix C</i>	Form of Local Obligation
<i>Appendix D</i>	Bank Conditions Precedent to Loan Closing
<i>Appendix E</i>	Conditions to Loan Advances
<i>Appendix F</i>	Form of Requisition

DESCRIPTION OF THE LOAN

(1) Loan Commencement Date: November __, 2019

(2) Names and Addresses:

Borrower

City of Manassas Park, Virginia
1 Park Center Court
Manassas Park, VA 20111
Attention: Laszlo Palko, City Manager

Bank

Bank of America, N.A.
VA8-840-02-02
302 S. Jefferson Street
Roanoke, VA 24011
Attention: Mark Tanis

(3) Loan Amount:

- | | | |
|-----|--|----------------|
| (a) | Principal Amount Approved by Borrower: | \$2,000,000.00 |
| (b) | Amount to be issued on Loan Commencement Date: | \$ 600,000.00 |
| (c) | Amount of Subsequent Advances approved by Issuer and the Bank: | \$1,400,000.00 |
| (d) | Initial Schedule of Advances after Loan Commencement Date: | |

<u>Date*</u>	<u>Amount</u>
April, 2020	\$850,000.00
September, 2020	\$550,000.00

* Dates are approximate and subject to change.

(4) Description of the Financing:

The Borrower will receive financing from the proceeds of the Bonds to pay for (i) the design, necessary easements, site work, excavation, construction, utility emplacement, paving, fencing, signage, curbing and sidewalks for the Moseby Drive Culvert Replacement, Upper Kent Drive Reconstruction, and Conner Drive Extension transportation projects; and (ii) renovations and improvements to the Conner Center Pond #1 stormwater facility, and related engineering, administrative and financing costs.

(5) Letter of Credit Commitment:

(a) Letter of Credit Requirement:

<u>Letter of Credit Requirement</u>	<u>Effective on Loan Commencement Date</u>	<u>Pre-Approved for Additional Advances</u>	<u>Total</u>
Principal Component	600,000.00	1,400,000.00	2,000,000.00
Interest Component ¹			
TOTAL			

- (b) Commitment Expiration Date: May 31, 2020, or (unless otherwise directed by the Bank), any later date to which the Expiration Date of the Letter of Credit shall have been extended.
- (c) Annual Letter of Credit Fee (expressed as a percentage of the Letter of Credit Requirement as of the date of each calculation): initially 85 basis points (0.85%). The Letter of Credit Requirement is calculated on both the outstanding principal and the Interest Component (which is calculated based on the outstanding principal). The Annual Letter of Credit Fee shall be calculated on the basis of a 360-day year and the actual number of days elapsed. The Annual Letter of Credit Fee may be modified from time to time by the Bank as a condition to any extension of the Commitment Expiration Date.
- (d) Payment of Letter of Credit Fee: Monthly in arrears.
- (e) Amendments to the Letter of Credit: Changes in the Loan Maturity Date or other actions taken by the Borrower may require amendments to the Letter of Credit, which shall be made at the Borrower's expense. Notwithstanding the foregoing, subject to Section 4.9, the Borrower is entitled to repay its Loan in full at no additional expense to the Borrower.

¹ Calculated for 35 days, at a Maximum Rate of 10%, based on a 360-day year.

(6) Costs of Issuance: Bond Counsel Fee: \$7,750

(7) Loan Payments:

The Borrower shall be responsible for all of the payments described in this paragraph (7), which shall be determined and calculated as follows:

- (a) Fixed Program Expenses (in addition to Annual Letter of Credit Fee set forth above and other anticipated annually recurring expenses) will equal 30 basis points (0.30%) multiplied by outstanding principal, payable monthly in arrears (based upon a year of 365/366 days, as applicable, and the actual number of days elapsed).
- (b) First Year Issuance Fee: N/A
- (c) Prepayments: The Borrower may prepay its Loan only in accordance with the terms of Section 4.9 of this Loan Agreement.
- (d) Payment in Full: Required on the Loan Maturity Date.
- (e) Interest Rate on Drawings: Unreimbursed drawings under the Letter of Credit for liquidity will bear interest for the first 90 days at the Bank's Prime Rate (floating), and thereafter, at the Bank's Prime Rate (floating), plus 1.5% per annum. Other reimbursed drawings will bear interest at the Reimbursement Rate from the date of the draw.
- (f) Default Rate: Upon the occurrence of an Event of Default under this Loan Agreement, interest on the Loan shall accrue at the Reimbursement Rate.

(8) Additions/Exceptions to Representations and Warranties:

The Borrower declares the nature of the Project to be essential to the proper operations of the Borrower and in furtherance of the needs of residents of the Borrower. The Borrower anticipates that the Project will continue to be essential during the term of this Loan Agreement. The City Council has authorized the City Manager to execute and deliver this Loan Agreement.

(9) Additional Covenants and Events of Default: See *Appendix B*.

(10) Conditions Precedent to Loan Advances: See *Appendix E*.

(11) Security Instruments Required: None

(12) Additional Terms:

The Borrower shall also provide its general obligation as described on Appendix B.

(13) Periodic Principal Payment Schedule:

The entire outstanding principal amount is due on June 30, 2021 or the first Interest Payment Date prior thereto.

[Signature page follows]

This *Appendix A* has been seen and agreed to.

CITY OF MANASSAS PARK, VIRGINIA

By: _____
City Manager

[Counterpart Signature Page to Loan Agreement Appendix A]

ADDITIONAL COVENANTS OF THE BORROWER
AND EVENTS OF DEFAULT

Section 1. Additional Covenants and Events of Default. This *Appendix B* sets forth covenants of the Borrower and Events of Default which shall be in addition to any covenants and Events of Default contained elsewhere in this Loan Agreement.

Section 2. RESERVED.

Section 3. Reporting Requirements. As set forth in Section 2.2(c) of this Agreement.

Section 4. Affirmative Covenants of the Borrower. The following covenants and agreements of the Borrower are herein affirmed:

- (a) The Borrower's obligation to make payments under this Loan Agreement and the Note shall be payable from the collection of the grants the Borrower received or will receive from the state and federal sources related to the costs of the Project. In addition, the full faith and credit of the Borrower are irrevocably pledged for the payment of principal of and premium, if any, and interest on the Note and the performance of the Borrower's obligations under the Loan Agreement. Unless other funds are lawfully available and appropriated for timely payment of the Note, the Borrower's governing body shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the Borrower's boundaries sufficient to pay when due the principal of and premium, if any, and interest on the Note.
- (b) The Borrower shall pay to the Authority the amount of any annual or supplemental appropriation made pursuant to this Section. The Borrower acknowledges that any amounts appropriated pursuant to this Section shall be deemed to be pledged to secure the payment of the principal of and interest on the Note and the other obligations of the Borrower under this Loan Agreement.
- (c) Until such time when the Loan shall be paid in full, the Borrower shall not undertake the financing of other infrastructure projects absent the existence of compelling and exigent conditions that require the construction of such facilities.
- (d) Nothing contained in this Section or elsewhere in this Loan Agreement is or shall be deemed to be a lending of the credit or taxing or borrowing power of the Borrower to the Authority, the Bank or to any other person, and nothing herein contained is or shall be deemed to be a general obligation pledge of the faith and credit or taxing power of the Commonwealth of Virginia or any other of its political subdivisions.

Section 5. Failure to Comply with Appendices. The Borrower understands and agrees that a default by the Borrower under any of the terms and conditions of these Appendices shall result in an Event of Default under this Loan Agreement.

FORM OF NOTE

[Attached to Borrower's Resolution dated October 15, 2019]

BANK'S CONDITIONS PRECEDENT TO LOAN CLOSING

Prior to the initial issuance of any Bonds for the benefit of the Borrower, in addition to the items required by Article VI of the Reimbursement Agreement and Section 3.4 of this Loan Agreement, the Borrower shall cause to be delivered to the Bank and the Bank's Counsel each of the following items:

1. Financial Statements. The Bank shall have received and approved the most recent financial statements of the Borrower.
2. Draw Schedule and Budget. The Bank shall have received and approved a proposed draw schedule and budget for the Financing.
3. Opinion of Local Bond Counsel. A law firm selected by the Borrower and acceptable to the Bank will render on the Loan Commencement Date their unqualified tax opinion in form and substance approved by the Bank.
4. Certificate of Local Counsel. A law firm or attorney selected by the Borrower and acceptable to the Bank will provide on the Loan Commencement Date a certificate with respect to matters relating to the Borrower, this Loan Agreement and the Security Instruments, all in form and substance approved by the Bank. Without limiting the foregoing, the certificate will state that (i) the Borrower has all necessary power and authority to enter into and perform its obligations under the Loan Documents to which it is a party, and (ii) the Loan Documents have been duly authorized, executed and delivered in accordance with the Constitution and statutes of the Commonwealth, and constitute valid and legally binding obligations of the Borrower.

CONDITIONS FOR LOAN ADVANCES

1 Conditions to All Advances. As conditions precedent to each Loan advance, the Borrower must satisfy the following conditions, and deliver to the Trustee evidence of such satisfaction:

- (a) No Default or Event of Default shall exist.
- (b) The representations and warranties made in this Loan Agreement and the Security Instruments, if any, must be true and correct on and as of the date of each advance.

2. Conditions and Waivers. All conditions precedent to each advance are imposed hereby solely for the benefit of the Bank, and no other party may require satisfaction of any such condition precedent or be entitled to assume that the Bank or the Trustee, as applicable, will disallow any advance in the absence of strict compliance with each such condition precedent. Any requirement of this Loan Agreement may be waived, in whole or in part, in a specific written waiver intended for that purpose and signed by the Bank. No advance shall constitute an approval or acceptance by the Bank or the Trustee of any construction work, or a waiver of any condition precedent to any further advance, or preclude the Bank from thereafter declaring the failure of the Borrower to satisfy such condition precedent to be an Event of Default. No waiver by the Bank of any condition precedent or obligation shall preclude the Bank from requiring such condition or obligation to be met prior to making any other advance or from thereafter declaring the failure to satisfy such condition or obligation to be an Event of Default.

FORM OF REQUISITION

DATE: _____

CITY OF MANASSAS PARK, VIRGINIA

U.S. Bank National Association, as Trustee
100 Wall Street, 16th Floor
New York, NY 10005
Telephone: (212) 361-2893
Facsimile: (212) 509-3384
Attention: Beverly A. Freeney, Vice President

Re: Industrial Development Authority of the County of Stafford and the City of
Staunton, Virginia Variable Rate Demand Revenue Bonds, Series 2008A-1
(VML/VACo Commercial Paper Program)

Ladies and Gentlemen:

Pursuant to Section 3.3 of the Loan Agreement dated as of the date of its execution and delivery, between the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (the "Issuer") and the above-named locality (the "Borrower"), the Borrower makes the following requisition:

1. Requisition Number: _____
2. Name and address of the person to whom payment is due:

3. Amount to be paid: \$_____
4. Purpose for which each obligation to be paid was incurred:

5. The Borrower hereby certifies that (a) the representations of the Borrower contained in the Loan Agreement are true and correct as of the date of this requisition as though made on such date and acceptance of the funds requisitioned hereby will constitute an affirmation that such representations are true and correct as of the date of receipt of such funds; (b) no Default or Event of Default (both as defined in the Loan Agreement) has occurred under the Loan Agreement and is continuing; (c) the purpose for which the amount requisitioned hereby was or is to be used constitutes a necessary part of the Costs of the Financing (as defined in the Loan Agreement); and (d) the amount requisitioned hereby is due and unpaid and has not been the subject of a previous requisition submitted by the Borrower and funded by the Trustee.

6. Attached hereto are invoices, bills or vouchers, paid or due and payable, in support of the amount to be paid shown in Item 3.

7. The Borrower hereby certifies, for the benefit of the Trustee and the Issuer, that its representations and expectations set out in the Borrower's Tax Agreement are hereby reconfirmed.

This Requisition has been executed by a duly authorized officer of the Borrower.

CITY OF MANASSAS PARK, VIRGINIA

By: _____
City Manager

**CITY OF MANASSAS PARK, VIRGINIA
NOTICE OF PUBLIC HEARING**

Notice is hereby given that on October 15, 2019, the City Council (the “Council”) of the City of Manassas Park, Virginia (the “City”) will conduct a public hearing, which may be continued or adjourned, as required under applicable law, in accordance with Section 15.2-2606 of the Code of Virginia of 1950, as amended, with respect to the adoption by the Council of an ordinance or resolution, as may be necessary or convenient, regarding the proposed cash-flow financing of certain infrastructure improvements. The City has the underlying funds for these projects, but since reimbursement of cash is delayed, a short term cash-flow borrowing program is required. This short term cash flow borrowing is for (i) the design, necessary easements, site work, excavation, construction, utility emplacement, paving, fencing, signage, curbing and sidewalks for the Moseby Drive Culvert Replacement, Upper Kent Drive Reconstruction, and Conner Drive Extension transportation projects; and (ii) renovations and improvements to the Conner Center Pond #1 stormwater facility, and related engineering, administrative and financing costs (collectively, “the Project”). The City plans to equalize its cash flow for these Project through one or more notes to be issued in an aggregate principal amount not to exceed \$2,000,000. The Project cash-flow financing amount will be secured by the general obligation or a general pledge of the taxes of the City. This short-term cash-flow debt service will have a term not to exceed FYE 2021 and will be funded from previously determined grants from state and federal sources to the City along with pending revenues of the City.

The public hearing, which may be continued or adjourned, will be conducted at 7:00 p.m., or as soon thereafter as the matter may be heard, by the City Council in the City Hall, located at One Park Center Court, Manassas Park, Virginia. Interested persons may appear at such time and place and present their views whether orally or in writing, or submit written comments prior to the hearing. The Council may set time limits on speakers and other rules and procedures for the conduct of this public hearing. Any persons with disabilities are urged to contact the City at 703-335-8800 prior to the public hearing to arrange for any necessary accommodations. For additional information, please contact the City.

**BY ORDER OF THE CITY COUNCIL OF THE CITY OF MANASSAS PARK
LASZLO PALKO, CITY MANAGER**

[NEWSPAPER OF RECORD]: Please publish in the next two issues of the [NEWSPAPER OF RECORD]. Please send the certificate of publication to Laszlo Palko, City Manager, 1 Park Center Court, Manassas Park, VA 20111.

CITY OF MANASSAS PARK - STAFF REPORT/RECOMMENDATION

REQUESTING DEPARTMENT: *City Manager*

AGENDA ITEM 8c

MEETING DATE: *September 10, 2019*

SUBJECT/TOPIC: *Draft Fiscal Policy Discussion*


BACKGROUND: *During the Governing Body meeting on September 10th, 2019, the City Manager presented the Draft Fiscal Policy- a policy that covers Reserves, Debt, and Budget Management.*

More background reminder- During the Governing Body Retreat of September 2017, the City Manager presented a list of management reforms to be implemented over the following few years to turn around the City's financial management problems. One of these reforms was the establishment of a Fiscal Policy to be adopted by the Governing Body in order to guide the City towards best practices related to financial management. With the adoption of the Fiscal Years 19 and 20 Budgets a Financial Model for the City was established in an excel file and budget book that delineated elements of a fiscal strategy or policy. As the City has sought to pursue debt refunding to provide us a Rainy Day Fund prior to FY 23 in the expectation of a recession, it has had to reach out to credit rating agencies to reestablish City credit. As part of this process, the City Manager drafted a Fiscal Policy, with review and recommendations from the CFO, in order to provide documentation to Credit Rating Agencies of what the City has established with its FY 19 and FY 20 Budgets.

Attached is this Draft Fiscal Policy amended based on feedback from the Governing Body at the September 10th, 2019 meeting. Throughout the document, the word "strive" was inserted to provide the City flexibility. Additional changes made include: laying out the cash-flow cycle of the City, spelling out that the City will follow state procurement laws and procurement best practices, and a comment about pursuing other non-economic development specific revenues as well to diversify revenue base.

The City Manager recommends amending City Code Chapter 2 by adding Article XVII- "Fiscal Policy". This additional code Sec. 2-232 would require the Governing Body to maintain a Fiscal Policy that the City Manager will be required to furnish a copy of to the Governing Body each year along with the Budget Book. Any amendments to the document resulting from a change in City strategy/budget would require Governing Body review and approval.

STAFF RECOMMENDATION: *That the Governing Body adopt the attached Fiscal Policy and direct the City Manager to draft an Ordinance to City Code for Governing Body consideration that would make having a Fiscal Policy a requirement.*

CITY MANAGER APPROVAL:	 _____ Laszlo A. Palko, City Manager
CITY ATTORNEY APPROVAL: Required: _____ Not Required: _____	_____ Dean H. Crowhurst

ATTACHMENTS:

1. *Draft Fiscal Policy- red-lined with changes*
2. *Draft Fiscal Policy- clean version*

City of Manassas Park



Fiscal Policy **Draft**

City of Manassas Park – Fiscal Policy

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ADOPTED BY GOVERNING BODY:

Jeanette Rishell, Mayor

Preston Banks, Vice Mayor

Donald Shuemaker, Councilmember

Miriam Machado, Councilmember

Hector Cendejas, Councilmember

Alanna Mensing, Councilmember

Haseeb Javed, Councilmember

Drafted by City Manager Laszlo Palko

Appendices Drafted by City CFO Pon Yusuf

WHY WE ADOPTED A FISCAL POLICY

After the City was hit with the great recession in 2008-2009, it struggled to fully recover financially. The biggest reason for this was the unsustainable levels of debt that the City incurred in the first decade of the 2000's. The City, not being able to make principal payments resulting from spiking annual payments, refinanced its debt in 2013 and again in 2016. By 2019, when the City had reached its peak debt levels, its share of general fund debt payments to total general fund budget was nearly 25%. All other cities in Northern Virginia were below 10%. What this high level of annual debt payments as a share of tax base meant was that the City has had to operate at the lowest share of workforce to population in Northern Virginia, an average of 1% in annual pay increases for its employees (falling far behind other jurisdictions causing impactful turnover), high tax rates, and weak reserve levels (resulting in a poor cash position requiring short term borrowing). It became time for the City to adopt a new financial strategy to properly manage its financial future to avoid repeating the same mistakes of the past and get on the right path. This fiscal policy is the Governing Body's mechanism for guiding City Staff towards responsible financial management. The Fiscal Year's (FY) 2019 and 2020 Budgets established the framework (10 Year Model) for this fiscal policy in response to fiscal challenges that were facing the City.

The FY 2019 and FY 20 budget models pulled the City out of structural deficits (the City was burning away its reserves to fund Capital spending), and defined and set a path for funding reserves, managing debt, lowering tax rates, and increasing pay competitiveness. Unfortunately, the City will continue to struggle financially in the near term until FY 23 when debt levels drop by \$2.5M from the FY 19 peak of nearly \$11M. A debt refunding initiative in 2019 will help bring relief sooner. In the near future by following this policy this City will be in a strong and sustainable financial position.

RESERVE (FUND BALANCE) POLICY

The Need for Reserves

Reserves help organizations deal with recessions, have cash equalization during the year as the organization awaits revenues, reduce employee turnover, fund employee surge capacity, and help build up funds to reduce the need to incur a large debt burden to fund capital requirements. The City has Fund Balances for the General Fund, Water and Sewer Enterprise Fund, Storm Water Fund, and Solid Waste Fund (unfortunately its Solid Waste Fund is in a negative position due to historic General Fund subsidization of the Solid Waste Fund; a long-term strategy to reimburse the General Fund is now in place). The challenge with simply listing reserves as a “fund balance” is that the organization is unable to determine how much of this fund balance is encumbered for debt retirement, capital investments, operating cash, rainy day fund, etc. With this lack of understanding and transparency, the continual spending of reserves results in the lack of sufficient funding for these categories and leads to financial stress.

In FY 13, the City adopted a 15% fund balance target of reserves to operating revenues as part of its debt refinancing. Unfortunately, while the City thought it was still at or above this target in following years, the FY 16 Audit revealed historical accounting errors and a reduction in the fund balance position. Also, the City had a Capital strategy of financing structural deficits stemming from capital spending via use of fund balance resulting in an unsustainable path to a \$0 or negative fund balance position. In the FY 19 Budget Model (updated in the FY 20 Budget Model), the City adjusted its total fund balance level to match reality, delineated the total fund balance into categories (see below), and set targets for each of these new reserve categories along with a funding plan for reaching these targets- above the 15% total level and onto a roughly 35% level by FY 29. The FY 20 Budget Model also lays out the fund balance as presented on the City’s Balance Sheet. Below is a description of each reserve category:

Rainy Day Fund

To counter the negative effects associated with the national business cycle (i.e. decreased revenues to the City during recessions) the City will maintain a Rainy Day Fund to sustain deficit spending during recessions in a fiscally responsible manner. During non-recession periods it is expected that the City will rebuild the Rainy Day Fund. The Rainy Day Fund is targeted at 10% of Operating Expenditures. The City Manager ~~is required~~will strive to present annual budgets that fully funds or builds towards the Rainy Day Fund target. As actual operating expenditures (not contributions to capital or other reserves) grow, the City Manager will ~~need~~strive to ensure that the Rainy Day Fund keeps up. This fund should only be utilized with Governing Body authorization during periods of recession and immediate aftermath (while GDP remains at under 1% growth or two budgets post-recession periods). During periods of GDP growth at or above 2%, the City should ~~be~~strive to running structural surpluses to build up the Rainy Day Fund. From 1%- 1.99% GDP growth levels the City should have balanced budgets.

Operating Cash Fund

The Operating Cash Fund enables the City to never have to borrow cash during the FY when revenues have not caught up to spending, but are projected to do so (i.e. the revenue will arrive by the end of the FY). The best example of this is with the City's Real Estate Tax revenue, which the City receives every six months. In the preceding two months prior to collection, the City struggles with cash shortfalls that at times requires short term borrowing measures. The City has set this Operating Cash Fund level to 120-days cash on hand –that is the city could operate for 4 months if it completely stopped receiving any revenues. While the City struggles on a 6-month cycle of funding (with receipt of Real Estate Tax Revenues in December and June of each year), the City collects other revenue sources that do not make the full 6-months of cash on hand necessary (utility bills, BPOL, Meals Tax, etc.). In addition, when all other reserve categories are funded, the City would be well above the 6-month cash on hand amount and thus could borrow internally from these other funds if needed. Utilization of this fund does not require Governing Body authorization as the cash from this fund represents the amount of cash to be maintained in the City's Bank account during the FY to ensure no cash shortfalls. Any decreases in the amount of this Fund at the end of the FY due to a budget deficit must be reported to the Governing Body no later than the mid-year budget amendment. The City Manager is required to present annual budgets that strives to fully fund~~s~~ or build~~s~~ towards the Operating Cash Fund target.

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The HR Fund enables the City to withstand expenditure shocks from personnel actions including: short-term disability funding requirements, turnover (needing to pay out vacation time, hire interim replacement, and search and hire new replacement for potentially more pay), extended leave (requiring a temporary fill-in), and funding for needed surge capacity (when a requirement has overwhelmed staff capacity). The HR Fund should be sized at 10% of the Personnel Budget. The City has set the fund level to 10% of the Personnel Budget. Utilization of this fund requires authorization from the Governing Body. The City Manager is required to present annual budgets that strive to fully fund~~s~~ or build~~s~~ towards the HR Fund target.

Asset Management Capital Fund

This fund is for the Repair, Renewal (upgrade/renovate), Replacement, and Maintenance (3RM) of City Assets including facilities, vehicles, pipes, IT systems, etc. The City will seek to develop an Asset Management Plan that will inventory City assets and set schedules for 3RM of these assets. That will determine how much the City will need to contribute to this Fund. This document/spreadsheet will need to be updated continuously once the asset management plan is completed. Until the Asset Management Plan is developed, the City will target a ratio of 5% of total City Asset valuation. This fund is also intended to cover unbudgeted capital project overruns, down payments on new capital projects, and/or fully fund capital projects without needing to borrow. When the fund is used for creating new capital infrastructure and or major

renovations to existing capital, the City should budget to save necessary amounts until it has sufficient funding so as not to deplete the City's Fund Balance position and this fund. Thus, the City will follow a true Pay-Go Capital Program that will not deplete reserves; instead capital projects will be funded via existing budget constraints and/or planned savings. This Pay-Go strategy will be needed until the City is able to safely borrow and not violate the below Debt Management policy that establishes a City Debt Ceiling level. Utilization of the Fund requires authorization from the Governing Body. The City Manager is required to present annual budgets that strives to fully fund or build towards the Capital Fund target.

Enterprise Fund Balances

The City will maintain the above categories for the Water & Sewer Enterprise Fund minus the Rainy Day Fund. Fortunately, the Water and Sewer Fund is nearly \$5M above the combined target level for reserves. This surplus amount was intended as a Pay-Go Capital strategy to enable the implementation of infrastructure modernization in the older parts of the City. The above reserve categories will not be maintained for the remaining enterprise funds until they will be deemed necessary (currently- minimal personnel costs, revenues not impacted by recessions, not cash intensive, etc.). However, the City Manager will need to present Fund Balance strategies that keep or build these Fund Balances to non-negative positions. The Storm Water Fund Balance will be built up over the next 5 years in preparation for major capital undertakings associated with stream restoration of the Russia Branch Stream in the mid to late 2020's. The Solid Waste Fund is currently in a slight negative position which will be slowly made positive with small budget surpluses over the next few years.

DEBT POLICY

Overcoming Debt Burden and Debt Ceiling Policy

As previously discussed, during the first decade of the 2000's, the City incurred a massive amount of Debt to finance the construction of a High School, Middle School, Elementary School, Police Station, Fire Station, and Community Center. When the "Great Recession" hit, the City was unable to make debt payments and had to refinance its debt to push back principal payments and the dreaded debt spike (which the City is currently experiencing). FY 19 was the peak of the debt spike in annual payments (an increase of \$721K). Debt payments flatten until FY 23, when they drop by \$2.5M from FY 19. Thereafter, current debt flattens again until the 2030's when it eventually is retired.

It is critical that the City allow this drop in debt to occur and remain disciplined in its borrowing until then. The facilities that were constructed over the past 10-20 years will require expensive renovations in the decades of the 2030's and 2040's. If the City incurs further debt prior to then or remains at a high debt to budget ratio, it will repeat the same mistakes of the past. The City must remain fiscally restrained over the next few years due to the high burden of debt payments. While other Cities in Northern Virginia have general fund debt to operating budget ratios at or below 10%, our City was at 24% in FY 19 and at 22% in FY 20. This restricts our ability to fund priorities (pay increases, schools, public safety, tax cuts, etc.). However, by FY 23, our ratio will drop by 6 percentage points to just over 16%. This yields an additional \$2.2M in available budget to fund priorities from FY 22 debt levels. Until that time, and due to the likelihood of recession, the City must remain fiscally restrained. **The City is committed to establishing a debt ceiling of 10%** (annual debt payment to total operating expenditures) so that the City will not repeat its mistake of underfunding its departments, employee pay, and high taxes due to exorbitant debt. **Furthermore, the City will strive not take on additional General Fund debt until it reaches 5%, which is scheduled to occur in FY 33.**

New Debt

Again, the City is committed to establishing a debt ceiling of 10% and will strive to not take on additional General Fund debt until it reaches 5% of operating expenditures. When the time comes when the City can issue new debt, the City will seek to use debt financing only for: new capital infrastructure costing more than \$1M, major renovations costing over \$1M, and those projects that provide intergenerational benefits (this is to ensure that residents who receive the benefit of the project will be part of paying for this benefit). The City Manager will be required to present the long-term debt forecast as part of the 10-Year Budget model to ensure that the City does not exceed the 10% ratio of annual debt payments to operating expenditures.

Debt Refinancing

When interest rates are low, the City Manager is expected to vigorously pursue refinancing opportunities for eligible debt issues where the refinancing will result in net (of all debt issuance costs) savings of at least \$100,000 to the City. The City Manager can recommend waiting to refinance if interest rates are forecasted to decline further. Debt refinancing term must match the term of refunded debt.

Funding Debt

The City will fund annual Debt payments from within existing budget constraints and will not use Fund Balance.

Borrowing Costs

When the City has a fully funded Operating Cash Reserve Fund, the City can further reduce borrowing costs by making extra debt principal payment each year. The savings from additional principal payments will vary based on a set of debt profiles and related characteristics that are involved.

Short-term Borrowing

Until the City has a fully funded Operating Cash Reserve Fund, the City will-may pursue short term borrowing as needed to ensure cash equalization during the Fiscal Year. Until both the Operating Cash Reserve Fund and Capital Reserve Fund are fully funded, the City will-may pursue short term borrowing for medium (\$150K to \$1M) to large scale capital projects (over \$1M) and projects that are reimbursable (and which reimbursement can take longer than 30 days) in order to ensure cash equalization during the Fiscal Year and/or reimbursement period.

Enterprise Debt

The City does not currently hold debt for its Storm Water and Solid Waste Funds. In the mid to late 2020's the City will likely need to incur new debt to meet federally and state mandated Storm Water pollutant reduction requirements. This debt will either need to be in the form of a Revenue Bond tied to Storm Water fees or a General Obligation Bond paid out of the Storm Water Fund.

In terms of Water & Sewer Debt, Water Debt holds steady and then drops by nearly \$300K in FY 23 and holds steady after that until FY 30, when it drops an additional \$930K. Water Debt is retired during FY 37. UOSA Sewer Debt continues to grow until FY 27 when it flattens and then drops by almost \$800K in FY 30. The City needs to plan for eventual capacity purchase at UOSA which will result in new debt spending from the Water and Sewer Operating Budget.

BUDGET MANAGEMENT

As part of the FY 19 Budget, the City moved towards a 10-Year Financial Model for its budget. The 10-Year Financial Model informs the Governing Body, Management, and residents about the health of the City's finances. It allows us to take steps to deal with structural deficits, manage surpluses, funding a strong reserve position, managing debt, developing a competitive pay plan, funding needed FTEs, cutting taxes, and more. The City Manager will be required to continue to present the 10-Year Financial Model to the Governing Body to ensure that the long-term health of the City's Finances are evaluated each year and with each decision. The City also utilizes a quasi-Zero-Based Budget method when constructing the budget identifying "must have" (already entered into contract {debt, leases, other contracts} for or required by law), "need to have" (basic elements needed to perform current program operations {personnel, equipment, etc.}), and "like to have" (elements that organization needs to perform at a desired performance level {additional personnel, technology, etc.}). With this framework, the City is better able to understand its base budget (must have + need to have) and elements of a desired budget (base budget + like to have) when revenues are available. To develop the 10-Year Model, the City will forecast revenues and expenditures conservatively taking into consideration inflation, historical trends, growth projections, economic growth, and collections. Finally, the City Manager also presents in the 10-Year Model a list of priority desired staff positions for the future but that are unfunded in the Model, and likewise a list of capital projects that did not make it on the 10-Year Model but that are deemed important or requirements (e.g. a new Public Works Building).

Budget Surpluses and Deficits

The City Manager is required to present a balanced budget to the Governing Body on an annual basis. However, during economic recessions, the City Manager can request use of Rainy Day Funds to cover recession related deficits as previously discussed. Likewise, as previously outlined, during economic growth periods it is expected that the City Manager will present surplus budgets used towards building the Rainy Day Fund (and other reserve funds) to strengthen it or rebuild it if it was used during a recession. In the future when the City is in a stronger financial position, the City should consider sharing some of the annual surplus from budget efficiencies with City Employees, via performance bonuses, in order to encourage savings, tight budget management, and strong performance.

Other Budget Practices

The City Manager is required to continuously seek to cut spending that is no longer needed, identify program reforms or innovations that result in efficiency savings, present the budget in a transparent and comprehensive manner, and present base budgets that fund current service level requirements. If current service capacity does not match current service level requirements and there is not enough revenue to increase capacity, the City Manager must present options to the Governing Body for new

revenues, service level reductions/program cuts, or a mix of both. Finally, the decision to increase service level requirements or initiate a new program(s) must be presented with new revenue sources, spending cuts, or a mix of both identified in order to avoid creating structural deficits.

The City will perform a mid-year budget amendment to update revenues and expenditures based on updated data about revenues and expenditures. The mid-year budget amendment will also present the fully audited end of year budget analysis of the previous fiscal year to the Governing Body to determine if a surplus or deficit was realized. If a deficit was realized the City will take measures to make up for the loss of reserve revenue. Likewise if a surplus is generated, the Governing Body will decide how to allocate surpluses. Until the City has fully funded reserves, the majority of surplus funds will be allocated to reserves.

During the FY, if the City seeks to spend more money than was budgeted for a specific item in the budget, or if the City wants to spend money on a new requirement that was not budgeted for, the City Manager is required to present to the Governing Body options for coming up with new revenues, cutting spending in other area(s), or a mix of both during the budget amendment.

In terms of procurement practices, City Staff will follow state procurement laws. In general, City Staff will maximize the amount of price quotes received from vendors in order to ensure the goal of best service/product at the lowest price is achieved.

During the FY, the City Manager is required to hold regular (monthly, bi-monthly or quarterly) budget execution meetings where the City Manager works with City Departments to review the status of the current FY budget, gain a better understanding of cost drivers and revenue collection status, control spending that is reaching ceiling levels, and identify potential savings. The leadership team of each City Department is required to take ownership over the comprehensive understanding and management of their revenues and expenditures in preparation for these meetings and the development of the City Budget. They should know their departmental budget better than anyone in the City.

Finally, the City Manager will be required to develop a fully integrated budget that shows how operating, capital, debt, reserves, and enterprise budgets are all interlinked and balanced.

Program and Performance Budgeting

The City will make an effort in the long run to move to a Program/Performance Budget in addition to the current budget structure. A Program Budget defines the key programs or services offered by the City. It then uses activity based costing to allocate overhead and direct costs to these programs so that Governing Body and City residents can see how much the City spends for specific services. The Program Budget also forecasts revenue and expenditure growth over a 10 Year period by Program in order to determine whether or not the City is facing structural surpluses or deficits. Structural Surpluses provide the Governing Body with decision points for where to allocate these

surpluses as they arise (e.g. Capital, an existing Program, a new Program, Reserve Funds, and/or Tax Cuts). Structural Deficits, as existed prior to FY 20, provide the Governing Body with decision points for how to address these shortfalls prior to their onset (e.g. program cuts, new revenues, transformation of services, and/or all of the above). Performance budgeting takes these programs and defines the service output levels for each and key categories/activities within each program. This way the Governing Body and City residents will not only see how much the City spends on each service offering, but what output is achieved from this spending (efficiency) and how much output is achieved with each dollar spent (productivity). The Governing Body, residents, and the City Manager will then be able to monitor performance improvements and will better understand the repercussions of cutting or increasing spending (e.g. Council will know how service levels will be impacted through a 5% increase of decrease in spending for a particular program or sub-category).

As previously discussed, in the FY 19 Budget, the City Manager moved the City towards a Program Budget by establishing a 10-Year Model for operating and capital budgets by program and associated line items. However, overhead costs were not allocated to Programs in a separate budget tab. This is a future goal along with Performance Budgeting as the organization becomes more robust.

REVENUE DIVERSIFICATION

The City will seek opportunities to diversify their revenue sources in order to cushion budgets from shocks to one source of revenue (e.g. a Real Estate market crash dramatically decreasing the amount of Real Estate Property Tax revenues that the City collects) and to decrease dependence on one source of revenue (i.e. the Real Estate Property Tax will grow at a different rate than others). The best revenue diversification strategy involves robust economic development as economic development impacts multiple tax sources- commercial real estate taxes, commercial personal property taxes, sales tax, meals tax, BPOL tax, and the TOT tax (in the future). The City will pursue an aggressive strategy to achieve economic development goals including City Center development (short to medium term), Rte. 28 redevelopment (Medium to Long Term) and Connor Center Industrial Park redevelopment (Long Term). The City will also pursue external grant opportunities when they are viable and applicable and will pursue other non-commercial development opportunities to generate new revenue streams (the City Manager will be strive to bring ideas each budget year to the Governing Body)-

City of Manassas Park



Fiscal Policy **Draft**

City of Manassas Park – Fiscal Policy

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ADOPTED BY GOVERNING BODY:

Jeanette Rishell, Mayor

Preston Banks, Vice Mayor

Donald Shuemaker, Councilmember

Miriam Machado, Councilmember

Hector Cendejas, Councilmember

Alanna Mensing, Councilmember

Haseeb Javed, Councilmember

Drafted by City Manager Laszlo Palko

Appendices Drafted by City CFO Pon Yusuf

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When the City has a fully funded Operating Cash Reserve Fund, the City can further reduce borrowing costs by making extra debt principal payment each year. The savings from additional principal payments will vary based on a set of debt profiles and related characteristics that are involved.

Short-term Borrowing

Until the City has a fully funded Operating Cash Reserve Fund, the City may pursue short term borrowing as needed to ensure cash equalization during the Fiscal Year. Until both the Operating Cash Reserve Fund and Capital Reserve Fund are fully funded, the City may pursue short term borrowing for medium (\$150K to \$1M) to large scale capital projects (over \$1M) and projects that are reimbursable (and which reimbursement can take longer than 30 days) in order to ensure cash equalization during the Fiscal Year and/or reimbursement period.

Enterprise Debt

The City does not currently hold debt for its Storm Water and Solid Waste Funds. In the mid to late 2020's the City will likely need to incur new debt to meet federally and state mandated Storm Water pollutant reduction requirements. This debt will either need to be in the form of a Revenue Bond tied to Storm Water fees or a General Obligation Bond paid out of the Storm Water Fund.

In terms of Water & Sewer Debt, Water Debt holds steady and then drops by nearly \$300K in FY 23 and holds steady after that until FY 30, when it drops an additional \$930K. Water Debt is retired during FY 37. UOSA Sewer Debt continues to grow until FY 27 when it flattens and then drops by almost \$800K in FY 30. The City needs to plan for eventual capacity purchase at UOSA which will result in new debt spending from the Water and Sewer Operating Budget.

BUDGET MANAGEMENT

As part of the FY 19 Budget, the City moved towards a 10-Year Financial Model for its budget. The 10-Year Financial Model informs the Governing Body, Management, and residents about the health of the City's finances. It allows us to take steps to deal with structural deficits, manage surpluses, funding a strong reserve position, managing debt, developing a competitive pay plan, funding needed FTEs, cutting taxes, and more. The City Manager will be required to continue to present the 10-Year Financial Model to the Governing Body to ensure that the long-term health of the City's Finances are evaluated each year and with each decision. The City also utilizes a quasi-Zero-Based Budget method when constructing the budget identifying "must have" (already entered into contract {debt, leases, other contracts} for or required by law), "need to have" (basic elements needed to perform current program operations {personnel, equipment, etc.}), and "like to have" (elements that organization needs to perform at a desired performance level {additional personnel, technology, etc.}). With this framework, the City is better able to understand its base budget (must have + need to have) and elements of a desired budget (base budget + like to have) when revenues are available. To develop the 10-Year Model, the City will forecast revenues and expenditures conservatively taking into consideration inflation, historical trends, growth projections, economic growth, and collections. Finally, the City Manager also presents in the 10-Year Model a list of priority desired staff positions for the future but that are unfunded in the Model, and likewise a list of capital projects that did not make it on the 10-Year Model but that are deemed important or requirements (e.g. a new Public Works Building).

Budget Surpluses and Deficits

The City Manager is required to present a balanced budget to the Governing Body on an annual basis. However, during economic recessions, the City Manager can request use of Rainy Day Funds to cover recession related deficits as previously discussed. Likewise, as previously outlined, during economic growth periods it is expected that the City Manager will present surplus budgets used towards building the Rainy Day Fund (and other reserve funds) to strengthen it or rebuild it if it was used during a recession. In the future when the City is in a stronger financial position, the City should consider sharing some of the annual surplus from budget efficiencies with City Employees, via performance bonuses, in order to encourage savings, tight budget management, and strong performance.

Other Budget Practices

The City Manager is required to continuously seek to cut spending that is no longer needed, identify program reforms or innovations that result in efficiency savings, present the budget in a transparent and comprehensive manner, and present base budgets that fund current service level requirements. If current service capacity does not match current service level requirements and there is not enough revenue to increase capacity, the City Manager must present options to the Governing Body for new

revenues, service level reductions/program cuts, or a mix of both. Finally, the decision to increase service level requirements or initiate a new program(s) must be presented with new revenue sources, spending cuts, or a mix of both identified in order to avoid creating structural deficits.

The City will perform a mid-year budget amendment to update revenues and expenditures based on updated data about revenues and expenditures. The mid-year budget amendment will also present the fully audited end of year budget analysis of the previous fiscal year to the Governing Body to determine if a surplus or deficit was realized. If a deficit was realized the City will take measures to make up for the loss of reserve revenue. Likewise if a surplus is generated, the Governing Body will decide how to allocate surpluses. Until the City has fully funded reserves, the majority of surplus funds will be allocated to reserves.

During the FY, if the City seeks to spend more money than was budgeted for a specific item in the budget, or if the City wants to spend money on a new requirement that was not budgeted for, the City Manager is required to present to the Governing Body options for coming up with new revenues, cutting spending in other area(s), or a mix of both during the budget amendment.

In terms of procurement practices, City Staff will follow state procurement laws. In general, City Staff will maximize the amount of price quotes received from vendors in order to ensure the goal of best service/product at the lowest price is achieved.

During the FY, the City Manager is required to hold regular (monthly, bi-monthly or quarterly) budget execution meetings where the City Manager works with City Departments to review the status of the current FY budget, gain a better understanding of cost drivers and revenue collection status, control spending that is reaching ceiling levels, and identify potential savings. The leadership team of each City Department is required to take ownership over the comprehensive understanding and management of their revenues and expenditures in preparation for these meetings and the development of the City Budget. They should know their departmental budget better than anyone in the City.

Finally, the City Manager will be required to develop a fully integrated budget that shows how operating, capital, debt, reserves, and enterprise budgets are all interlinked and balanced.

Program and Performance Budgeting

The City will make an effort in the long run to move to a Program/Performance Budget in addition to the current budget structure. A Program Budget defines the key programs or services offered by the City. It then uses activity based costing to allocate overhead and direct costs to these programs so that Governing Body and City residents can see how much the City spends for specific services. The Program Budget also forecasts revenue and expenditure growth over a 10 Year period by Program in order to determine whether or not the City is facing structural surpluses or deficits. Structural Surpluses provide the Governing Body with decision points for where to allocate these

surpluses as they arise (e.g. Capital, an existing Program, a new Program, Reserve Funds, and/or Tax Cuts). Structural Deficits, as existed prior to FY 20, provide the Governing Body with decision points for how to address these shortfalls prior to their onset (e.g. program cuts, new revenues, transformation of services, and/or all of the above). Performance budgeting takes these programs and defines the service output levels for each and key categories/activities within each program. This way the Governing Body and City residents will not only see how much the City spends on each service offering, but what output is achieved from this spending (efficiency) and how much output is achieved with each dollar spent (productivity). The Governing Body, residents, and the City Manager will then be able to monitor performance improvements and will better understand the repercussions of cutting or increasing spending (e.g. Council will know how service levels will be impacted through a 5% increase of decrease in spending for a particular program or sub-category).

As previously discussed, in the FY 19 Budget, the City Manager moved the City towards a Program Budget by establishing a 10-Year Model for operating and capital budgets by program and associated line items. However, overhead costs were not allocated to Programs in a separate budget tab. This is a future goal along with Performance Budgeting as the organization becomes more robust.

REVENUE DIVERSIFICATION

The City will seek opportunities to diversify their revenue sources in order to cushion budgets from shocks to one source of revenue (e.g. a Real Estate market crash dramatically decreasing the amount of Real Estate Property Tax revenues that the City collects) and to decrease dependence on one source of revenue (i.e. the Real Estate Property Tax will grow at a different rate than others). The best revenue diversification strategy involves robust economic development as economic development impacts multiple tax sources- commercial real estate taxes, commercial personal property taxes, sales tax, meals tax, BPOL tax, and the TOT tax (in the future). The City will pursue an aggressive strategy to achieve economic development goals including City Center development (short to medium term), Rte. 28 redevelopment (Medium to Long Term) and Connor Center Industrial Park redevelopment (Long Term). The City will also pursue external grant opportunities when they are viable and applicable and will pursue other non-commercial development opportunities to generate new revenue streams (the City Manager will strive to bring ideas each budget year to the Governing Body)