7-B

MOTION: **October 8, 2019**
Regular Meeting
SECOND: **Res. No. 19-**

RE: **AUTHORIZE THE ISSUANCE OF ONE OR MORE GENERAL OBLIGATION SCHOOL BONDS OF THE COUNTY IN AN AGGREGATE AMOUNT NOT TO EXCEED $378,500,000 TO FINANCE CERTAIN CAPITAL PROJECTS FOR SCHOOL PURPOSES AND TO REFUND OTHER OUTSTANDING GENERAL OBLIGATION SCHOOL BONDS AND TO APPROVE THE SALE OF SUCH BONDS TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY**

ACTION:

WHEREAS, the Prince William Board of County Supervisors (the "Board") of Prince William County, Virginia (the "County"), has determined that it is necessary and expedient to contract a debt and issue one or more of its general obligation school bonds at one or more times in an aggregate principal amount not to exceed $378,500,000 (the "Bonds") for the purpose of financing certain capital projects for school purposes and, subject to financial market conditions, the refunding of all or a portion of certain outstanding County general obligation school bonds; and

WHEREAS, all these projects are included in the adopted Fiscal Year 2020-2025 Capital Improvement Program (CIP) and included in the School's Fiscal 2020-2029 CIP; and

WHEREAS, the County held a public hearing, duly noticed, on the date hereof, on the issuance of the Bonds in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (the "Virginia Code"); and

WHEREAS, the School Board of the County has, by resolution, requested the Board to authorize the issuance of the Bonds and consented to the issuance of the Bonds; and

WHEREAS, the Virginia Public School Authority ("VPSA") has offered to purchase the Bond(s) from the proceeds of its Special Obligation School Financing [and Refunding] Bonds, Prince William County Series 2019 [2020] [-] (the "VPSA Bonds"), in accordance with the terms of one or more Bond Sale Agreements to be dated the date of sale of the related VPSA Bonds, between VPSA and the County (each a "Bond Sale Agreement"), the form of which has been presented to the Board at this meeting;

NOW, THEREFORE, BE IT RESOLVED that the Prince William Board of County Supervisors:

1. **Authorization of Bond(s) and Use of Proceeds**. The Board hereby determines that it is advisable to contract a debt and issue and sell the Bonds, in an aggregate principal amount not to exceed $378,500,000 for the purpose of financing certain capital projects for school purposes, including but not limited to those purposes described in Exhibit B (the "School Projects") and, subject to Section 3 hereof, to refund all or a portion of certain of the County's general obligation school bonds listed on Exhibit C hereof (the "Refunding Candidates"). The Board hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution. The Board hereby further authorizes that, pursuant to the delegation in Section 3 hereof, there may be issued and sold bonds to finance the School Projects (the "School Projects Bonds") and bonds to finance the refunding of the Refunding Candidates (the "Refunding Bonds" and collectively with the School Projects Bonds, the "Bonds"). The Bond, the School Projects Bonds may be issued, sold and delivered at one or more times on any date no later than December 31, 2019, and the Refunding Bonds may be issued, sold and delivered at one or more times on any date no later than June 30, 2020.

2. **Details of the Bonds**. The Bonds, shall be dated the date designated by VPSA; shall be designated "General Obligation [and Refunding] School Bond, Series 2019[-]"; shall bear interest from the dated date thereof payable on the dates (each an "Interest Payment Date"), at the rates established in accordance with Section 3 of this Resolution, and shall mature on the dates in the years (each a "Principal Payment Date") and in the amounts (the "Principal Installments") all determined pursuant to the provisions of Section 3 of this Resolution.

3. **Sale of the Bonds**. It is determined to be in the best interest of the County to accept the offer of the VPSA to purchase from the County, and to sell to the VPSA, School Projects Bonds, in an aggregate principal amount not to exceed $128,250,000 at a price, determined by the VPSA to be fair and accepted by the Chairman of the Board of County Supervisors ("Chairman of the Board"), the County Executive or the Director of Finance, any one of whom is hereby authorized to act, that will produce School Projects Bond proceeds of up to $124,510,000 (the "New Money Proceeds Requested") to finance the School Projects.

The Refunding Bonds issued for the purpose of providing funds, with other available funds (if any), to refund all or a portion of all or any of the Refunding Candidates listed on Exhibit C hereto (the Refunding Candidates so refunded, the "Refunded Bonds") shall have such principal amounts as shall hereafter be determined by the Chairman of the Board, the County Executive or the Director of Finance pursuant to the delegation to each of them contained in this resolution, to produce overall present value debt service savings for the County (the present value of the debt service savings to be obtained from the refunding of the Refunded Bonds shall not be less than 3.0% of the principal amount of the Refunded Bonds). The aggregate principal portion of the Refunding Bonds to be issued to refund the Refunded Bonds shall not exceed $250,250,000 (the "Refunding Proceeds Amount").

The Chairman of the Board, the County Executive or the Director of Finance, any one of whom may act, are hereby authorized and directed to determine the final aggregate principal amount of the School Projects Bonds or the Refunding Bonds, as applicable, and whether such bond(s) shall be sold at a premium or discount, subject to the limitations of Section 1, in order to produce the New Money Proceeds Requested and the amount sufficient to refund the Refunded Bonds, if applicable, plus costs of issuance and enter into one or more Bond Sale Agreements with the VPSA in substantially the form submitted to the Board at this meeting, which form is hereby approved; provided, however, that the School Projects Bonds or the Refunding Bonds, as applicable, shall be sold to VPSA at a price of not less than 97% of the aggregate principal amount of the Bonds; shall mature no later than December 31, 2040, shall have a true interest cost not to exceed 5.0%; and shall be subject to optional prepayment or redemption at a price not greater than 102% of the aggregate principal amount thereof, or may have "make-whole" optional redemption, each on the dates and upon the terms determined in accordance with Section 6 hereof.

Subject to the preceding terms, the Board further authorizes the County Executive or the Director of Finance, either of whom may act (each, a "Delegate"), to set certain terms of the Bonds, and to conform if necessary to the terms of any VPSA Bonds, including (a) the caption for and the dated date of the Bonds, (b) the interest rates and Interest Payment Dates of the Bonds, (c) the Principal Installments of the Bonds, and the Principal Payment Dates thereof and (d) the redemption provisions of the Bonds, all in such manner as a Delegate shall determine to be in the best interest of the County.

Following the pricing of any VPSA Bonds, a Delegate shall evidence approval of the final terms and purchase price of the Bonds, by executing and delivering to VPSA a Bond Sale Agreement, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Delegate. The actions of the Delegate in determining the final terms and the purchase price of the Bonds, shall be conclusive, and no further action shall be necessary on the part of the Board.

4. **Form of the Bonds**. The Bonds, shall be initially in substantially the form attached hereto as Exhibit A, with such variations, modifications or deletions as a Delegate shall determine to be in the best interest of the County.

5. **Payment; Paying Agent and Bond Registrar**. The following provisions shall apply to the Bonds:

(a) For as long as the VPSA is the registered owner of a Bond, all payments of principal, premium, if any, and interest on such Bond shall be made in immediately available funds to the VPSA at or before 11:00 a.m. on the applicable Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next succeeding such Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption;

(b) All overdue payments of principal and, to the extent permitted by law, interest on a Bond shall bear interest at the applicable interest rate or rates on such Bond.

(c) U.S. Bank National Association, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds.

6. **Prepayment or Redemption**. Subject to the provisions of Section 3 hereof, the Principal Installments of the Bonds shall be subject to prepayment or optional redemption prior to maturity as a whole or in part and at such times and prices as shall be determined by a Delegate and set forth in the related Bond Sale Agreement; provided, however, that the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without first obtaining the written consent of the registered owner of the Bonds, which consent shall not be unreasonably withheld. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

7. **Execution of the Bonds**. The Chairman or Vice Chairman and the Clerk or any Deputy Clerk of the Board are hereby authorized and directed to execute and deliver the Bonds, and to affix the seal of the County thereon.

8. **Pledge of Full Faith and Credit**. For the prompt payment of the principal of and premium, if any, and the interest on the Bonds, as the same shall become due, the full faith and credit of the County are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the County subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Bonds, as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

9. **Tax Compliance Agreement**. The Chairman of the Board, the County Executive and the Director of Finance, any of whom may act, and such officer or officers of the County as any of them may designate, are hereby authorized and directed to execute a Use of Proceeds Certificate and Tax Compliance Agreement (the "Tax Compliance Agreement") each setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations relating to the exclusion from gross income of interest on the Bonds and on the VPSA Bonds. The Board covenants on behalf of the County that (i) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in such Tax Compliance Agreement and that the County shall comply with the other covenants and representations contained therein and (ii) the County shall comply with the provisions of the Code so that interest on the Bonds and the VPSA Bonds will remain excludable from gross income for federal income tax purposes. Notwithstanding the foregoing, the VPSA and the County may agree that all or a portion of the Refunding Bonds may be issued on a basis such that the interest on related VPSA Bonds will not be excludable from gross income for federal income tax purposes.

10. **Reimbursement Declaration**. The County has made and expects to make out of temporary funds certain expenditures in connection with the School Projects for which the County reasonably expects to be reimbursed as permitted by Treasury Regulation Section 1.150-2 issued pursuant to the Code, from the proceeds of the School Projects Bonds issued in an aggregate principal amount presently estimated not to exceed $35,500,000. The County will make a reimbursement allocation, which is a written allocation by the County that evidences the County's use of proceeds of the School Projects Bonds to reimburse such expenditures, no later than 18 months after the later of the date on which the expenditure is paid or the School Projects are placed in service or abandoned, but in no event more than three years after the date on which the expenditure is paid.

11. **State Non-Arbitrage Program**. The Board hereby determines that it is in the best interests of the County to authorize and direct the Director of Finance to participate in the State Non-Arbitrage Program ("SNAP") in connection with the School Projects Bonds. A Delegate is authorized to create an account with SNAP for the receipt of the proceeds of the School Projects Bonds.

12. **Tax Certificate and Elections**. The Chairman of the Board, the County Executive and the Director of Finance, any one of whom may act and such officer or officers of the County as any of them may designate, are authorized and directed to execute appropriate certificates setting forth the expected use and investment of the proceeds of the Bonds and any elections such officers deem desirable regarding rebate of earnings to the United States, for purposes of complying with the Code. Such certificate and elections shall be in such form as may be requested by bond counsel for the County.

13. **Continuing Disclosure Agreement**. The Board approves the form of the Continuing Disclosure Agreement in substantially the form presented to this meeting with such completions, omissions, insertions and changes as may be approved by the Chairman of the Board, the County Executive or the Director of Finance, any of whom may act, as the same shall be evidenced conclusively by the execution thereof, which is hereby authorized. On behalf of the County, the Board covenants and agrees, for the benefit of the holders of the VPSA Bonds, pursuant to the terms of the Continuing Disclosure Agreement in accordance with and as required by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12") to provide or cause to be provided to The Electronic Municipal Market Access System ("EMMA") administered by the Municipal Securities Rulemaking Board annual financial information and operating data for the County, including audited financial statements of the County, for each fiscal year, beginning with the fiscal year ended on June 30, 2019, in a timely manner, and to EMMA notices of certain events with respect the Bonds, if material, including (a) notices of certain events set forth in Rule 15c2-12 with respect to such Bonds; and (b) notice of any failure to provide such required information.

14. **County Information**. The Board authorizes and directs its staff to work with VPSA to cause the distribution and use of a Preliminary Official Statement for the VPSA Bonds and delivery of a final Official Statement (collectively with the Preliminary Official Statement, the "Official Statements") to the winning bidder or underwriter of the VPSA Bonds. The County Information to be provided as an Appendix or Appendices to the Official Statements is hereby approved in the form submitted to this meeting, with such completions, omissions, insertions and changes as may be approved by the County Executive or the County's Director of Finance in order to provide the most updated and accurate County Information as of the date of the Official Statements.

15. **Filing of Resolution**. The appropriate officers or agents of the County are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the County.

16. **Further Actions**. The members of the Board and all officers, employees and agents of the County are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and any such action previously taken is hereby ratified and confirmed.

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

ATTACHMENTS: Exhibit A – Form of Bond
Exhibit B – School Project Descriptions
Exhibit C – Refunding Candidates
Bond Sale Agreement
Continuing Disclosure Agreement
County Information

Votes:
Ayes:
Nays:
Absent from Vote:
Absent from Meeting:

ATTEST: _____
Clerk to the Board

EXHIBIT A

(FORM OF BOND)

NO. TR-1 **$_____**

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
PRINCE WILLIAM COUNTY
General Obligation [and Refunding] School Bond
Series 2019 [2020]

PRINCE WILLIAM COUNTY, VIRGINIA (the "County"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** the principal amount of _____ DOLLARS ($_____), in annual installments in the amounts set forth on Schedule I attached hereto payable on _____ and annually on _____ thereafter to and including _____ (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on _____ and ____ of each year, commencing on _____ (each an "Interest Payment Date"; together with any Principal Payment Date, a "Payment Date"), at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond, U.S. Bank National Association, as bond registrar (the "Bond Registrar"), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to the Virginia Public School Authority, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next succeeding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the County shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the County are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the Board of Supervisors authorizing the issuance of this Bond provides, and Section 15.2-2624, Code of Virginia 1950, as amended, requires, that there shall be levied and collected an annual tax upon all taxable property in the County subject to local taxation sufficient to provide for the payment of the principal, premium, if any, and interest on this Bond as the same shall become due which tax

shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia 1950, as amended, and resolutions duly adopted by the Board of County Supervisors of the County and the School Board of the County to provide funds for capital projects for school purposes [and to refund [all or a portion] of certain outstanding general obligation school bonds of the County.]

This Bond may be exchanged without cost, on twenty (20) days' written notice from the Virginia Public School Authority, at the office of the Bond Registrar on one or more occasions for one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of $5,000 and whole multiples thereof, and having an equal aggregate principal amount, having principal installments or maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of the Virginia Public School Authority on the books of the County kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive Bond[s] as hereinabove provided, such definitive Bond[s] to be registered on such registration books in the name of the assignee or assignees named in such assignment.

[Insert Make-Whole Redemption Provisions, if applicable] [The principal installments of this Bond coming due on or before _____, and the definitive Bond[s] for which this Bond may be exchanged that mature on or before _____, are not subject to prepayment or redemption prior to their stated maturities. The principal installments of this Bond coming due after _____, and the definitive Bond[s] for which this Bond may be exchanged that mature after _____, are subject to prepayment or redemption at the option of the County prior to their stated maturities in whole or in part, on any date on or after _____, at a redemption price equal to the principal amount of the principal installments to be prepaid or redeemed plus accrued interest to the date set for prepayment or redemption]; provided, however, that the Bond shall not be subject to prepayment or redemption prior to their stated maturities as described above without the prior written consent of the registered owner of the Bond, which consent shall not be unreasonably withheld. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

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

IN WITNESS WHEREOF, the Prince William Board of County Supervisors of Prince William County, Virginia, has caused this Bond to be issued in the name of the Prince William County, Virginia, to be signed by its Chairman or Vice-Chairman, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated _____, 20__.

PRINCE WILLIAM COUNTY, VIRGINIA

By: _____
Chairman, Prince William Board of County Supervisors,
Prince William County, Virginia

(SEAL)

ATTEST:

_____
Clerk, Prince William Board of County Supervisors,
Prince William County, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

_____

_____

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE:

the within Bond and irrevocably constitutes and appoints _____ attorney to exchange said Bond for definitive bonds in lieu of which this Bond is issued and to register the transfer of such definitive bonds on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____ _____

Registered Owner

Signature Guaranteed:

_____

(NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include Membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or change.)

EXHIBIT B

(SCHOOL PROJECT DESCRIPTIONS)

1. Antietam Elementary School – School Addition (13 rooms) – A 20,000 +/- square foot, one-story classroom addition of steel frame and masonry construction designed to increase the school capacity from 616 seats to 928 seats, including site work and furnishings. The school is located on Antietam Road in the Occoquan Magisterial District – Cost: $1,000,000.

2. Lake Ridge Elementary School – School Addition (13 rooms) – A 15,500 +/- square foot, one and two-story classroom addition of steel frame and masonry construction designed to increase the school capacity from 535 seats to 847 seats, including kitchen modifications, site work and furnishings. The school is located on Hedges Run Drive in the Occoquan Magisterial District – Cost $1,000,000.

3. Springwoods Elementary School – School Addition (13 rooms) – A 12,000 +/- square foot, one and two-story classroom addition, a 3,000 +/- square foot, one-story, classroom addition and a 3,500 +/- square foot, one-story activity room addition of steel frame and masonry construction designed to increase the school capacity from 592 seats to 904 seats, including kitchen modifications, site work and furnishings. The school is located on Marquis Place in the Occoquan Magisterial District – Cost: $1,100,000.

4. Jenkins Elementary – New Construction – New school construction of a 100,200 +/- square foot, one and two-story steel and masonry structure designed to house approximately 850 students, including site work and all furnishings. This school is located on Prince William Parkway in the Occoquan Magisterial District – Cost: $3,000,000.

5. Leesylvania Elementary – School Addition and Renewal - Addition and renovation of an existing 80,000 +/- square-foot one-story steel frame and masonry structure, construction of a 7,600 +/- square-foot four classroom addition and a 2,600 +/- square-foot activity room addition. Both additions will be a one-story steel frame and masonry structure. This school is to be designed to house approximately 850 students, and includes site work and all furnishings. This school is located on Neabsco Road in the Woodbridge Magisterial District – Cost: $600,000.

6. Minnieville Elementary – School Addition (10 rooms) - Addition and Renovation – Construction of an approximately 1,400 square foot addition to the main entry and administration suite, and an approximately 20,000 square foot two-story academic wing with ten (10) classrooms including site work and all furnishings. The existing, one-story building requires a renovation of the school's main entry, administration suite, replacement of kitchen equipment, including all furnishings. The anticipated student capacity after completion is 680. Minnieville Elementary School is located at 13639 Greenwood Drive, located in the Neabsco Magisterical District - Cost: $1,000,000.

7. Stonewall Middle School – School Addition (17 rooms) – Addition with Minor Renovation – Construction of a 25,000+/- square foot one-story steel frame and masonry structure, adjoining the existing school. Designed to house approximately 470 additional middle school students, including site work and all furnishings. Security entry vestibule addition to main office for school visitors with renovations to the existing main office suite. This school is located on Lomond Drive in the Gainesville Magisterial District – Cost: $1,500,000.

8. Western Bus Facility – New Construction – Maintenance facility and office construction of a 17,500 +/- square foot one- and two-story pre-engineered steel and masonry structure designed to house maintenance bays and offices, including site work. This facility is located on Wellington Road in the Brentsville Magisterial District – Cost: $1,000,000.

9. Marshall Elementary School - Renewal (Funding Phase 1A) –Renovation of an approximately 63,000 square-foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casework, systems, and utilities are also included. This school is located on Kahns Road in the Coles Magisterial District – Cost: $1,866,000.

10. Montclair Elementary School – Renewal (Funding Phase 1A) – Renovation of an approximately 71,000 square-foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casework, systems, and utilities are also included. This school is located on Tallowwood Drive in the Potomac Magisterial District – Cost: $1,866,000.

11. Old Bridge Elementary School – Renewal (Funding Phase 1A) – Renovation of an approximately 71,000 square-foot steel frame and masonry structure with masonry exterior and roofing systems as indicated. Interior finishes, casework, systems, and utilities are also included. This school is located on Old Bridge Road in the Occoquan Magisterial District – Cost: $1,866,000.

12. Beville Middle School – Renewal (Funding Phase 1A) – Renovation of an approximately 133,302, square foot steel frame and masonry structure with masonry exterior and roofing as indicated. Interior finishes, casework, systems, utilities, and miscellaneous site work also included. This school is located on Dale Boulevard in the Neabsco Magisterial District - Cost: $9,901,500.

13. Mountain View Elementary School – Renewal (Funding Phase 1A) – Renovation of an approximately 67,815, square foot steel frame and masonry structure with masonry exterior and roofing as indicated. Interior finishes, casework, systems, utilities, and miscellaneous site work also included. This school is located on Macleod Way in the Gainsville Magisterial District - Cost: $6,451,000.

14. Woodbridge High School – Auxiliary Gym – Construction of 10,500 square foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casework, systems, utilities, and miscellaneous site work are also included. This school is located on Old Bridge Road in the Occoquan Magisterial District – Cost: $7,250,000, Design $750,000.

15. Gar-Field High School – Auxiliary Gym – Construction of 10,500 square foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casewrok, systems, utilities and miscellaneous site work are also included. This school is located on Smoketown Road in the Neabsco Magisterial District – Cost: $7,250,000, Design $750,000.

16. Stonewall Jackson High School – Stadium Upgrades (Lighting, Concession Bldgs) – Renovation exterior improvements and construction of masonry structure with masonry exterior and roofing system as indicated. Utilities and miscellaneous site work are also included. This school is located on Rixlew Lane in the Brentsville Magisterial District – Cost: $1,650,000.

17. Woodbridge High School – Stadium Upgrades (Lighting, Concession Bldgs) – Renovation exterior improvements and construction of masonry structure with masonry exterior and roofing system as indicated. Utilities and miscellaneous site work are also included. This school is located on Old Bridge Road in the Occoquan Magisterial District – Cost: $2,150,000.

18. Potomac Shores Middle School – New Construction – School construction of an approximately 197,954 square foot steel frame and load-bearing masonry three-story structure with masonry exterior and roofing system as indicated. Outbuilding, sports fields, site and road improvements, interior finishes, casework systems, utilities and miscellaneous site work are included. This school will be located on River Heritage Boulevard in the Potomac Magisterial District – Cost: $20,559,500.

19. 13th High School (West) - New Construction – Construction of a 347,600 +/- square foot one- and two-story steel frame and masonry structure designed to house approximately 2,557 students, including site work and all furnishings. This school will be located on the future University Boulevard in the Brentsville Magisterial District – Cost: $52,000,000.

EXHIBIT C

REFUNDING CANDIDATES

(i) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2011A (Issue Date August 4, 2011, Final Maturity July 15, 2031) coming due on or after July 15, 2021. The principal installments of the Series 2011A Bond due after July 15, 2020 may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date not earlier than July 15, 2020, at a redemption price of par, together with interest accrued to the date fixed for redemption.

(ii) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2012A (Issue Date August 15, 2012, Final Maturity July 15, 2032) coming due on or after July 15, 2030. The principal installments of the Series 2012A Bond due after July 15, 2023 may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date not earlier than July 15, 2023, at a redemption price of par, together with interest accrued to the date fixed for redemption.

(iii) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2013A (Issue Date July 31, 2013, Final Maturity July 15, 2033) coming due on or after July 15, 2029. The principal installments of the Series 2013A Bond due after July 15, 2023 may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date not earlier than July 15, 2023, at a redemption price of par, together with interest accrued to the date fixed for redemption.

(iv) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2014 (Issue Date October 7, 2014, Final Maturity July 15, 2034) coming due on or after July 15, 2025. The principal installments of the Series 2014 Bond due on and after July 15, 2025 may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning July 15, 2024, at a redemption price of par, together with interest accrued to the date fixed for redemption.

(v) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2015 (Issue Date July 30, 2015, Final Maturity July 15, 2035) coming due on or after July 15, 2025. The principal installments of the Series 2015A Bond due on and after July 15, 2025, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning July 15, 2025, at a redemption price of par, together with interest accrued to the date fixed for redemption.

(vi) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2016 (Issue Date April 27, 2016, Final Maturity July 15, 2036) coming due on or after July 15, 2027. The principal installments of the Series 2016 Bond due on and after July 15, 2027, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning July 15, 2026, at a redemption price of par, together with interest accrued to the date fixed for redemption.

(vii) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2017A (Issue Date March 9, 2017 Final Maturity February 15,

2037) coming due on or after February 15, 2028. The principal installments of the Series 2017A Bond due on and after February 15, 2028, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning February 15, 2027, at a redemption price of par, together with interest accrued to the date fixed for redemption.

(viii) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2018 (Issue Date May 24, 2018, Final Maturity February, 2038) coming due on or after February 15, 2029. The principal installments of the Series 2018 Bond due on and after February 15, 2029, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning February 15, 2028, at a redemption price of par, together with interest accrued to the date fixed for redemption.

VIRGINIA PUBLIC SCHOOL AUTHORITY

BOND SALE AGREEMENT

Name of County, City or Town (the "Locality"): **COUNTY OF PRINCE WILLIAM, VIRGINIA**

VPSA Sale Date: Expected to be on or about October 16, 2019, for the Series 2019A Bonds and October 17, 2019, for the Series 2019B Bonds

Closing Date: Expected to be on or about October 29, 2019

Proceeds Requested: $124,510,000, plus costs of issuance, or such other amount as the Locality shall designated in writing before the VPSA Sale Date

Maximum Authorized Par Amount: $370,085,000

Amortization Period: 20 years

****

1. The Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of VPSA's Special Obligation School Financing Refunding Bonds, Prince William County Series 2019A and Special Obligation School Refunding Bonds, Prince William County Series 2019B (Taxable) (collectively, the "VPSA Bonds"), your general obligation school bond and local school bond at a price, determined by VPSA to be within the parameters set forth in your local resolution (as defined below), that is substantially equal to your Proceeds Requested set forth above (as authorized by your local resolution). The sale date of the VPSA Bonds is tentatively scheduled for October 16, 2019 but may occur, subject to market conditions, at any time (the "VPSA Sale Date").

2. You represent that on or before October 8, 2019, your local governing body will have duly authorized the issuance of your local school bond by adopting a resolution authorizing the issuance and sale of the general obligation school bond of the County of Prince William, Virginia (the "local resolution") and that your local school bond will be in the form set forth in the local resolution. Any changes that you or your counsel wish to make to the form of the local resolution and/or your local school bond must be approved by VPSA prior to adoption of the local resolution by your local governing body. You represent that a certified copy of the local resolution was filed with the Circuit Court for the County of Prince William, Virginia on October ___, 2019.

3. You hereby covenant that you will comply with and carry out all of the provisions of the Continuing Disclosure Agreements (the "Continuing Disclosure Agreements") substantially in the form of the Continuing Disclosure Agreements appearing as Appendix C to the Preliminary Official Statements relating to the VPSA Bonds, which agreement is hereby incorporated by reference herein and expressly made a part hereof for all purposes. For purposes of the VPSA Bonds, you hereby acknowledge that you will be considered a Material Obligated Person and you represent and warrant that as of each

of (A) the date of VPSA's Preliminary Official Statements (expected to be October 9, 2019), (B) the date of VPSA's applicable final Official Statements to be dated the sale date of the VPSA Bonds and (C) the date of delivery of the VPSA Bonds (in the case of this sale, expected to be October 29, 2019) the information relating to the County of Prince William, Virginia in the Preliminary and final Official Statement, including Appendices A and B thereto ("Your Information"), will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact which should be included in Your Information or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading. You further agree to furnish to VPSA a copy of all continuing disclosure and material event notices filings you make pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), subsequent to the date of this Bond Sale Agreement. Such copy will be furnished to VPSA on the same date any such filing is made.

4. VPSA's commitment to purchase your local school bond is contingent upon (a) your compliance with the terms of this Bond Sale Agreement and (b) VPSA's receipt on the Closing Date of:

(1) your local school bond which shall include and reflect the terms and provisions thereof as described in the Preliminary Official Statements and in Appendix A hereto,

(2) certified copies of the local resolution and the school board resolution,

(3) an executed copy of a Use of Proceeds Certificate and Tax Compliance Agreement (the "Tax Compliance Agreement") in form and substance acceptable to VPSA,

(4) certificates of your County Executive and Director of Finance, dated the date of the delivery of the VPSA Bonds, to the effect that (i) Your Information was as of the date of VPSA's Preliminary and final Official Statements, and is as of the date of the certificate which shall be dated the closing date, true and correct and did not and does not contain an untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference therein or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading, and (ii) except as set forth in the Preliminary and Final Official Statements, you have, for the past five years, complied in all material respects with your prior undertakings made pursuant to the Rule,

(5) such items as the Underwriters of the VPSA Bonds may reasonably request,

(6) an approving legal opinion from your bond counsel in form satisfactory to VPSA that (i) the local school bond is a valid and binding general obligation of the Locality, (ii) based on representations of the Locality and its school board, under current law, the local school bond will not be a "private activity bond" within the meaning of

Section 141(a) of the Internal Revenue Code of 1986, as amended, (iii) pursuant to current Virginia law, the interest on the local school bond is excluded from Virginia taxable income for purposes of the individual income tax and the income taxation of corporations by the Commonwealth of Virginia, (iv) the terms and provisions of the local school bond conform to the requirements of this Bond Sale Agreement, and (v) this Bond Sale Agreement, the Tax Compliance Agreement and the Continuing Disclosure Agreement are valid, binding and enforceable in accordance with their terms,

(7) a transcript of the other customary closing documents not listed above, and

(8) VPSA's receipt of the proceeds of the VPSA Bonds.

5. One complete original transcript of the documents listed above shall be provided by your counsel to McGuireWoods LLP, bond counsel to VPSA, on the Closing Date or, with VPSA's permission, as soon as practicable thereafter but in no event more than thirty (30) business days after the Closing Date.

6. Subject to the conditions described in Section 4 hereto, this Bond Sale Agreement shall become binding as of the later of the VPSA Sale Date and the date you execute this Bond Sale Agreement.

[Signature Page Follows]

Dated as of October 8, 2019.

VIRGINIA PUBLIC SCHOOL AUTHORITY

By:_____
Authorized VPSA Representative

COUNTY OF PRINCE WILLIAM, VIRGINIA

By:_____
Name: Michelle L. Attreed
Title: Director of Finance

APPENDIX A

TERMS AND CONDITIONS OF THE LOCAL SCHOOL BOND

(To be attached after the sale date)

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement"), dated as of _____ __, 2019, is executed and delivered by Prince William County, Virginia (the "County") in connection with the issuance by the Virginia Public School Authority (the "Authority"), of $_____* principal amount of the Authority's Special Obligation School Financing Bonds, Prince William County Series 2019 (the "VPSA Bonds"), dated _____ __, 2019, and pursuant to a resolution adopted by the Board of County Supervisors of the County on _____ ___, 2019 (the "Resolution"). The proceeds of the VPSA Bonds are being used by the Authority to purchase the General Obligation School Bond of the County pursuant to a bond sale agreement between the Authority and the County (the "Bond Sale Agreement"). Capitalized terms used in this Agreement shall have the respective meanings specified above or in Article I hereof. Pursuant to the Bond Sale Agreement and the Resolution, the County hereby agrees as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. The following terms used in this Agreement shall have the following respective meanings:

"**Annual Financial Information**" means, collectively, (1) the financial information and operating data with respect to the County for each fiscal year of the type described in Appendix A to the Official Statement relating to the VPSA Bonds, dated _____ __, 2019 in the tables captioned "Assessed and Estimated Market Value of Taxable Property," "Taxable Retail Sales," "General Fund Revenues, Expenditures, Transfers and Changes in Fund Balance," "General Fund Tax Revenues by Source," "Real Property Tax Levies and Collections," "Property Tax Rates per $100 of Assessed Value," "General Fund Balances," "Net Tax Supported Debt Outstanding," and "Debt Service by Fiscal Year," and (2) information regarding any amendments to this Agreement required pursuant to Sections 4.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in clause (1) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

"Audited Financial Statements" means the annual financial statements, if any, of the County, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the County may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to EMMA, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

"Counsel" means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the County.

"EMMA" means the MSRB's Electronic Municipal Market Access system, the current Internet address of which is http://emma.msrb.org, and any successor thereto.

"Event Notice" means a notice of a Notice Event.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

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* Preliminary, subject to change.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB").

"Notice Event" means any of the following events with respect to the VPSA Bonds, whether relating to the County or otherwise:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570-TEB) or other material notices or determinations with respect to or events affecting the tax-exempt status of the security;
(g) modifications to rights of security holders, if material;
(h) bond calls, if material, and tender offers;
(i) defeasances;
(j) release, substitution, or sale of property securing repayment of the securities, if material;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the County; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;
(n) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
(o) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material; and
(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Official Statement" means the "final official statement" with respect to the VPSA Bonds as defined in paragraph (f)(3) of the Rule.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

"SEC" means the United States Securities and Exchange Commission.

"State" means the Commonwealth of Virginia.

"Unaudited Financial Statements" has the same meaning as Audited Financial Statements, except the same shall not have been audited.

"Underwriters" means any of the original underwriters of the VPSA Bonds required to comply with the Rule in connection with the offering of such VPSA Bonds.

ARTICLE II
THE UNDERTAKING

2.1 Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the VPSA Bonds, and is being executed and delivered solely to assist the Underwriters in complying with paragraph (b)(5) of the Rule.

2.2 Annual Financial Information.

(a) The County shall provide Annual Financial Information for the County with respect to each fiscal year of the County, on or before the March 31 after the end of such fiscal year (commencing with its fiscal year ending June 30, 2019) to the MSRB.

(b) The County shall provide, in a timely manner, notice of any failure of the County to provide the Annual Financial Information by the date specified in subsection (a) above to EMMA.

2.3 Audited Financial Statements. If not provided in conjunction with the Annual Financial Information by the dates required by Section 2.2(a) hereof, the County shall provide Audited Financial Statements, when and if available, to the MSRB.

2.4 Notices of Notice Events.

(a) If a Notice Event occurs, the County shall provide, within 10 business days of the occurrence of the Notice Event, an Event Notice to the MSRB.

(b) Upon any legal defeasance of the VPSA Bonds, the County shall cause to be provided notice of such defeasance to the MSRB, which notice shall state whether the VPSA Bonds to be defeased have been defeased to maturity or to a redemption date and the timing of such maturity or redemption.

2.5 Additional Disclosure Obligations. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County, and that under some circumstance compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

2.6 Additional Information. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Event Notice, in addition to that which is required by this Agreement. If the County chooses to include any information in any Annual Financial Information or Event Notice, in addition to that which is specifically required by this Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

2.7 No Previous Non-Compliance. The County represents that, except as set forth in the Official Statement dated _____ __, 2019, relating to the VPSA Bonds, it has not failed, in the five years preceding the date hereof, to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE III
OPERATING RULES

3.1 Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the County provides Annual Financial Information by specific reference to documents (i) either (1) provided to EMMA, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from EMMA.

3.2 Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. The County shall provide such information (or cause such information to be provided) to the MSRB in an electronic format as prescribed by the MSRB and with the identifying information as prescribed by the MSRB.

3.3 Event Notices. Each Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the VPSA Bonds.

3.4 Transmission of Information and Notices. Unless otherwise required by law and, in the County's sole determination, subject to technical and economic feasibility, the County shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the County's information and notices.

ARTICLE IV
TERMINATION, AMENDMENT AND ENFORCEMENT

4.1 Termination.

(a) The County's obligations under this Agreement shall terminate upon legal defeasance, prior redemption or payment in full of all of the VPSA Bonds.

(b) This Agreement or any provision hereof shall be null and void in the event that the County (1) receives an opinion of Counsel, addressed to the County, to the effect that those portions of the Rule which require the provisions of this Agreement or any of such provisions do not or no longer apply to the VPSA Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to EMMA.

4.2 Amendment.

(a) This Agreement may be amended, by written agreement of the County Executive of the County, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the County shall have received an opinion of Counsel addressed to the County, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the holders of the VPSA Bonds, and (4) the County delivers copies of such opinion and amendment to EMMA.

(b) In addition to subsection (a) above, this Agreement may be amended and any provision of this Agreement may be waived, without the consent of the holders of the VPSA Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Agreement, (2) the County shall have received an opinion of Counsel to the effect that performance by the County under this Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the County shall have delivered copies of such opinion and amendment to EMMA.

(c) To the extent any amendment to this Agreement results in a change in the types of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made shall present, to the extent practicable, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the County to EMMA.

4.3 Benefit; Third-Party Beneficiaries; Enforcement.

(a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the VPSA Bonds. Beneficial owners of the VPSA Bonds shall be third-party beneficiaries of this Agreement.

(b) Except as provided in this subparagraph (b), the provisions of this Agreement shall create no rights in any person or entity. The obligations of the County to comply with the provisions of this Agreement shall be enforceable by the holders of the VPSA Bonds, including beneficial owners thereof. The rights of the holders of VPSA Bonds to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Agreement and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of VPSA Bonds pursuant to subsection (a) of this Section 4.3, beneficial owners shall be deemed to be holders of VPSA Bonds for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Agreement shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

PRINCE WILLIAM COUNTY, VIRGINIA

By: _____
Title: Director of Finance

APPENDIX A

CERTAIN INFORMATION REGARDING PRINCE WILLIAM COUNTY, VIRGINIA

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APPENDIX A

CERTAIN INFORMATION REGARDING PRINCE WILLIAM COUNTY, VIRGINIA

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SECTION I - THE COUNTY

GENERAL INFORMATION

Prince William County, Virginia (the "County"), was organized in 1731 by the Virginia General Assembly. The County, part of the Metropolitan Washington, D.C. area, is located in Northern Virginia, less than 25 miles southwest of Washington, D.C., and encompasses an area of 348 square miles. The combined area of the County and the independent cities within its boundaries is 360 square miles. Approximately 18.7 percent of land area within the County is owned by the federal government, including the Manassas National Battlefield Park, Prince William Forest Park and a portion of Marine Corps Base Quantico.

According to the U.S. Census Bureau 2010 census, the County had the second largest population (402,002) of any county in the Commonwealth of Virginia (the "Commonwealth") and is one of its most rapidly growing jurisdictions. The current population is estimated by the County demographer at 461,313 (as of September 30, 2018).

Form and Organization of Government

Since 1972, the County has operated under the County Executive form of government, as provided for in Sections 15.2-500 et seq. of the Code of Virginia of 1950, as amended. The governing body of the County is an eight-member Board of County Supervisors (the "Board"). Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. Seven of the current members of the Board were elected on November 3, 2015, and took office on January 1, 2016. One was elected in a special election on April 9, 2019 and took office on April 11, 2019. The current terms of all Board members will expire on December 31, 2019.

The Board appoints a County Executive to act as the County government's chief administrative officer. The County Executive serves at the pleasure of the Board, implements its policies, provides organizational leadership for addressing major issues, directs business and administrative procedures, and recommends department heads for appointment by the Board. The County Executive is assisted by three Deputy County Executives and the Directors of each of the agencies, departments, and offices. The Board also appoints a County Attorney to provide legal advice to the Board, agencies, departments, and offices of the County government.

In addition to the members of the Board, County residents elect three constitutional officers, the Clerk of the Circuit Court for a term of eight years, and the Sheriff and the Commonwealth's Attorney, each for terms of four years. The Judges of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations District Court are elected by the Virginia General Assembly. Unlike most other Virginia counties, County residents do not elect a Treasurer or a Commissioner of the Revenue. The County Director of Finance/CFO, who is appointed by the Board, carries out the responsibilities of these officers.

In addition, the Board maintains a robust Internal Audit function and two audit committees, the Board Audit Committee ("BAC") and the Joint Audit Commmittee of the County Government and Schools ("JAC"). The Internal Audit function provides an independent assessment of operations, activities, and internal controls within Prince William County Government. The Internal Audit function assists the County in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the organization's risk management, internal control, and governance processes. The BAC and JAC provide oversight of the County's internal and external audit functions, respectively.

The administrative offices of the County are located at 1 County Complex Court, Prince William, Virginia 22192. The central telephone number for the County's administrative offices is (703) 792-6000. The County's website is http://www.pwcgov.org.

Political Subdivisions

In Virginia, cities and counties are not overlapping units of government. Manassas and Manassas Park are two independent cities within the County. On May 1, 1975, the former Town of Manassas was incorporated as a city, and on June 1, 1975, the former Town of Manassas Park was incorporated as a city (collectively, the "Cities").

Property within the Cities is not subject to taxation by the County, and the County generally is not required to provide governmental services to the residents of the Cities. The County, however, does provide library and other community services to the residents of these Cities pursuant to intergovernmental agreements, which provide for compensation to the County for these services.

Four incorporated towns are located within the County: Dumfries, Haymarket, Occoquan and Quantico (collectively, the "Towns"). Although the Towns are separate units of government, the ordinances and regulations of the County, subject to certain limitations prescribed by Virginia law, are effective therein. Property in the Towns is subject to County taxation, and the County provides certain services to the residents of the Towns. The Towns may incur general obligation bonded indebtedness without the prior approval of the County (See Section III - DEBT ADMINISTRATION - OTHER COUNTY-RELATED INDEBTEDNESS).

Boards and Authorities of the County

The Board appoints members to numerous separate boards, committees, and commissions that establish policies, advise, or administer in operations of certain services, including the Prince William County Service Authority (the "Service Authority"). The Service Authority, a separate and independent entity, was created in 1983 pursuant to the Virginia Water and Waste Authorities Act to assume responsibility for water and sewer operations of several sanitary districts and is governed by an eight-member board of directors. The County's Department of Parks, Recreation and Tourism ("DPRT") also has an advisory board with members appointed by the Board to assist in identifying various recreational programs for County residents.

Several sanitary districts were created in the past to provide water and sewer services to various areas of the County. These sanitary districts included the Occoquan Woodbridge/Dumfries

Triangle Sanitary District ("OWDT"), the Greater Manassas Sanitary District ("GMSD") (which included the Yorkshire Sanitary District), the Nokesville Sanitary District, the Oak Ridge Sanitary District, the Occoquan Forest Sanitary District and the Bull Run Mountain Sanitary District. The functions of these sanitary districts have been assumed by the Service Authority and although they still exist, such sanitary districts are dormant. The Dale City Sanitary District operated an indoor recreational facility which is now operated by the County DPR. The Dale City Sanitary District also still exists but is dormant. The Lake Jackson Sanitary District was established, along with the Lake Jackson Service District, to provide road maintenance in the Lake Jackson community. The governing body of all sanitary districts is the Board. A sanitary district may incur indebtedness; however, such indebtedness is not an obligation of the County, but solely of the sanitary district. The Board, as the governing body of the sanitary districts establishes charges for services provided and levies annual property taxes within the districts to fund the operations and to pay debt service on outstanding bonds.

The operation of public schools in the County is vested in an eight-member, elected School Board (the "School Board"). Members of the School Board are elected for four-year terms, and the terms of the current members expire December 31, 2019. The School Board does not have the authority to levy taxes or issue bonds, and therefore, the local share of the cost of operating public schools in the County is provided by an appropriation and transfer of funds by the Board from the County's General Fund. Operations of the School Board, however, are independent of the Board and the County administration as prescribed by Commonwealth of Virginia law. A Superintendent is appointed by the School Board to oversee the operations of the County's public schools.

Certain County Administrative Staff Members

CHRISTOPHER E. MARTINO was appointed County Executive beginning in September 2016. Mr. Martino had served as Acting County Executive since January 2016 and Deputy County Executive since March 2010. In addition, he also served as the County's Finance Director from 1996 to 2010. Before joining the County, Mr. Martino served as Comptroller of the City of Rye, New York for eight years. Mr. Martino's professional experience also includes serving as Deputy Commissioner of Finance for the City of White Plains, New York and working as an Auditor for Ernst & Whinney and Texaco, Inc. Mr. Martino is a Certified Public Accountant. He holds a Bachelor of Accounting from Franklin & Marshall College and a Master of Business Administration in Finance from the Stern School of Business at New York University.

ELIJAH T. JOHNSON was appointed Deputy County Executive in October 2014. In this position, he is responsible for providing administrative oversight of Prince William County's human services agencies, including Community Services, Area Agency on Aging, Office of Criminal Justice Services, Department of Social Services and the Office of Housing and Community Development. He is also the liaison with the following state-supported human services agencies: Prince William Area Public Health District, Juvenile Court Service Units and Virginia Cooperative Extension. He also works with the many community organizations who provide invaluable service for Prince William County residents. Prior to accepting his current position, Mr. Johnson served as Prince William County's Director for the Office of Housing and Community Development (OHCD) for seven years. Prior to joining Prince William County, Mr. Johnson worked for Alexandria Redevelopment and Housing Authority, Arlington County's

Department of Human Services Housing Office and New York City Housing Authority. He is a graduate of Hampton University with a B.A. in Mathematics.

MICHELLE CASCIATO was appointed Deputy County Executive in November 2016. In this position, she coordinates the County's financial, technology and human resource functions, supporting the delivery of public services consistent with the County's strategic goals. She is also the County liaison with the Prince William Public Schools and Prince William Public Library systems. Her previous government service for the County includes Director of the Office of Management & Budget and Neighborhood Services Division Chief. Prior to entering the public sector, Ms. Casciato was vice president of a large real estate management firm in the Washington D.C. metropolitan area. Ms. Casciato earned a B.A. from Cornell University and both a Master of Public Admistration and Ph.D. in Political Science from George Mason University. She is an adjunct instructor at the GMU Schar School of Policy and Government.

CHRIS PRICE was appointed Deputy County Executive in November 2016. In this position, he oversees the community development functions of the County, including Economic Development, Public Works, Transportation, Planning, Development Services and Parks and Recreation. Mr. Price previously served as the Planning Director from 2011. Before joining the County, Mr. Price served as the Executive Director of the Northern Shenandoah Valley Regional Commission, was the Assistant Director for the Centre County Planning and Community Development office in Bellefonte, Pennsylvania, was a Senior Planner for the Centre Region Council of Governments in State College, Pennsylvania, and was a Senior Planner for the City of Chesapeake, VA. Mr. Price is a certified planner through the American Institute of Certified Planners and earned his B.S. from Penn State University and his Master of Public Administration from Old Dominion University.

MICHELLE L. ATTREED was appointed Director of Finance/CFO in May 2014. Prior to this appointment she served as the County's Deputy Finance Director since March 2012 and has worked for the County since 1993. She oversees staff for the areas of Purchasing, Financial Reporting and Control, Payroll and Disbursements, Real Estate Assessments, Taxpayer Services, Risk and Wellness Services, Financial Systems and Treasury Management. Prior to her appointment as Deputy Finance Director in 2012, she served as the County's Financial Reporting and Control Division Chief with responsibility over Payroll, Accounts Payable and Financial Reporting. Her professional experience includes working as a Senior Auditor with Stokes & Company, P.C. and as a staff auditor with the U.S. General Accounting Office. Ms. Attreed received her undergraduate degree from Virginia Polytechnic Institute and State University (Virginia Tech) and her Master of Public Administration from George Mason University, receiving the John D.R. Cole Award for Outstanding MPA Student. Ms. Attreed is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants, Government Finance Officers Association, Virginia Government Finance Officers Association, International Association of Assessing Officers and the Treasurer's Association of Virginia.

MICHELLE R. ROBL was appointed as County Attorney for the County by the Board of County Supervisors in December 2015. She has worked for the County in the County Attorney's Office since 1993. She had served as Acting County Attorney since June 2015 and Deputy County Attorney for six years before being named Acting County Attorney. She represents the Board and various County agencies before all levels of the Commonwealth and federal courts and

administrative bodies, in various local government areas such as employment discrimination and personnel law, law enforcement and internal affairs issues, child abuse and neglect law, land use, contract matters, and general liability defense. She earned her Juris Doctor degree from the George Mason University School of Law and her undergraduate degree from Virginia Tech. Among other affiliations, she is on the Board of Directors of the Local Government Attorneys Association of Virginia, and is Past Chair, Vice-Chair and Secretary to the Virginia State Bar Fifth District Section III Disciplinary Committee.

CHRISTINA WINN was appointed as the Executive Director of the Department of Economic Development in June 2019. Prior to joining Prince William, she led Arlington County's efforts in business retention, national recruitment, entrepreneur support, and catalyzing the innovation economy. Christina received her B.S. in Economics from Arizona State University and a M.S. in Real Estate Development from Johns Hopkins University.

STEVEN L. WALTS has served as the Superintendent of Prince William County Public Schools since July 2005. Dr. Walts previously served as Superintendent of Schools in Greece, New York, from 1998 to 2005. He also was an Adjunct Professor and Program Coordinator for the Canisius College administrative programs taught in Greece. From 1992 to 1998, he served in Baltimore County, Maryland as the Assistant Superintendent, Northwest Area, and as the Assistant Superintendent/Executive Director, Department of Human Resources. He received his undergraduate and master's degrees from Wichita State University. Dr. Walts received his Ph.D. in Education Policy and Leadership from the University of Maryland in 2002.

GOVERNMENTAL SERVICES

The County provides a full range of local government services, reflecting both its form of government under the law of the Commonwealth and its increasingly urban character. The mission of the County Government is to provide the necessary services to protect the health, welfare, safety and environment of citizens, consistent with the community's values and priorities. This mission is accomplished by: encouraging citizen input and involvement; preserving the County's fiscal stability; producing effective and efficient government programs; managing the County's resources; planning for the future; and representing citizens' needs and desires to other levels of government. The discussion that follows outlines several services that the County provides to its citizens and services provided in conjunction with other governmental entities.

General Government Administration

Executive Management: The Office of Executive Management ("OEM") provides leadership and executive management direction to achieve the goals and policies of the Board and oversees the day-to-day operations of the government. The functions of this office include overall management and policy development, administrative support to the Board, dissemination of citizen and community information, administration of affirmative action and equal employment opportunity, intergovernmental relations, and coordination of appropriate federal, Commonwealth, regional and local initiatives to further the County's Comprehensive and Strategic Plans.

Budget Management: The Office of Management and Budget ("OMB") is responsible for managing the County's resources consistent with the current Adopted Fiscal Year Budget, Five-Year Fiscal Plan, and the Six-Year Capital Improvement Program in addition to the Strategic Plan. OMB develops and monitors the County's operating and capital budgets, evaluates agency programs and operations, provides performance measurement and management reporting, and offers management consulting to County departments. The County's Adopted Fiscal Year Budget has earned the Government Finance Officers Association ("GFOA") Distinguished Budget Presentation Award for 33 consecutive years.

Financial Management: The Department of Finance promotes excellence, quality, and efficiency by maximizing available resources and providing innovative financial and risk management services to a broad range of internal and external customers through sound financial management practices and a commitment to maintaining fiscal integrity and financial solvency of the County government. The Department of Finance is comprised of the following divisions: Financial Reporting and Control, which maintains the County's financial records and internal controls; Payroll and Disbursements, which coordinates disbursements to vendors and employees; Taxpayer Services, which assesses personal property and gross receipts taxes, and bills, collects and records all County revenues; Real Estate Assessments, which appraises all real property and administers tax relief programs; Purchasing, which administers procurement of all goods and services for the County, and develops and monitors compliance with purchasing regulations; Treasury Management, which provides annual revenue estimates for general County revenues, coordinates debt financing for capital projects, and manages the investment of and banking services for County funds; and Risk and Wellness Serivces, which manages the County's occupational safety, health, wellness, environmental, and workers' compensation and casualty pool self-insurance and other insurance programs; and Financial Systems, which maintains the functionality of the County's financial management and tax administration systems. The County's Comprehensive Annual Financial Report and Popular Annual Financial Report have earned the GFOA Certificate of Achievement for Excellence in Financial Reporting and Award for Outstanding Popular Annual Financial Reporting for 38 and 13 consecutive years, respectively.

Human Resources: Human Resources leads the County's efforts to attract, recruit, motivate, and retain high-performing employees in support of the County's vision, values and strategic goals.

Legal Services: The County Attorney provides legal counsel, advice, and representation to the Board, County Executive, officers, and employees of the County in the performance of their duties. This includes matters involving land use and zoning, leases and contract negotiations, bond financing, grant applications, deed preparation and review, collection of delinquent County taxes and other delinquent accounts, and personnel matters, including workers' compensation, and the drafting of ordinances, policies, and proposed legislation. Other organizations for which the County Attorney provides legal counsel, advice, and representation include the Potomac and Rappahannock Transportation Commission and the various boards and commissions appointed by the Board.

Technology Support Services: The Department of Information Technology is responsible for providing all aspects of Information Technology across the County including strategic planning, seat management, eGovernment, Geographic Information Systems, information

technology governance and policies, information security and access control, voice and data infrastructure and support, operations data center, public safety radio systems, desktop, laptop, tablet, mobile data computer devices, and full life-cycle enterprise application management.

Public Safety

Police Services: The County's Police Department (the "Police Department") is a law enforcement agency, nationally accredited by the Commission on Accreditation for Law Enforcement Agencies ("CALEA"), with a professionally trained force with sworn officers and full and part-time civilian staff. The Police Department is organized into five divisions: Office of the Chief, Support Services, Operations, Criminal Investigations, and Financial and Technical Services. The Office of the Chief encompasses all leadership and management oversight for the Police Department and includes the Office of Professional Standards, CALEA accreditation, policy review, policy amendments, and public information services. The Support Services Division maintains the department's forensic services, records, equipment, and supplies. In addition, this division coordinates and conducts all training, maintains control of evidence and recovered/confiscated property, oversees employee recruitment and selection, and enforces and coordinates animal control ordinances and services including housing unwanted animals. The Operations Division responds to citizen calls for service, performs patrol functions, executes search warrants, enforces traffic and parking regulations, and directs all special teams such as Special Weapons and Tactics, Search and Rescue Unit, Civil Disturbance Unit, Dive Team, and K-9 Unit. The Operations Division also coordinates crime prevention and education activities and enforces and oversees school crossing guard services. The Criminal Investigations Division investigates all major criminal offenses including crimes against persons or property, vice and narcotics cases, crimes committed against and by children, apprehension of criminals, and manages school resource programs in the County's schools. The Financial and Technical Services Division is responsible for coordination and management of all fiscal matters, assuring regulatory, county and internal policy compliance, facility planning, and supporting all aspects of the Police Department's information technology needs.

Fire and Rescue Services: The Prince William County Fire and Rescue System (career and volunteer first responders) protects lives, property, and the environment through timely, professional, humanitarian services essential to the health, safety, and well-being of the community. Emergency response personnel respond to emergency fire, medical, hazardous materials, and service calls for assistance. They provide pre-hospital emergency medical care and fire and hazardous materials incident mitigation. Emergency medical services, including on-the-scene medical treatment and ambulance-to-hospital monitoring of patients, are provided by trained basic and advanced life support technicians on Medic Units. All emergency responders receive training to provide basic life support services, while many are trained to perform advanced life support services. Emergency Medical Service ("EMS") Operations personnel are responsible for the management of the EMS components of fire and rescue service. They provide appropriate training, supervision, procedures, policies and program support within the EMS system. Career and volunteer fire and rescue personnel staff twenty-two fire and rescue stations. Mutual aid agreements exist with all regional jurisdictions to provide prompt and efficient emergency services given existing resources and unit deployment. The Community Safety Section includes the Fire Marshal's Office ("FMO"), Office of Emergency Management ("EM"), Community Education, and Public Information. The FMO investigates the origin and cause of fires and explosions and

conducts criminal investigations of arson. Fire Marshals inspect commercial properties and new construction sites to ensure compliance with fire codes, reviews building sites, fire suppression, and alarm system plans to ensure compliance with fire codes and building codes related to fire protection systems. EM develops and maintains disaster and preparedness plans as well as coordinates and conducts exercises for all such plans in accordance with federal laws and regulations to prepare for, respond to, and recover from disasters and to mitigate community hazards. The community safety program provides public information and public education, such as injury prevention and fire safety practices. The Systems Support Section provides the necessary organization and system infrastructure to provide emergency response activities including: Training, Personnel, Planning and Logistics, Fire and Rescue Call-Taking and Dispatch, Information Technology, Health and Safety, Fleet, Facilities, Finance and Administration.

Public Schools

The County public school system is the second largest public school system in Virginia and the fourth largest in the Washington D.C. Metropolitan Region. It is known for its system of school based management, which places the decision making and accountability at the school level. The costs of the school system are primarily supported by appropriations from the General Fund of the County (see Section II - FINANCIAL ADMINISTRATION - GENERAL FUND FINANCIAL OPERATIONS) and from monies received from the Commonwealth and the federal government.

The overall instructional program in the County schools is implemented through a planned, systematic approach which specifies the essential skills for all students and serves as an instructional guide for teachers to assure that the essential skills are learned by every child. Programs are also available for gifted and special education students. Vocational instruction in several career areas is offered as well.

The public school system consists of 61 elementary schools, two elementary/middle (1-8), 16 middle schools, 12 high schools, one special education school, one traditional school, and one alternative schools which houses special education, middle, and high school programs. As shown in the following chart, the number of students attending the County's public schools has grown substantially in the past ten years.

Public School Enrollment

School Year	Elementary	Middle	High	Special Education	Total	Percent Change
2010	37,261	17,700	22,857	1,298	79,116	3.2%
2011	38,436	18,351	23,500	1,348	81,635	3.2
2012	39,269	18,902	24,015	1,365	83,551	2.3
2013	39,538	19,473	24,665	1,379	85,055	1.8
2014	39,920	19,703	25,249	1,337	86,209	1.4
2015	40,070	20,004	25,861	1,319	87,254	1.2
2016	40,569	20,095	26,923	1,333	88,920	1.9

2017	40,482	20,713	27,261	1,405	89,861	1.1
2018	40,110	26,997	27,610	1,486	90,203	0.4
2019	40,152	21,463	27,980	1,501	91,096	1.0

Source: Prince William County Schools, Office of Facilities Services, August 2019.

Transportation Infrastructure

One of the County's strategic goal areas is mobility to ensure an accessible, comprehensive, multi-modal network of transportation infrastructure that supports local and regional connectivity of the community and its businesses. Over the years, the County has worked to develop a transportation network that gets people to jobs, improves safety, reduces congestion, reduces travel time and enhances the County's economic development efforts. A substantial portion of the new road construction and improvements over the past 10 years has been financed by the County with a moderate amount of funding from the Commonwealth and the federal government. The County has also received funding for transportation improvements from the Northern Virginia Transportation Authority ("NVTA"), which is responsible for long range transportation project planning, prioritization and funding for regional transportation projects in Northern Virginia. Once road construction projects are completed, they are accepted by the Commonwealth for future maintenance. The County's current Six-Year Capital Improvement Program includes several projects that will be funded with County General Funds and proffers supplemented by regional, Commonwealth, NVTA and federal funding.

Human Services

County departments and various appointed boards and commissions are responsible for overseeing and advising on the planning and delivery of the County's numerous human services programs. Members of these boards and commissions are appointed by the Board. Various operating departments, in locations convenient to citizens, provide direct services, administration, and support. Among these departments, the services provided include the following:

Community Services: Community Services is the County's public behavioral health entity charged with the provision of mental health, substance abuse, intellectual and developmental disability, emergency, early intervention, and prevention services for the County and the Cities. Services are community-based, provided both directly and contractually with private and other public service providers, and include case management, medication and therapeutic treatment, and specialized services such as psychosocial rehabilitation, vocational services, and residential support. Community Services serves residents of all ages, including early intervention services for babies and toddlers, from birth to age three, who are at risk due to developmental delays. Operations are managed by an Executive Director assisted by a Community Services Board appointed by the Board. Funding for many services is through Medicaid and other Commonwealth and federal revenue sources.

Social Services: The mission of the Department of Social Services is to enhance the quality of life in the County by affording individuals and families the support, protection, and safety necessary to enable them to build self-reliant lives. In addition to determining eligibility for public benefits, programs are designed to protect children and vulnerable adults and include foster care

and adoption services, residential services that provide court-ordered secure detention for youths, post-dispositional residential care to youths as an alternative to commitment, comprehensive services for at-risk youths, and services for persons who are homeless. Operations are managed by a Social Services Director, assisted by a Social Services Advisory Board appointed by the Board. Funding for the Department of Social Services is shared with the Commonwealth and the federal government.

Agency on Aging: The primary goals of the Area Agency on Aging are to empower independence and enhance the quality of life and enjoyment of aging individuals by offering a supportive network for older persons and their family caregivers through advocacy education, coordination, and implementation of programs and services in the tri-jurisdictional area of the County and the Cities.

Housing Opportunities and Assistance: The Office of Housing and Community Development ("OHCD") is responsible for developing affordable housing opportunities and neighborhood resources for low and moderate-income households in the County. OHCD manages the development and implementation of the Prince William Area (the County and the Cities) Consolidated Housing and Community Development Plan to encourage and support affordable housing programs and services. OHCD primarily uses federal resources to provide housing development, rehabilitation and preservation services, home ownership financing, rental assistance through the federally-funded Housing Choice Voucher Program, and housing-related services. OHCD also provides financial services to local shelters for their operation and assistance to homeless families.

Public Health Services: The Department of Public Health provides a wide range of services designed to promote and protect the health of the community and the environment. The Department is funded by the federal government, the Commonwealth, the County, the Cities, and Commonwealth and local user fees. It is responsible for the community and clinical preventive services, vital statistics, health information, environmental health services, and the assurance of access to needed quality health care services. The Department of Public Health's functions include the provision of preventive and other clinical services including: immunizations for children and adults; prenatal care; women's wellness; sexually transmitted disease services; tuberculosis treatment and care; dental care; and nutrition services for women, infants, and children. The agency's functions also include the issuance of death certificates; inspections of food and public establishments; inspection, testing, and permitting of water supplies and sewage disposal systems; and review of new development projects for environmental health impacts. Public Health interventional activities include the investigation and control of communicable disease outbreaks, rabies control, health and environmental hazard mitigation, and bioterrorism/public health emergency response.

Judicial Administration

The County administers judicial affairs through a court system consisting of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations Court and through the Offices of the Clerk of the Court, the Commonwealth's Attorney, the Community Corrections Agency, and the Office of Criminal Justice. Funding for the operations of the Clerk of the Court,

the Circuit Court and other courts, the Magistrates, the Commonwealth's Attorney, and the Sheriff's Office is largely provided by the Commonwealth but is supplemented by the County.

The Prince William – Manassas Regional Adult Detention Center ("ADC") consists of five buildings in the County: the Main Jail facility, the Modular Jail building, the Central Jail facility, the Annex for administrative and training use, and the Iron Building housing for the Work Release and Electronic Incarceration Program located in the City of Manassas. The ADC's mission is to provide secure, safe, and cost effective inmate housing. The ADC serves the County and the Cities, and is governed by an eleven-member Regional Jail Board (the "Jail Board"). The Sheriff is an ex officio member by statute. The Board appoints eight members, and the Manassas City Council appoints two members to the Jail Board. The Commonwealth Department of Corrections operational capacities in the County as of December 2016 are estimated at 200 inmates in the Central Jail, 202 inmates in the Main Jail, 200 inmates in the Modular Jail, and 65 inmates in the Work Release center, for a total of 667 inmates. The Jail Board, with the advice of the ADC superintendent, has set management capacities higher than operational capacities. The Central Jail and Main Jail facilities are double-bunked, and by adding staff to manage inmates, additional inmates may be housed. The expansion adjacent to the existing ADC, which includes a Work Release facility and a parking lot expansion, is planned to be completed in March 2020. The expansion will provide 204 additional general population beds to alleviate current overcrowding and allow for future inmate population growth.

Planning and Development

Transportation, Public Works, and Development Services: The Departments of Transportation, Public Works, and Development Services provide services to maintain and improve the safety, quality of life, and environment for County residents. These departments assist with the planning and construction of safe and adequate roadways, engineering, construction and maintenance of public facilities, property code enforcement, protection and management of the County's watersheds, and engineering review and inspections for site development, building construction and code compliance.

The Department of Transportation's goals include easing the flow of traffic and improving travel within the County for residents and visitors. Working with local, regional, Commonwealth and federal counterparts, this department is responsible for the construction management of the County's new roads and other improvements not managed by the Virginia Department of Transportation.

The Department of Public Works provides internal services for construction management of capital projects, fleet maintenance of County vehicles and equipment, and manages the County's solid waste system which includes a sanitary landfill, yard waste composting facilities, and recycling facilities. The operation of the County's solid waste system is funded entirely through a County-wide solid waste user fee, other user fees and charges for services, and the sale of recyclable materials. The estimated useful life of the system extends to 2060.

The Department of Development Services ("DDS") is the lead development agency for the County. DDS works closely with many affiliated agencies, including Planning, the Fire Marshall/Emergency Services, Public Works, Transportation, and Information Technology to

assist customers with the timely development of projects and to ensure compliance with County and state requirements. DDS is also the lead agency responsible for updating the County's design and construction standards manual.

Land Use Planning: The Office of Planning is responsible for identifying current and future land use and public facilities needs of the County. The Office of Planning prepares and updates the County's comprehensive plan, the general guide to the location, character, and extent of proposed anticipated land use, including public facilities. In addition, the Office of Planning reviews proposals for compliance and prepares, updates, and enforces the zoning ordinance. The Office of Planning also reviews and provides planning analysis of proposed zoning changes and special use permits, and is responsible for the implementation of proffers.

Geographic Information: The Geographic Information System ("GIS") Division of the Department of Information Technology operates the County's enterprise geospatial program to enable an effective and efficient government using advanced GIS technologies. The GIS program prepares and maintains a multipurpose data warehouse, application suite, and infrastructure, delivering specialized geospatial, geodetic, demographic, and legal information derived from authoritative resources and offered to assist the County in administering its land development and management responsibilities, enhancing public safety response, sustaining the environment, and building healthy populations with a world class GIS infrastructure. As Prince William County's official resource and subject matter experts in GIS technology, the GIS Division engineers, operates, and maintains the central GIS technology platform and its associated GIS web applications, GIS desktop application and custom GIS tools. The GIS Division serves as the "official" resource and geospatial service for information about the County's population, social characteristics, households, housing, and economic attributes for use by the public and County agencies, as well as, operates an information and map distribution center for dissemination of geospatial and demographic information to the public, regulators, developers, businesses, and other interested parties.

Parks, Recreation and Libraries

Libraries: The County's library system provides services to the citizens of Prince William County and the Cities through its current two full-service regional libraries, four community libraries and five neighborhood libraries. The library system had 346,268 registered patrons as of the end of fiscal year 2018. During fiscal year 2018, the library circulated approximately 3.5 million print and digital library materials and had nearly 6.8 million information and electronic resource requests.

Parks, Recreation and Tourism: The County Department of Parks, Recreation and Tourism ("DPRT") is responsible for the development, construction, operation, and maintenance of parks and recreational facilities and promote tourism throughout the County. DPRT currently operates 79 park and recreational areas and manages approximately 5,147 acres. Approximately one-third of the total acreage owned is developed and maintained for active recreational and leisure use. Operations are managed by the County DPRT Director assisted by a Parks and Recreation Commission, an advisory commission appointed by the Board.

Water Supply and Wastewater Collection and Treatment

Prince William County Service Authority: The boundaries of its service area are coterminous with the County. All heavily developed areas of the County, with the exception of the unincorporated Dale City area in the eastern part of the County, are provided water and wastewater service by the Service Authority. The Service Authority provides service to approximately 93,000 residential and commercial accounts. Over the past five years, the Service Authority has seen a 7.4 percent increase in its customer base.

Water is supplied from a combination of sources: Service Authority-owned wells and long-term water purchase agreements with the Fairfax County Water Authority and the City of Manassas. The Service Authority's total capacity as of May 2019 is 67.9 million gallons per day ("mgd"), which is expected to meet County water needs until the year 2036. Additional capacity will be purchased when required. During fiscal year 2018, the Service Authority delivered a daily average of 27.8 mgd representing 99.6 percent purchased water and 0.4 percent produced water from the Service Authority's wells. The Service Authority's water storage and distribution system consists of approximately 1,236 miles of water lines, 26.1 million gallons of water storage, and various pumping stations.

The Service Authority's sewage treatment system consists of the H. L. Mooney Advanced Water Reclamation Facility ("Mooney AWRF"), with a current capacity of 24 mgd. Current capacity is expected to satisfy growth in the Service Authority's service area until the year 2030. The Service Authority's 1,097 miles of sewer mains transport wastewater to these facilities, as well as to the Upper Occoquan Sewage Authority ("UOSA") Regional Facility, which provides wastewater treatment service to the Cities and to portions of Fairfax and Prince William Counties.

Under a long-term agreement with UOSA, the County's share of the treatment capacity at the interjurisdictional UOSA plant is 19.8 mgd of the present UOSA plant capacity of 54 mgd. Current capacity, along with a planned UOSA capacity expansion, will service most of the County's sewage treatment through the year 2026. To meet sewage treatment needs beyond that time, the Service Authority plans to further expand the capacity of the Mooney AWRF and purchase additional treatment capacity at UOSA. The UOSA facility is authorized to expand to a maximum plant build-out capacity of 80 mgd.

The Service Authority is a self-supporting enterprise fund. It derives all of its operating revenues from its customer billings. The Service Authority also collects availability fees from owners/developers to cover the cost for treatment capacity and infrastructure related to growth. The Service Authority adopts an annual operating budget and capital improvement program, sets rates, and may issue revenue bonds without the approval of other governmental bodies, including the Board.

Upper Occoquan Sewage Authority: UOSA was formed on March 3, 1971, by concurrent resolutions of the governing bodies of Fairfax and Prince William Counties and the Towns (now Cities) of Manassas and Manassas Park, and was chartered by the Commonwealth of Virginia State Corporation Commission on April 1, 1971. The governing body of UOSA is an eight-member Board of Directors consisting of two members appointed for four-year terms by the governing body of each member jurisdiction. UOSA's Executive Director is responsible to the

Board of Directors for the day-to-day operations of UOSA. UOSA was established to acquire, finance, construct, operate, and maintain facilities for the treatment of sewage in its service area and is organized into four divisions: Operations and Maintenance, Treatment Process, Technical Services and Finance.

UOSA's service area encompasses approximately 246 square miles and includes portions of the County, Fairfax County and the Cities. UOSA owns and operates an advanced water reclamation facility with a capacity of 54 mgd, and a regional system of sewer lines, pump stations and force mains that deliver sewage from the member jurisdictions to the treatment plant. To meet future needs from increases in population and associated wastewater flows, UOSA has developed a capital improvement program that includes a variety of major additions, extensions and improvements to its system. The existing treatment works is designed and permitted to receive and process a rolling 30-day average of 54 mgd. For the fiscal year ended June 30, 2018, the average daily flow was 37.8 mgd. The maximum 30-day rolling flow was 44.3 mgd, 82.0 percent of capacity.

DEMOGRAPHIC AND ECONOMIC FACTORS

Population Characteristics

The County's population is concentrated in two areas: the suburban areas of Woodbridge/Dale City along the I-95 corridor, and the north central sections of the County along Interstate 66 including the suburban neighborhoods surrounding the City of Manassas. Other areas of the County have experienced new, and often rapid, population increases in the past ten years. These new growth areas include developments along the Prince William Parkway and Route 234 in the east and Linton Hall Road, Vint Hill Road, and James Madison Highway in the west. According to the 2010 census, the County was the second most populous county in the Commonwealth and one of its most rapidly growing jurisdictions. The County's population increased from 280,813 to 402,002 between 2000 and 2010, an increase of 43.2 percent or an average annual growth of 4.3 percent. The following table provides population growth over the last four decades between 1970 and 2010 for the County, the Washington, D.C. metropolitan statistical area (MSA), and the Commonwealth.

CENSUS POPULATION AND RATES OF CHANGE

Year	Prince William County[(1)]	Percentage Change	Washington D.C. MSA[(2)]	Percentage Change	Commonwealth of Virginia	Percentage Change
1970	111,102	-	2,481,489	-	4,648,494	-
1980	144,703	30.2%	3,477,972	40.2%	5,346,818	15.0%
1990	215,686	49.1	4,223,485	21.4	6,187,358	15.7
2000	280,813	30.2	4,923,153	16.6	7,078,515	14.4
2010	402,002	43.2	5,582,170	13.4	8,001,024	13.0

Source: U.S. Census Decennial Censuses, 1970-2010; Prince William County Demographer.
Notes: (1) The geographic boundaries of the County changed between 1970-2010 due to the Cities becoming incorporated and independent in 1975. The population figures reflect the reported Decennial Census data

and reflect the County boundary as defined at that point in time.

(2) The 1970 to 1990 population figures are based on the 2000 definition of the Washington, DC-VA-MD MSA.

As part of the national and regional economic downturn, the County housing market has cooled since the boom of the early 2000s. With this change in the housing market, the rapid rate of population increase in the County likewise decreased.

The following two tables show the County's population for 2010 through 2019, forecasts for 2020 and 2030, as estimated by the County in cooperation with the Metropolitan Washington Council of Governments, and other population characteristics of the County as of 2018.

COUNTY POPULATION

Year	Population	Average Annual Percentage Growth
July 1, 2010(1)	402,002	-
July 1, 2011(2)	410,454	2.1%
July 1, 2012(2)	418,107	1.9
July 1, 2013(2)	425,681	1.8
July 1, 2014(2)	433,621	1.9
July 1, 2015(2)	441,627	1.8
July 1, 2016(2)	449,864	1.9
July 1, 2017(2)	456,126	1.4
July 1, 2018(2)	460,457	0.9
July 1, 2019(2)	466,496	1.4
July 1, 2020(3)	467,900	0.3
July 1, 2030(3)	529,600	1.2

Sources:

(1) U.S. Census Bureau, Census 2010.

(2) Prince William County GIS Division. 2017 Population restated in April 2018. Population from 2011 to 2016 restated in February of 2017. Based on quarter two of each year.

(3) Estimated Metropolitan Washington Council of Governments (MWCOG) 9.1 Cooperative Forecasts for Prince William County, October 2018.

SELECTED 2017 POPULATION CHARACTERISTICS

Characteristic	Prince William County	Virginia	United States
Median Age	34.4	37.8	37.7
Percent Age 17 or Under	27.7%	22.3%	22.9%
Percent Age 65 or Older	8.7%	14.2%	14.9%
Average Number of Persons per Household	3.06	2.62	2.63
Percent with High School Diploma or Higher	88.8%	89.0%	87.3%
Percent with Bachelor's Degree or Higher	39.8%	37.6%	30.9%

Source: U.S. Department of Commerce, Census Bureau, 2017 American Community Survey 5-Year Estimates. The 2017 American Community Survey is the most recent as of the date of this Official Statement.

Income

According to the 2017 American Community Survey, the 2017 median household income in Prince William County was $101,059, which is nineteenth highest among all counties and equivalents in the United States. The County has the sixth highest median household income in the Commonwealth, indicating the relative wealth of Prince William County and the greater Washington metropolitan region, which included nine of the top twenty counties in the nation for median household income. Comparisons of the County's 2017 median household income estimate are shown in the following table:

COMPARATIVE 2017 INCOME ESTIMATE

	Median Household Income[(1)]
Prince William County	$101,059
Commonwealth of Virginia	68,766
United States	57,652

Source: U.S. Census Bureau, 2017 American Community Survey, 5-Year Estimates.
Note: [(1)] A household includes related individuals, unrelated individuals and single persons who are living alone.

Commerce and Employment

Major business concentrations within the County are located along the Interstate 95 and Interstate 66 corridors. Sites near Interstate 66 are particularly well-suited for industrial, high technology, and service companies. Commerce and retail development are concentrated in the eastern half of the County along the Interstate 95 and Route 1 corridor and in the western portion

of the County along the Sudley Road corridor between the City of Manassas and Interstate 66 as well as the Lee Highway/Route 29 corridor south of the Route 66 and Route 29 interchange. Businesses and other establishments located in the County include Sentara and Novant Hospitals, American Type Culture Collection, SFX Entertainment (Jiffy Lube Amphitheatre), Comcast Communications, Northern Virginia Community College, Federal Bureau of Investigation, George Mason University Science and Technology Campus, New Horizon Security, and Minnieland Private Day School. Overall, the largest employment sectors are services, retail and government.

Major public and private employers located within the County as of 6/30/2018 include:

MAJOR PUBLIC AND PRIVATE EMPLOYERS

Employer[(1)]	Ownership	Number of Employees[(2)]	Rank
Prince William County School Board	Local Government	1,000 and over	1
Prince William County	Local Government	1,000 and over	2
U.S. Department of Defense	Federal Government	1,000 and over	3
Walmart	Private	1,000 and over	4
Morale Welfare and Recreation	Federal Government	1,000 and over	5
Sentara Healthcare (Potomac Hospital)	Private	1,000 and over	6
Wegmans Store #07	Private	500-999	7
Northern Virginia Community College	State Government	500-999	8
Target Corporation	Private	500-999	9
MJ Morgan Group	Private	500-999	10

Source: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 17.
Notes: (1) All data provided by the Virginia Employment Commission (1st Quarter 2018).
(2) The County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act of 2002 – Title V of Public Law 107-347.

The County civilian labor force, as reported by the Bureau of Labor Statistics, was 240,716 as of September 2018, which was an increase of 4.6 percent over the past five years. After increasing each year since 1997, the average civilian labor force in the County began to level off in 2013 with slight fluctuations up and down between 2014 and 2016. This may be a result of the slowing population growth after a boom in the 1990s and 2000s. In September 2018, the employed labor force was 234,636, an increase of 7.1 percent over the past five years.

The number of jobs located in the County, or at-place employment, averaged over the first nine months of 2018, was 129,973. At-place employment in the County has increased 56.4 percent

since 2001, when employment was estimated at 83,107. In the five-year period from 2013 to 2018, at-place employment grew by more than 13,328 jobs, or 11.4 percent.

Year-over-year, from the 2017 annual average to 2018, total jobs in the County increased by over 2,400 or 1.9 percent annualized. The following two tables provide information on at-place employment from 2009 to 2018, as well as jobs by employment sector.

PRINCE WILLIAM COUNTY EMPLOYMENT GROWTH

Calendar Year[(1)]	At Place Employment	Percent Change
2009	102,060	-
2010	103,843	1.7
2011	108,102	4.1
2012	112,859	4.4
2013	116,626	3.3
2014	119,297	2.3
2015	122,596	2.8
2016	126,283	3.0
2017	127,892	1.3
2018[(2)]	130,324	1.9

Source: Virginia Employment Commission/Bureau of Labor Statistics
Notes: [(1)] For 2009-2017, the data reflects annual averages.
[(2)] For 2018, Preliminary data.

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PRINCE WILLIAM COUNTY EMPLOYMENT TYPE

	2011 1st Qtr.	2014 1st Qtr.	2019 2nd Qtr.
Retail Trade	19.1%	18.8%	16.9%
Educational Services	14.2	13.6	13.0
Health Care and Social Assistance	9.3	9.8	11.5
Construction	9.4	10.4	11.3
Accommodation and Food Services	10.6	11.1	10.8
Professional, Scientific, and Technical Services	7.3	7.4	7.8
Public Administration	7.0	6.7	5.9
Administrative and Support and Waste Management	4.6	4.5	5.2
Other Services (except Public Administration)	3.2	3.4	3.4
Arts, Entertainment, and Recreation	2.5	2.6	2.9
Wholesale Trade	2.5	2.4	2.3
Transportation and Warehousing	2.3	2.0	2.0
Finance and Insurance	2.1	1.6	1.6
Manufacturing	1.6	1.6	1.5
Real Estate and Rental and Leasing	1.5	1.3	1.3
Information	1.4	1.5	1.1
Management of Companies and Enterprises	0.7	0.6	0.7
Utilities	0.7	0.6	0.6
Unclassified establishments	N/A	N/A	0.3
Mining, Quarrying, and Oil and Gas Extraction	0.1	0.1	0.1
Agriculture, Forestry, Fishing and Hunting	0.1	0.0	0.1

Source: Virginia Employment Commission. Labor Market Information: Quarterly Census of Employment and Wages (QCEW). VEC no longer provides any NAICS category breakdown by employment for any quarter but the most recent.

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The June 2019 unemployment rate for the County was 2.6 percent compared to 2.9 percent in June 2018 and 5.1 percent in June 2014. As shown in the following table, the unemployment rate in the County has been consistently below Commonwealth of Virginia and national averages.

HISTORICAL UNEMPLOYMENT RATES[(1)]

Calendar Year	Prince William County	Commonwealth of Virginia	United States
2009	5.4%	6.7%	9.3%
2010	6.1	7.1	9.6
2011	5.7	6.6	8.9
2012	5.3	6.0	8.1
2013	5.2	5.7	7.4
2014[(1)]	4.9	5.2	6.2
2015[(1)]	4.1	4.5	5.3
2016[(1)]	3.7	4.1	4.9
2017[(1)]	3.4	3.7	4.4
2018[(1)]	2.7	3.0	3.9

Source: United States Department of Labor, Bureau of Labor Statistics.
Note: [(1)] Unemployment rates for 2014-2018 reflect revised population controls and model reestimation.

Assessed Value of Locally Taxed Property

The Virginia Constitution and the Code of Virginia provide that real estate and tangible personal property (except the rolling stock of public service corporations) are reserved for taxation by cities, counties, towns and other local government entities. The assessed value and the estimated market value of all taxable real estate and personal property in the County for the last ten fiscal years are presented in the following table.

Fiscal year values represent the January 1 assessed value for the prior fiscal year (e.g. fiscal year 2018 values are based on the January 1, 2017 assessment). According to the 2018 Real Estate Assessments Annual Report, published in October 2018, the assessed value of residential property, including vacant land and excluding rental apartments, increased 4.58 percent in tax year 2018, which is based on assessed values as of January 1, 2017. The change in the residential real estate value is due to 3.28 percent appreciation and 1.30 percent growth.

The assessed value (without estimated supplements) for all real estate property types as of January 1, 2018, recognized as fiscal year 2019 revenue, indicates an estimated increase of 5.87

percent to $61,059,416,317. The change in the real estate value is due to 3.29 percent appreciation and 2.58 percent growth.

The assessed value for tax year 2018 and percent increase from tax year 2017 is as follows: Residential (including Apartments) $49,788,748,200 (4.67 percent increase); Commercial $9,240,705,300 (13.93 percent increase); Public Service $1,844,280,517 (1.00 percent increase) and Land and Other $185,682,300 (11.77 percent increase).

Additional information regarding real estate assessments is published in the Real Estate Assessments Office Annual Report available in October and found on the County website http://www.pwcgov.org/.

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Assessed and Estimated Market Value of Taxable Property [1][2]
Last Ten Fiscal Years
($000's)

	Real Property					Personal Property[5]		Grand Total[6]	
Fiscal Year	Locally Assessed	Public Service[3]	Total Assessed Value	Estimated Market Value[4]	% of Assessed to Estimated Market Value	Locally Assessed[5]	Public Service[3]	Assessed Value	Estimated Market Value
2010	$38,630,962	$1,360,943	$39,991,906	$47,228,010	84.7%	$3,365,319	$2,550	$43,359,775	$50,595,879
2011	37,789,426	1,466,645	39,256,071	48,535,035	80.9	3,492,204	2,157	42,750,432	52,029,396
2012	40,181,834	1,472,610	41,654,444	49,533,872	84.1	3,754,050	5,243	45,413,737	53,293,165
2013	42,062,252	1,521,977	43,584,228	50,810,494	85.8	4,083,424	4,520	47,672,172	54,898,438
2014	44,775,834	1,501,931	46,277,765	57,109,671	81.0	4,320,401	3,401	50,601,567	61,433,473
2015	48,562,060	1,531,397	50,093,457	57,663,419	86.9	4,526,613	3,106	54,623,176	62,193,138
2016	52,186,351	1,678,330	53,864,681	60,222,752	89.4	4,986,744	3,536	58,854,961	65,213,032
2017	53,981,879	1,782,650	55,764,529	61,527,420	90.6	5,568,159	3,033	61,335,721	67,098,612
2018	56,065,061	1,826,020	57,891,081	62,461,608	92.7	5,861,397	3,440	63,755,918	68,326,445
2019	59,215,136	1,844,281	61,059,416	66,853,349	91.3	6,395,587	3,274	67,458,277	73,252,210

Source: Prince William County, Department of Finance (2018 Real Estate Annual Report and Comprehensive Annual Financial Report, fiscal year 2018, Table 21). Fiscal year 2018 and 2019 values include estimates made by the County's Real Estate Division for Public Service Property until information is received from the Commonwealth. Fiscal year 2019 is preliminary until the Real Estate Landbook for calendar year 2019 is published in October 2019.

Notes: [1] Fiscal year values represent the January 1 assessed value for the prior fiscal year (e.g., fiscal year 2019 values are based on the January 2018 assessment).

[2] Assessed values include landbook values plus all supplements.

[3] Public Service property is valued by the Virginia State Corporation Commission and the Department of Taxation at prevailing assessment ratios.

[4] The Estimated Market Value of real property (including Public Service) is calculated by dividing the assessed value by the County's assessment-to-sales price ratio as determined annually by the Virginia Department of Taxation. Since the ratios for fiscal year 2018 and 2019 are not available as of the date of this Official Statement, estimates from the County Real Estate Office are reported.

[5] The estimated market value of personal property is assumed to equal 100% of the assessed value.

[6] Totals may not add due to rounding.

ASSESSED VALUE OF REAL PROPERTY[1]

($000's)

Fiscal Year	Residential and Condos	Apartments	Public Service Property[2]	Commercial and Industrial	All Other[3]	Total Use Value Assessment[4][5]
2010	$29,888,134	$1,801,532	$1,360,943	$6,726,623	$214,673	$39,991,906
2011	30,434,819	1,451,944	1,466,645	5,722,158	180,505	39,256,071
2012	32,477,281	1,642,125	1,472,610	5,899,244	163,184	41,654,444
2013	33,769,506	1,911,766	1,521,977	6,210,947	170,032	43,584,228
2014	35,821,828	2,185,291	1,501,931	6,597,590	171,126	46,277,765
2015	39,073,111	2,525,672	1,531,397	6,802,104	161,172	50,093,457
2016	41,983,238	2,856,819	1,678,330	7,179,333	166,961	53,864,681
2017	43,393,628	3,020,162	1,782,649	7,406,620	161,469	55,764,529
2018[6]	44,655,855	3,047,465	1,826,020	8,185,594	166,147	57,891,082
2019[6]	46,675,962	3,226,623	1,844,281	9,261,841	185,700	61,194,407

Source: Prince William County, Department of Finance (Real Estate Annual Report, fiscal year 2018, Table 7).

Notes: [1] Assessed values include landbook values plus all supplements.

[2] Public Service Property is valued by Commonwealth agencies and includes land and improvements owned by utilities, railroads, and natural gas and petroleum pipeline operators. Fiscal year 2018 and 2019 values include estimates for Public Service Property until information is received from the Commonwealth.

[3] The All Other category consists mainly of agricultural land.

[4] Figures do not include assessed values of properties that were assessed rollback taxes.

[5] Totals may not add due to rounding.

[6] Preliminary, subject to revision based on supplemental assessments of new construction.

The following table presents the 25 largest taxable property owners based on assessed values for January 1, 2017, which represents fiscal year 2018 revenue. The total assessed value of the largest 25 taxpayers was $3,761,119,354 representing approximately 6.5 percent of the fiscal year 2018 total taxable assessed value of real property within the County. The January 1, 2018 numbers which represent fiscal year 2019 revenue will not be available until the Real Estate Annual Report is published in October 2019.

PRINCIPAL REAL PROPERTY TAXPAYERS

Taxpayer	**Type of Property**	**2017 Assessment ($000's) [(1)]**
Virginia Electric & Power Company	Utility	$885,355,422
Mall at Potomac Mills LLC	Shopping Center	505,751,900
Northern Virginia Electric Co-Op	Utility	324,480,523
Verizon South Inc.	Utility	159,397,890
Porpoise Ventures LLC	Data Center	145,130,200
Washington Gas Light Company	Utility	140,507,919
Powerloft @ Innovation I LLC	Data Center	134,863,100
JBG/Woodbridge Retail LLC	Shopping Center	126,017,200
Rolling Brook Windsor LLC	Apartments	117,765,700
Kir Smoketown Station LP	Shopping Center	106,994,300
Stellar Chatsworth LLC	Apartments	103,364,100
Woodbridge Station Apartments LLC	Apartments	96,892,200
Westgate Apartments Lmtd Ptnshp	Apartments	87,771,800
Sutton Ballston LLC & Sutton Equity LLC	Apartments	81,964,800
Harbor Station Communities LLC	Residential	81,275,700
United Dominion Realty Trust Inc.	Apartments	77,839,400
Fairfield Potomac Club LLC	Apartments	77,715,200
DCO Caroline Development LLC	Apartments	66,945,900
Magazine Carlyle Station LP	Apartments	66,255,100
LCOR Raven's Crest LLC	Apartments	64,883,400
WPPI Woodbridge LLC	Apartments	63,718,100
TGM Manassas Inc.	Apartments	63,662,100
Stonewall Regency LLC	Shopping Center	63,322,300
Village on Bull Run LLC	Apartments	59,962,800
Arcadia Run LLC	Apartments	59,282,300
Total [(2)]		**$3,761,119,354**

Source: Prince William County, Department of Finance, Real Estate 2018 Annual Report, Table 12.
Notes: [(1)] Calendar year assessment January 2017 equates to fiscal year 2018 revenue.
[(2)] Total may not add due to rounding.

Commercial and Industrial Development

As of December 31, 2018, the total inventory of existing commercial space was approximately 47.9 million square feet. This includes 7.3 million square feet of office space, 5.4 million square feet of flex space (office and/or retail), 13.0 million square feet of industrial space, and 22.2 million square feet of retail space.

A net total of 4.3 million square feet of commercial space has been added to the County's inventory in the last eight years. This includes .31 million square feet of office space, .60 million square feet of flex space, 1.9 million square feet of industrial space, and 1.5 million square feet of retail space. The increase in commercial space over the last eight years has averaged 1.19 percent per year. This includes an average annual increase of .55 percent in office space, 1.43 percent in flex space, 1.82 percent in industrial space and .86 percent in retail space.

In 2018 the County added a net of 463,789 (.98 percent) square feet to its commercial inventory. This includes a decrease of 4,551 square feet (-.06 percent) of office space, no increase of flex space, an increase of 422,190 square feet (.71 percent) of industrial space and an increase of 46,150 square feet (0.21 percent) of retail space. The current composition of the County's commercial inventory is 15.3 percent office, 11.25 percent of flex space, 27.2 percent industrial space and 46.3 percent retail space. Totals in each category in the fourth quarter of 2009 through 2018 years are shown in the following table.

COMMERCIAL, INDUSTRIAL AND RETAIL SPACE[(1)]
(In Square Feet)

Year	Office	Flex[(2)]	Industrial	Retail	Total
2009	6,473,957	4,936,187	10,487,317	20,076,185	41,973,646
2010	7,024,314	4,783,937	11,169,186	20,619,538	43,596,975
2011	7,107,407	4,756,437	11,278,986	20,779,436	43,922,266
2012	7,190,496	4,746,687	11,348,511	21,316,071	44,601,765
2013	7,194,447	4,746,687	11,594,814	21,581,269	45,117,217
2014	7,194,447	4,869,755	11,724,664	21,687,939	45,476,805
2015	7,215,767	4,881,355	11,840,872	21,757,130	45,695,124
2016	7,212,866	5,217,515	11,855,814	21,853,494	46,139,689
2017	7,340,866	5,391,515	12,601,864	22,113,236	47,447,481
2018	7,336,315	5,391,515	13,024,054	22,159,386	47,911,270

Source: CoStar Realty Information, Inc., July 2019.

Note: [(1)] CoStar continually updates data regarding real estate space. The amounts are subject to revision based on supplemental review.

[(2)] Flex is defined by CoStar as a building designed to be versatile and may be used in combination with office, research and development, quasi-retail sales, industrial processing or high tech.

Retail Sales

The following shows taxable retail sales in the County for calendar years 2009 through 2018.

TAXABLE RETAIL SALES

Calendar Year	Taxable Retail Sales ($000's)	Percentage Change	Retail Sales Per Capita[(2)]
2009	$4,100,613	-	$10,437
2010	4,341,373	5.9%	10,799
2011	4,502,616	3.7	10,970
2012	4,882,057	8.4	11,677
2013	5,004,545	2.5	11,757
2014	5,090,291	1.7	11,739
2015	5,251,291	3.2	11,891
2016	5,409,151	3.0	12,024
2017	5,540,356	2.4	12,147
2018[(1)]	5,671,609	2.4	12,317

Source: Virginia Department of Taxation via Weldon Cooper Center for Public Service reported on calendar year basis. Figures may be subject to revision

Notes: [(1)] Calendar year 2018 from Weldon Cooper Center is the latest data available. U.S. Department of Commerce Census Bureau population reported as of July 1 included in the Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 16.

[(2)] Retail sales per capita were calculated using County population statistics provided by County demographer.

The County is served by three regional shopping areas of Potomac Mills Mall (1.9 million square feet), Virginia Gateway (1.1 million square feet) and Stonebridge at Potomac Town Center (0.5 million square feet). The County is also served by many other community and neighborhood shopping centers.

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Housing

The following table illustrates the change in residential housing in the County from 1980 to 2010. Nearly one out of every three houses in the County has been built since 2000.

HOUSING UNITS BY TYPE OF STRUCTURE

	1980		1990		2000		2010	
	No.	%	No.	%	No.	%	No.	%
Single-family houses[(1)]	33,912	73.1%	43,959	58.8%	54,632	55.7%	79,574	57.8%
Townhouses	7,141	15.4	17,932	24.0	26,288	26.8	36,343	26.4
Multi-Family	5,335	11.5	12,868	17.2	17,132	17.5	21,668	15.8
Total	46,388	100%	74,759	100%	98,052	100%	137,585	100%

Sources: 1980-2000: U.S. Census Bureau 10-Year Censuses. 2010: U.S. Census Bureau and 2010 American Community Survey.

Note: [(1)] Single-family data includes mobile homes, boats, recreation vehicles, and vans used as permanent residences.

New Construction

The following tables illustrate the County's permit activity from 2009 through 2018.

BUILDING PERMITS FOR NEW RESIDENTIAL CONSTRUCTION[(1)]

Calendar Year	Single Family	Townhouse	Condo	Apartment	Total
2009	1,121	421	386	49	1,977
2010	951	469	282	82	1,784
2011	859	274	108	65	1,306
2012	824	276	158	188	1,446
2013	760	427	264	104	1,555
2014	656	368	185	0	1,209
2015	698	450	234	24	1,406
2016	664	451	116	28	1,259
2017	730	633	127	4	1,494
2018	729	451	32	4	1,216

Source: Prince William County Department of Development Services.

Note: [(1)] Permits are New Residential Construction only and do not include additions and alterations.

NUMBER AND DOLLAR VALUE OF PERMITS[1]

Calendar Year	Residential Properties[2] # Permits	Residential Properties[2] Value ($000's)	Industrial and Commercial Properties[3] # Permits	Industrial and Commercial Properties[3] Value ($000's)	Totals # Permits	Totals Value ($000's)
2009	3,923	$294,525	1,454	$192,780	5,377	$487,305
2010	3,624	285,580	1,311	166,062	4,935	451,642
2011	2,595	227,169	1,335	208,939	3,930	436,108
2012	2,700	294,714	1,559	299,857	4,259	594,571
2013	2,825	321,202	1,782	175,691	4,607	496,893
2014	2,601	206,137	1,757	290,614	4,358	496,751
2015	2,765	299,465	1,752	262,011	4,517	561,476
2016	2,724	281,816	1,637	657,904	4,361	939,721
2017	2,837	296,804	1,382	260,711	4,219	557,515
2018	2,560	228,037	1,556	426,909	4,116	654,946

Source: Prince William County, Department of Development Services.

Notes: [1] Permits include new construction and occupancy permits.
[2] Residential values equal new construction only.
[3] Industrial and Commercial values include additions to existing properties.

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Economic Development

One of the County's strategic goals is a robust economy that creates a culture of innovation, and achieves more quality jobs, economic opportunities and an expanded commercial tax base. The County aims to maintain an economic development climate that will attract and foster the expansion of industries that create high-wage jobs, diversify the non-residential tax base, and encourage people to live in, work in, and visit the County. In that regard, the County's Department of Economic Development works aggressively with targeted industries to attract new businesses and foster expansion of existing businesses. Since April 2009, new and expanding companies have announced or indicated their intention to invest approximately $8.0 billion and add more than 6,200 jobs to the County's economy. Of these 228 projects completed from 2009 to July 2019, 179 or 81 percent were targeted industries.

Recognizing the particular strengths of the County and seizing upon market demands, the County has concentrated efforts within the life sciences, federal government agencies and contractors, and information technology markets. These efforts have proven successful in generating significant capital investments and job opportunities in the County. More recently, the County conducted a review of its targeted industries and concluded that, while they are largely appropriate, it would seek to encourage redevelopment opportunities; development within opportunity zones; small business growth (including agribusinesses); and entrepreneurship.

The County remains a focal point of the life sciences industry within Northern Virginia. The County is home to a growing ecosystem of life sciences companies, anchored by the George Mason University's Science and Technology Campus. The research generated by George Mason University creates community awareness and significant economic development opportunities. Since 2009, 24 of the Department of Economic Development's projects have been locations or expansions by life sciences companies, accounting for intended investment of over $38 million and the addition of more than 170 new jobs. As a means of catalyzing additional growth, the County launched the Prince William Science Accelerator in December, 2012, and completed build out in May 2014. By delivering commercially available wet lab space to the life sciences market in Northern Virginia, the public/private facility is supporting the growth of early-stage and small life science companies and providing an innovative environment for entrepreneurial research and product development. Situated in Innovation Park near George Mason University, the 9,000 square foot facility houses nine fully built-out wet laboratory spaces suited for each tenant's specific needs. The Science Accelerator is among the largest and fastest-growing cluster of life and forensic sciences facilities in the region and is currently home to nine start-up companies.

With the County's proximity to Marine Corp Base Quantico, Fort Belvoir, the National Reconnaissance Office, and Washington, D.C., along with the addition of the Federal Bureau of Investigation ("FBI") Northern Virginia Resident Agency in the County, the federal government and contractors who support the missions of federal agencies have provided significant growth in the recent past. Since 2009, government contractors or federal agencies have announced their intent to invest and create jobs in the County on 51 occasions. Announcements total approximately $56 million in investment and 1,127 new jobs.

The County also offers large affordable land parcels and minimal natural disaster threats, which allows clients to meet the high security standards that today's data center market demands.

Currently, there are approximately 5.2 million square feet of data center facilities in the County. Cumulatively, since 2009, companies in this market have announced their intent to invest $7.4 billion and create 890 new jobs in the County. Iron Mountain Incorporated, a global leader in storage and information management services, opened the first of four planned data centers in the County in September 2017. This first phase, $80 million, 10.5-megawatt multi-tenant and cloud facility operates as an Uptime Institute Tier III certified facility for design and construction. Construction of a second facility on the campus is currently underway. Iron Mountain estimates an overall planned investment of $350 million for the data center project. Today, nearly 10,000 acres of land are designated as a Data Center Opportunity Zone Overlay District.

Areas of particular interest in the County include Innovation Park (the "Park") and the Potomac Communities. These two areas are home to approximately 45 percent of the total project announcements within the County since 2009.

The Park is anchored by George Mason University's Science and Technology Campus. It is home to a growing life sciences cluster that, in addition to George Mason University, includes American Type Culture Collection, Corning Life Sciences, and the Mason/NIH BSL-3 Biomedical Research Laboratory as well as the Prince William Science Accelerator. Also present is an emerging forensic science/criminal justice cluster that includes the FBI Northern Virginia Resident Agency and the Virginia Department of Forensic Science's Northern Laboratory. Since 2009, 56 companies have announced their intent to invest approximately $1.9 billion and add 973 new jobs at the Park.

The Potomac Communities include a number of office developments that cater to the growing demand to provide companies greater access to the Northern Virginia labor market while maintaining close proximity to Washington, D.C. and nearby federal facilities – such as Marine Corps Base Quantico, Fort Belvoir, and the Pentagon. With infrastructure improvements to local roadways and new commercial office space coming to market, the Potomac Communities provide several opportunities for those looking to locate or expand in the County. The Potomac Communities submarket has experienced increased growth over the past few years in technology and federal government sectors culminating in 25 projects, 625 jobs and almost $66 million in investment since 2009.

Tourism and Travel

Located 25 miles from the nation's capital, the County is easily accessible via I-95 and I-66, two rapid rail lines with direct Amtrak access, two international airports—Washington National Airport and Washington Dulles International Airport—and one regional airport, Manassas Regional Airport. Prince William County features 45 hotels with 4,600 hotel rooms and major tourist attractions, events, and historic sites that attract visitors, create jobs, support the local economy and improve the quality of life for citizens of the County.

Prince William County is the home to the National Museum of the Marine Corps. Located adjacent to Marine Corps Base Quantico, it is a state-of-the-art, interactive museum that draws more than 500,000 visitors annually. It rivals Manassas National Battlefield Park and Potomac Mills Mall as the County's most visited tourist attraction. Outdoor adventure options include golf

courses open for public play, three National Park units, two National Wildlife Refuges, two State Parks, 60 community and neighborhood parks, six marinas and two waterparks. Prince William boasts 38 square miles of public green space, the most in the Metropolitan Washington DC area and more than 155 miles of trails.

The County is also home to the Hylton Performing Arts Center (a state-of-the-art opera house and performance venue), Jiffy Lube Live (a 25,000 seat LiveNation outdoor live concert amphitheater), performing and visual arts organizations, a children's theatre, and a variety of art venues, farms, and agri-tourism sites. The destination is also home to a bourgeoning craft beverage scene that includes 20 wineries, distilleries, and breweries.

Several new tourism products in Prince William County include the Farm Brew Live/2 Silos brewery, music, and event venue at Innovation Park, Effingham Manor Winery in Nokesville, Cabela's at Virginia Gateway, and miscellaneous entertainment and dining additions at Manassas Mall, Virginia Gateway and StoneBridge Town Center. Tourism development continues to expand in the County with planned agri-tourism venues and craft beverage tasting rooms, hotel developments, completion of the multi-year expansion of the National Museum of the Marine Corps, the opening of the Americans in Wartime Museum, and the Potomac Shores mixed-use resort and shopping development.

According to a 2017 study by the U.S. Travel Association for Virginia Tourism Corporation, Prince William County in 9th of 133 municipalities in the commonwealth with total travel-related expenditures generating over $592 million and supporting 6,590 jobs. The County collected $9.2 million dollars in visitor-related tax receipts in 2017 including $4.4 million in transient occupancy tax (hotel tax) collected in fiscal year 2018. The 2017 U.S. Travel Association study is the most current as of the date of this Official Statement.

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SECTION II - FINANCIAL ADMINISTRATION

CERTAIN FINANCIAL PROCEDURES

Accounting and Financial Operations

The accounting policies of the County, including its component units, conform to generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"). The County uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Governmental funds are used to account for most of the County's general activities including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of capital assets (capital projects funds). Proprietary funds are used to account for the County's business-type activities (e.g., landfill) and internal service funds (fleet management, data processing, self-insurance, etc.). Maintenance of the financial accounting system is the responsibility of the Department of Finance.

Reporting Entity

The County's reporting entity is determined by criteria set forth in promulgations of GASB. Accordingly, the County's financial statements present the County's primary government and component units over which the County exercises significant influence. The reporting entity includes the County Government as primary government, and the County Schools (controlled by the School Board), and the Adult Detention Center (controlled by the Regional Jail Board) as component units. The Board appoints the majority of the members to the Regional Jail Board, and the School Board members are elected. For fiscal year 2018, the School Board issued separately audited Component Unit Financial Statements. The Service Authority, which provides water and wastewater services in the County, issues separate financial statements and is not part of the County's reporting entity.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. All Governmental (general, special revenue and capital projects), Private Purpose Trust and Agency Funds use the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, both measurable and available. Real and personal property taxes are recorded as revenues and receivables in the fiscal year for which they are billed and used as a funding source for the approved budget. For example, tax billings based on assessed values of January 1, 2018, are recognized in total as revenues in fiscal year 2019, which began on July 1, 2018. Sales and utility taxes collected by the Commonwealth or by utility companies, and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or a utility. Licenses, permits, fines, and rents are recorded as revenues when received by the County. Intergovernmental revenues are

recognized when earned or at the time of the specific expenditure. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due. In addition, an encumbrance system is employed in all governmental funds to account for expenditure commitments resulting from approved purchase orders and contracts.

Proprietary Funds and the Pension Trust Fund are accounted for using the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The basic financial statements include both government-wide financial statements, which are based on the County as a whole, and fund financial statements, which are based on major individual funds.

Budget Adoption and Amendment Procedure

The preparation and adoption of the County's budget is guided by the County's Financial and Program Planning Ordinance. The requirements of this ordinance determine the process, format and substance of the annual budget. Some of these requirements include the preparation of a program and activity based budget and multi-year revenue and expenditure projections. In addition, other policy-based considerations must be taken into account in preparing the annual budget. The "Principles of Sound Financial Management" adopted by the Board in 1988, and updated most recently in April 2018, establish policies and goals concerning General Fund balance, contingency reserve, Capital Improvement Program, debt management, and revenues which must be incorporated into resource allocation decisions. Taken as a whole, these planning processes, policies, and the ordinance form the conceptual parameters for the annual budget planning process.

The County's annual budget is based on a fiscal year commencing on July 1 and ending on June 30 of the following calendar year. The County Executive's proposed budget for the following fiscal year is presented to the Board in February of each year. The County's proposed budget includes recommended funding levels for County programs, estimated revenues for the fiscal year, and proposed tax rates, service charges and any new taxes or service charges sufficient to produce the revenues contemplated in the budget. The proposed budget also includes a recommended program of capital expenditures to be financed from current revenues. A separate six-year Capital Improvement Program ("CIP") is also prepared each year (see Section II - FINANCIAL ADMINISTRATION - CAPITAL IMPROVEMENT PROGRAM). The school system's proposed annual budget, including contemplated expenditures and estimated revenues, is submitted to the Board by the School Board.

In addition to the annual budget and the six-year CIP, every year the County Executive's Office prepares a five-year fiscal plan including revenue and expenditure projections. Every year of the annual five-year fiscal plan will be balanced in compliance with the County's Principles of Sound Financial Management.

The Board holds budget work sessions and public hearings on the proposed budget, the School Board's proposed budget, and proposed tax rates in March and April. Changes in proposed appropriations and tax rates are made during this period. The Board then adopts the County's budget, including tax rates and service charges, and the School Board's budget no later than May 15. The Board only appropriates an amount of funding for the school system in aggregate. The School Board determines the exact use of the appropriated funds.

During the fiscal year, quarterly reviews of revenues and expenditures are undertaken by the County Office of Management and Budget and the Department of Finance staffs. On the basis of these reviews, the Board may make amendments to appropriations as needed or desired.

Virginia law requires the County to maintain a balanced budget in each fiscal year. The County lacks legal authority to borrow in anticipation of future fiscal years' revenues, except through the issuance of bonds or bond anticipation notes. While permitted under Virginia Law, the County has not issued and does not intend to issue any tax anticipation bonds or notes.

Published Financial Information

The County issues its Comprehensive Annual Financial Report (the "CAFR") for each fiscal year ended June 30. The financial statements for fiscal year ended June 30, 2018, have been audited by the independent public accounting firm of Cherry Bekaert, LLP, Richmond, Virginia. Sections of the CAFR corresponding to the General Purpose Financial Statements for the fiscal year ended June 30, 2018, are presented herein as Appendix B to this Official Statement. In addition to the CAFR, the County also prepares and publishes an annual budget and a six-year CIP. These documents are also available for inspection at the Department of Finance, Prince William County, One County Complex Court, Prince William, Virginia 22192. For more information about the County's CAFR refer to Appendix B. The CAFR and the current five-year budget, which is not incorporated herein, are available on the County website http://www.pwcgov.org/.

Cherry Bekaert, LLP, the County's independent auditor for fiscal year ended June 30, 2018, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Cherry Bekaert, LLP, also has not performed any procedures relating to this Official Statement, including this Appendix A.

Recognition of Achievement for Budgeting and Financial Reporting

The County has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA") for its annual financial reports for each fiscal year since the fiscal year ended June 30, 1981. The County has also received the GFOA's Award for Distinguished Budget Presentation for each fiscal year since the fiscal year 1988. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

GENERAL FUND FINANCIAL OPERATIONS

The General Fund is the County's primary operating fund and is used to account for all activities of the general government not accounted for in another fund. The General Fund derives revenue from County-wide ad valorem taxes (except for those levied for fire and sanitary districts and other amounts attributable to the Special Revenue Funds), other local taxes, licenses, fees, permits, charges for services, certain revenue from federal and Commonwealth governments, and interest earned on invested cash balances. Major General Fund expenditures include the costs of general County government operations and public services and the debt service payments of the general government. A significant portion of General Fund revenues is transferred to the School Board component unit, principally to finance a portion of the operations and debt service payments for the school system.

Fiscal Year 2018 Financial Results

The financial data presented in the tables and exhibits that follow is from the Prince William County, Virginia, Comprehensive Annual Financial Report for fiscal year ended June 30, 2018.

The following is a summary of fiscal year 2018 General Fund financial results. General Fund Budgetary Revenue differs from General Fund actual revenue in that it excludes the effects of fair value adjustment to the carrying amounts of investments required by GAAP.

General Fund Budgetary Revenue was $1,104,325,000 and was over the budget of $1,091,003,000 by $13,322,000, or 1.2 percent. The largest variances were due to higher General Property Taxes and Other Local Taxes.

Budgetary Expenditures were $1,096,393,000 and were under the budget of $1,114,025,000 by $17,632,000 or 1.6 percent. The major variances were in the categories of Public Safety, Public Works, Health and Welfare, Parks and Recreation, and Schools.

The resulting Budgetary Revenues over budget and the Budgetary Expenditures under budget resulted in an Excess of Revenues over Expenditures of $7,932,000 versus a budgeted deficiency of $23,022,000.

Budgetary Actual Revenues for fiscal year 2018 compared to fiscal year 2017 Budgetary Revenues were higher by $28,361,000 or 2.6 percent and Budgetary Expenditures were higher by $26,518,000 or 2.5 percent.

Fiscal Year 2019 Preliminary Financial Results

A quarterly report on the status of the general fund revenue and expenditure budget and trends is presented to the Board. The fourth quarter unaudited preliminary general fund revenue update provided to the Board on August 15, 2019, projected $6.1 million or approximately 0.6 percent over the $1.013 billion adopted budget for fiscal year 2019 General Revenues. The fiscal year 2019 general revenue adopted budget of $1.013 billion is approximately 4.3 percent above the fiscal year 2018 actuals. The major variances were a result of increases in new taxable business

tangible property, mainly from data centers, as well as increases in the number of new vehicles with higher values.

The quarterly unaudited preliminary report of the status of the general fund expenditures and trends for the fourth quarter projected expenditures at year end to be 1.6 percent under the revised (excluding the transfer to schools, operating transfers, and restricted funds) general fund fiscal year 2019 budget of $549.4 million.

The following table summarizes revenues, expenditures, transfers, and changes in fund balance of the General Fund for fiscal years 2014 through 2018.

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GENERAL FUND REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCE[1]
($000's)

FISCAL YEAR	2018	2017	2016	2015	2014
REVENUES					
Taxes	$901,168	$866,656	$829,490	$785,629	$746,069
Licenses & Permits	2,057	2,119	2,295	2,493	2,499
Fines & Forfeitures	3,050	2,732	2,952	3,167	3,251
Revenues from Use of Money & Property	3,940	1,495	12,366	9,081	10,465
Charges for Services	13,555	13,645	12,826	15,252	14,740
Total Revenue from Local Sources	$923,770	$886,647	$859,929	$815,622	$777,024
Intergovernmental Revenues	159,470	153,560	149,663	144,523	143,833
Miscellaneous Revenues	11,522	23,385	13,550	13,916	8,064
Total Revenues	$1,094,762	$1,063,592	$1,023,142	$974,061	$928,921
EXPENDITURES					
Education	$464,197	$467,666	$423,385	$412,007	$395,320
General Government Administration	42,300	44,340	39,122	37,651	34,966
Judicial Administration	21,052	21,292	20,175	19,681	19,190
Public Safety	240,310	226,047	219,365	208,385	203,773
Public Works	31,742	30,809	31,407	30,520	30,979
Health & Welfare	96,955	89,166	85,237	80,840	76,549
Parks, Recreation & Cultural	47,160	44,186	34,797	31,085	28,507
Community Development	10,769	11,632	8,168	7,861	9,687
Debt Service[2]	141,908	134,737	123,216	118,873	115,014
Total Expenditures	$1,096,393	$1,069,875	$984,872	$946,903	$913,985
Excess of Revenue Over expenditures	($1,631)	($6,283)	$38,270	$27,158	$14,936
OTHER FINANCING					
Transfers In	$40,964	$34,377	$31,014	$28,470	$27,967
Transfers Out	(38,388)	(55,155)	(43,280)	(29,090)	(54,089)
Non-Revenue Receipts	285	318	2,162	697	221
Total Other Financing Sources (Uses)	$2,861	($20,460)	($10,104)	$77	($25,901)
NET CHANGE IN FUND BALANCE	$1,230	($26,743)	$28,166	$27,235	($10,965)
FUND BALANCE					
Fund Balance, Beginning of Year	$192,517	$219,015[3]	$174,996	$147,761	$158,726
Fund Balance, End of Year	$193,747	$192,272	$203,162	$174,996	$147,761

Sources: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal years 2014-2018, Exhibit 5.

Notes: (1) The revenue is GAAP Revenue versus Budgetary Revenue. It includes the use of money and property, current and prior year fair value adjustments, and the effect of fair value adjustments to the carrying amounts of investments required by GAAP.

(2) This category also includes debt service on school bonds issued to the Virginia Public School Authority.

(3) The County merged existing and created new funds for clarity of purpose, usefulness, and presentation. The changes in reporting entity resulted in a restatement of 2016 financial information for fiscal year 2016. For reference see Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2017, Note 1, R.

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The following table summarizes fiscal year 2018 General Fund Final to Actual Budgetary Revenues and Budgetary Expenditures Variances.

General Fund Budget Variance
($000's)

	2018 Budget Final	2018 Actual	Variance
BUDGETARY REVENUES:[1]			
REVENUE FROM LOCAL SOURCES:			
General Property Taxes	$757,099	$768,820	$11,721
Other Local Taxes	130,707	132,348	1,641
Permits, Privilege Fees and Regulatory Licenses	2,064	2,057	(7)
Fines and Forfeitures	3,096	3,050	(46)
Revenue from Use of Money and Property[1]	11,619	13,503	1,884
Charges for Services	13,678	13,555	(123)
Total Revenue from Local Sources	$918,263	$933,333	$15,070
REVENUE FROM FEDERAL GOVERNMENT:	$20,056	$21,641	$1,585
REVENUE FROM THE COMMONWEALTH:			
Noncategorical Aid	$83,243	$82,804	($439)
Shared Expenditures	5,651	6,448	797
Categorical Aid	17,461	17,319	(142)
Other Categorical Aid	25,423	23,597	(1,826)
Total Revenue from the Commonwealth	$131,778	$130,168	($1,610)
LOCAL GOVERNMENTS:	$7,263	$7,661	$398
MISCELLANEOUS:	$13,643	$11,522	($2,121)
Total Budgetary Revenues	**$1,091,003**	**$1,104,325**	**$13,322**
BUDGETARY EXPENDITURES:			
General Governmental Administration	$45,187	$42,300	$2,887
Judicial Administration	22,258	21,052	1,206
Public Safety	246,497	240,310	6,187
Public Works	33,185	31,742	1,443
Health and Welfare	99,703	96,955	2,748
Education	464,252	464,197	55
Parks, Recreational and Cultural	49,661	47,160	2,501
Community Development	10,873	10,769	104
Debt Service	142,409	141,908	501
Total Budgetary Expenditures	**$1,114,025**	**$1,096,393**	**$17,632**
Excess (Deficiency) of Budgetary Revenues Over (Under) Budgetary Expenditures	**($23,022)**	**$7,932**	**$30,954**

Source: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Schedule 1.
Note: [1] Budgetary Revenue excludes the use of money and property, current and prior year fair value adjustments, and the effect of fair value adjustments to the carrying amounts required by GAAP.

General Fund Revenues

General Fund revenues are derived principally of taxes and are used to support a number of government functions primarily education, public safety, and health and welfare services, and are available for payment of the debt service obligations of the County.

The following table shows the County General Fund tax revenues by source for each of the last five fiscal years. Total General Fund tax revenues increased by 4.0 percent in fiscal year 2018 compared to fiscal year 2017.

GENERAL FUND TAX REVENUES BY SOURCE
Fiscal Year Ending June 30
($000's)

	2018[(1)]	**2017[(2)]**	**2016[(2)]**	**2015[(2)]**	**2014[(2)]**
General Property Taxes:					
Real Property Taxes	$610,916	$588,498	$570,372	$541,915	$516,161
Personal Property Taxes	129,094	121,423	108,682	98,157	91,017
Public Service Property Taxes	20,706	19,998	18,831	17,589	17,738
Penalties and Interest	8,104	6,857	6,068	5,903	4,996
Total General Property Taxes	$768,820	$736,776	$703,953	$663,564	$629,912
Other Local Taxes*:*					
Local Sales Tax	$64,566	$63,022	$60,551	$59,709	$56,511
Utility Taxes	14,417	14,196	13,977	13,974	13,766
All Other Taxes	53,365	52,662	51,009	48,382	45,880
Total Other Local Taxes	$132,348	$129,880	$125,537	$122,065	$116,157
Total General Fund Taxes	**$901,168**	**$866,656**	**$829,490**	**$785,629**	**$746,069**

Sources: [(1)] Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Exhibit 5 and Schedule 1.
[(2)] Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal years 2014-2017, Exhibit 5 and Schedule 1.

General Property Taxes: An annual ad valorem tax is levied by the County on the assessed value of residential, commercial and public service utility, real and tangible personal property located within the County as of January 1 of the calendar year in which said tax is due. The personal property tax on motor vehicles that are moved into the County or title transferred after January 1 is prorated on a monthly basis. The ratio of the assessed value of property to its appraised value is calculated based on statutory authority equal to 100 percent of market value in the case of real property and 100 percent of average trade-in value for personal property. Real property taxes are due July 15 and December 5 of the fiscal year for which they are levied, and personal property taxes are due October 5. The penalty for late payment of real or personal property tax is 10 percent of the amount due, and interest on delinquent taxes and penalties accrues at a rate of 10 percent

per annum for the first year of delinquency, with the interest rate for subsequent years to be based on the average prime interest rate as determined semiannually. In cases of real property on which delinquent taxes are not paid within two years, the County may sell the property at public auction to pay the amounts due or seek civil judgments immediately upon delinquency. In the fiscal year ended June 30, 2018, real, personal and public service property taxes, together with penalties and interest thereon, represented 69.6 percent of total General Fund budgetary revenues.

The following table sets forth information concerning the County's property tax collection rate for fiscal years 2014 through 2018.

REAL PROPERTY TAX LEVIES AND COLLECTIONS
($000's except as indicated)

Fiscal Year	Total Adjusted Tax Levy[(1)]	Collected During the Fiscal Year of the Levy	Percent of Levy	Collections in Subsequent Years	Percent of Levy Collected
2014	$573,203	$571,425	99.7%	1,393	99.9%
2015	603,171	601,267	99.7	1,487	99.9
2016	630,485	629,017	99.8	935	99.9
2017	653,759	651,883	99.7	1,018	99.9
2018	682,368	681,108	99.8	--	99.8

Source: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 10.
Note: [(1)] Total tax levy includes gross real estate and public service taxes less adjustments to tax due made prior to payment.

There is no legal limit on property tax rates that may be levied by the County. The following table provides the real and tangible personal property tax rates per $100 of assessed value located within the County. Personal property taxes are also levied on farmers' machinery and tools, mining and manufacturing tools, and aircraft at various rates ranging from $0.00001 to $2.00 per $100 assessed value. In addition, special categories with a reduced personal property tax rate of $0.00001 per $100 assessed value have been established for vehicles utilized by volunteer firefighters, disabled persons and for van pool vans. There are four towns within the County in which the town councils also levy real property taxes at various rates on real property in the towns, and such taxes are in addition to property taxes levied by the County in such towns.

PROPERTY TAX RATES PER $100 OF ASSESSED VALUE

Fiscal Year	2019	2018	2017	2016	2015
Real Property	$1.125	$1.125	$1.122	$1.122	$1.148
Personal Property	3.7	3.7	3.7	3.7	3.7

Source: Prince William County, Department of Finance.

On April 24, 2018, the Board adopted the fiscal year 2019 real estate tax rate of $1.125 per $100 of assessed value.

In addition to the taxes levied for the General Fund shown above, the Board levies supplemental property taxes and fees for services located in specific taxing districts including

volunteer fire services, highway transportation improvements, mosquito and forest pest management, and water and sewer system improvements. These amounts are recorded in various Special Revenue Funds.

The following information is for the fiscal year ended June 30, 2018.

General Sales Tax: The County, by a Board adopted ordinance, has elected to levy a one percent general retail sales tax to provide revenue for the General Fund. This tax is levied on the retail sale of rental or tangible property, excluding motor vehicle sales and trailers, vehicle rentals, boat sales, gasoline sales, natural gas, electricity, water, non-prescription drugs, and the purchases of organizations that have received tax exemption. The tax revenue is collected by the Virginia Department of Taxation, and is distributed to the County monthly. Sales taxes accounted for 5.8 percent of total General Fund budgetary revenues in fiscal year 2018.

Consumer Utility Tax: The County levies a consumer utility tax on electric and natural gas (the Commonwealth taxes telephones and the County does not tax water/sewer usage). Residential users pay a minimum billing charge per utility billed, with a graduated increase based on usage not to exceed $3.00 per month per utility. Commercial users pay a minimum billing charge of $3.35 and $2.29 respectively for natural gas and electricity, with graduated increases based on usage, not to exceed $100.00 per month per utility. In fiscal year 2018, utility taxes represented 1.3 percent of total General Fund budgetary revenues.

Other Taxes: Other taxes include business, professional and occupational license taxes, property recordation taxes, motor vehicle license taxes, and transient occupancy taxes charged on hotel and motel rooms. For fiscal year 2018, these taxes represented 4.8 percent of total General Fund budgetary revenues.

Licenses and Permits: The County requires that licenses and permits be obtained in order to perform certain activities in the County and fees paid for services provided by certain County Departments. For fiscal year 2018, these revenues accounted for 0.2 percent of total General Fund budgetary revenues.

Fines and Forfeitures: Court fines and some recovered costs, including those levied for traffic violations are recorded in this category. Revenues in this category accounted for .28 percent of total budgetary General Fund revenues for fiscal year 2018.

Revenue from Use of Money and Property: The principal source is interest on investments and gains or losses from the sale of investments. For fiscal year 2018, these revenues accounted for 1.2 percent of total General Fund budgetary revenues.

Charges for Services: Charges for services include all revenue derived from service or user charges for which the County charges a fee including County clerk fees, recreation fees, publication sales, and various other services. For fiscal year 2018, these revenues amounted to 1.2 percent of total General Fund budgetary revenues.

Intergovernmental Revenue: The County is reimbursed by the Commonwealth for a portion of shared expenses including certain expenditures for social services, the Sheriff's Office, courts, the Office of the Commonwealth's Attorney, and other constitutional offices. The County

also receives a share of certain other Commonwealth contributions. In addition, the General Fund accounts for the receipt of certain grants for the administration of social service and other programs. For fiscal year 2018, intergovernmental revenues amounted to 14.4 percent of total General Fund budgetary revenues.

Miscellaneous Revenue: Miscellaneous revenue includes developer cash proffers for capital improvements, donations, expenditure refunds, and other revenue. Miscellaneous revenue accounted for 1.0 percent of fiscal year 2018 total General Fund budgetary revenue.

General Fund Expenditures

Costs of General County Government: The County pays from the General Fund the costs of general County government. These costs include expenditures for general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development and general debt service. For fiscal year 2018, this classification represented approximately 55.7 percent of total General Fund expenditures and transfers out.

Transfer to School Fund: The County transfers money from the General Fund to the School Board component unit to pay a portion of the costs of operating public schools in the County. This transfer represented approximately 41.0 percent of total General Fund expenditures and transfers out in the fiscal year ended June 30, 2018. The transfer to the School Board component unit represents approximately 49.86 percent of total sources of the School Board's General Fund Revenue and Transfers In. Other revenues credited directly to the School Board component unit include revenues from the federal government, the Commonwealth, and other revenue derived locally from school lunches and other charges to students. Debt service on County general obligation bonds for school purposes is paid from the County's transfer to the School Board component unit. Revenues from the federal government and the Commonwealth that are credited directly to the School Board component unit are not available to pay debt service on County general obligation bonds.

Transfer to Capital Project Funds: The County provides for certain capital expenditures directly from the General Fund. In fiscal year 2018, transfers to the Capital Project Fund represented approximately 2.6 percent of total General Fund expenditures and transfers out.

Other Transfers Out: The County also provides for other transfers out directly from the General Fund. In fiscal year 2018, approximately .80 percent of total General Fund expenditures and transfers out went to Special Revenue, Internal Service and Enterprise Funds.

Changes in General Fund Balance

As shown in the following table, the County has maintained its unassigned General Fund Balance in each of the past five fiscal years consistent with its Principles of Sound Financial Management requiring an unassigned General Fund balance of not less than 7.5 percent of the General Fund revenues in each fiscal year. These Principles of Sound Financial Management were initially adopted by the Board in December 1988, and the most recent update was adopted in April 2018. The County's goal of having an unassigned reserve of 7.5 percent by the end of fiscal year

2007 was reached a year early in fiscal year 2006 and has been maintained in each subsequent year.

In addition, but separate from the County's unassigned General Fund Balance, the County maintains a Revenue Stabilization Fund to provide the County with sufficient working capital and a margin of safety to withstand local and regional economic shocks, and unexpected declines in revenue without borrowing. The Principles of Sound Financial Management require that the Revenue Stabilization Fund balance will not be less than 2.0 percent of the year's General Fund revenues within each year of the five-year fiscal planning cycle beginning in fiscal year 2017. The Revenue Stabilization Fund may be used to cover unexpected declines in General Fund revenues greater than 3.0 percent as compared to the current fiscal year adopted budget. The Revenue Stabilization Fund can only be appropriated by resolution of the Board. If the Revenue Stabilization Fund is used, the policy requires the County to take measures necessary to replenish its balance to the minimum 2.0 percent level within five years following the year(s) in which it was used. The Revenue Stabilization Reserve balance at the end of fiscal year 2018 was $21,895,000, which met the 2.0 percent of General Fund revenue requirement.

The County also maintains a separate Capital Reserve to provide a source of funding for one-time capital expenditures. The Principles of Sound Financial Management require that the Capital Reserve balance will be not less than 2.0 percent of the current Capital Projects Funds Appropriations included in the Adopted Six-Year Capital Improvement Program. The balance in this reserve at June 30, 2018 was $44,132,000.

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The following table shows the County's General Fund balance as of June 30, 2014 through 2018:

GENERAL FUND BALANCES
FISCAL YEAR ENDED JUNE 30
($000's)

Fund Balances	**2018**	**2017**	**2016[(1)]**	**2015**	**2014**
Non-spendable	$288	$178	$151	$178	$222
Restricted	9,941	10,350	8,366	13,224	3,693
Committed	89,315	92,852	127,049	58,692	67,735
Assigned	12,096	9,123	7,775	29,847	6,442
Unassigned	82,107	79,769	75,674	73,055	69,669
Total General Fund Balance	**$193,747**	**$192,272**	**$219,015**	**$174,996**	**$147,761**
Total General Fund Balance as a % of General Fund Revenues	17.70%	18.08%	21.40%	17.97%	15.91%
Unassigned General Fund Balance as a % of General Fund Revenues	7.50%	7.50%	7.50%	7.50%	7.50%

Source: Fund Balances, Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 3.

Note: [(1)] The County merged existing and created new funds for clarity of purpose, usefulness, and presentation. The changes in reporting entity resulted in a restatement of 2016 financial information. For reference see Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2017, Note 1, R.

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SUMMARY OF THE BUDGET FOR FISCAL YEAR 2020

The following table summarizes the sources and uses of funds in the fiscal year 2020 adopted budget.

GENERAL FUND BUDGET FOR FISCAL YEAR 2020 (Adopted)

Revenues and Transfers		Expenditures and Transfers	
General Property Taxes	$ 905,741,533	Community Development	$ 95,269,735
Other Local Taxes	137,901,500	General Governmental	43,728,763
Rev from Use of Money & Prop	14,593,520	Human Services	115,558,286
Intergovernmental Revenue		Public Safety	292,432,809
Revenue from Federal Gov	19,933,315	General Debt[1]	49,636,205
Revenue from Commonwealth	76,615,336	Cash Funding of Capital Construction	12,425,000
Revenue from Other Localities	8,705,220	Transfer to Schools	607,264,096
Permits, Fees, & Licenses	2,114,001	Unclassified Administrative[2]	22,847,606
Fines & Forfeitures	3,120,771		
Charges for Services	14,574,460		
Miscellaneous Revenue	4,813,963		
Transfers from Other Funds	51,140,970		
Other Resources	(92,089)		
Total	$ 1,239,162,500	Total	$ 1,239,162,500
		Net Revenue & Resources Available	$ -

Source: Prince William County, fiscal year 2020 Budget.

Notes: (1)Excludes debt service on general obligation school bonds (debt service for school bonds is contained in the School Board budget).
(2)The adopted budget includes the majority of this amount for self-insurance costs and non-classified internal service fund costs.

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Overview of Fiscal Years 2019 and 2020 Adopted Budgets

The following shows the County's Total Revenues and Resources and Total Expenditures Adopted Budget for fiscal year 2019 and fiscal year 2020 as originally adopted by the Board. Certain changes, approved by the Board (e.g., budget carryovers) are made after the original adopted budget is published.

The fiscal year 2019 budget was adopted by the Board, at its April 24, 2018 meeting. The fiscal year 2020 budget was adopted by the Board, at its April 30, 2019 meeting. Additional fiscal year 2019 and fiscal year 2020 budget information is available on the Prince William County web site at http://www.pwcgov.org/.

	Fiscal Year 2019 Original Adopted Budget	Fiscal Year 2020 Original Adopted Budget
Revenue and Resources:		
General Revenue	$1,019,476,816	$1,068,994,000
Agency Revenue	155,206,016	165,240,354
County Resources	4,322,672	4,928,146
Total Revenue & Resources Available[(1)]	**$1,179,005,503**	**$1,239,162,500**
Expenditures:		
County Government	$600,137,321	$631,898,404
Transfer to Schools	578,868,182	607,264,096
Total Expenditures[(1)]	**$1,179,005,503**	**$1,239,162,500**
Total Net Revenue & Resources Available	**$0**	**$0**

Sources: Prince William County, fiscal year 2019 and 2020 Adopted Budgets.
Notes: [(1)] Totals may not add due to rounding.

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Fiscal Year 2020 General Fund Budget (Adopted)

Expenditure by Classification:	**Fiscal Year 2020 Adopted**
Personal Services	$ 280,104,806
Fringe Benefits	92,880,836
Contractual Services	35,539,916
Internal Services	39,642,521
Other Services	67,666,099
Debt Maintenance	36,908,994
Capital Outlay	6,684,531
Leases & Rentals	9,167,877
Reserves & Contingencies	(7,546,055)
Transfers Out(1)	678,112,975
Total General Fund Expenditures	**$1,239,162,500**
Funding Sources:	
General Property Taxes	$ 905,741,533
Other Local Taxes	137,901,500
Permits, Priv. Fees and Reg Lic	2,114,001
Fines & Forfeitures	3,120,771
Rev From Use of Money & Prop	14,593,520
Charges for Services	14,574,460
Miscellaneous	4,813,963
Rev From Other Localities	8,705,220
Rev From the Commonwealth	76,615,336
Rev From the Federal Government	19,933,315
Transfers In(1)	51,140,970
Total General Fund Revenue	**$ 1,239,254,589**
Other Resources	$ (92,089)
Total General Fund Revenue and Other Resources	**1,239,162,500**
Revenue and Other Resources Over / (Under) Expenditures	**$ -**

Source: Prince William County, fiscal year 2020 Budget.
Note: (1) Excludes Transfers within the General Fund

In addition to an annual budget, the County adopts a five-year fiscal plan each year. The County's General Revenue Committee considers a broad variety of national, Commonwealth, and

County sources when developing a five-year revenue forecast. The fiscal years 2020-2024 forecast assumes stable growth.

Fiscal Year 2020 General Fund Resource and Expenditure Adopted Budget

	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue and Resources:					
General Revenue	$1,068,994,000	$1,112,695,000	$1,156,811,000	$1,199,550,000	$1,243,019,520
Agency Revenue	165,240,354	165,388,250	165,660,741	167,590,030	167,930,685
County Resources	4,928,146	4,251,525	3,917,609	3,565,429	3,522,786
Total County Revenue and Resources Available	**$1,239,162,500**	**$1,282,334,775**	**$1,326,389,350**	**$1,370,705,459**	**$1,414,472,991**
Expenditures:					
County Government	$610,990,984	$629,726,568	$639,403,722	$653,759,596	$667,206,965
Transfer to Schools	607,264,096	632,216,949	657,407,305	681,809,605	706,629,981
County CIP	20,907,420	19,896,160	28,301,348	34,769,848	40,105,632
Total Expenditures	**$1,239,162,500**	**$1,281,839,677**	**$1,325,112,375**	**$1,370,339,049**	**$1,413,942,578**
Total Revenue and Resource Balance	$0	$495,098	$1,276,975	$366,410	$530,413
Real Estate Tax Rate	$1.13	$1.13	$1.13	$1.13	$1.13

Source: Prince William County, fiscal year 2020 Adopted Budget.

The Local Economy

The County's economy continues to show signs of strengthening in many aspects including improving unemployment and job creation, and healthy household incomes. The residential real estate market began to strengthen since 2011, and continued that trend throughout 2018, with moderate increases in average sale prices and declining monthly foreclosures. However, continued sluggishness in sales volume, along with generally reduced inventories and weakness in new construction continue to impact the overall market.

In January 2019, assessed value of all residential properties (including apartments) was $52.06 billion, an increase of over $2.27 billion, or 4.56 percent from 2018. Residential properties (including apartments) currently account for 81.81 percent of the total Land Book real property assessed value including public service parcels. Factors that helped boost the market, despite increasing mortgage rates, were improving economic indicators such as employment and growth, and strong sales activity compared to available inventory of homes for sale.

The average sale price for a home in the County in December 2018 was $367,500. This represents a decrease of 0.6 percent year-over-year. The number of homes sold in the County in December 2018 was 473, a decrease of 9.7 percent over 2017. The average number of days a home in the County was on the market was 63 in December 2018, compared to 62 days in December 2017.

In December 2018, according to CoStar Realty Group, the County's commercial inventory included 47.9 million sq. ft. of space in 2,083 buildings, with 2.65 million sq. ft. of available space. The County's commercial sector, particularly in terms of vacancy rates, has strengthened and positive trends are anticipated going forward.

Revenue sources, such as local sales tax and Business Professional and Occupational License ("BPOL"), have seen increases over the last year as the housing market improves and lower unemployment increases consumer confidence in the County. In February (December sales) 2019, a total of $6.8 million sales tax revenue was reported, a monthly year-over-year increase of 6.1 percent. Sales tax revenue for the fiscal year is up 6.3 percent exceeding the 3.0% forecast.

Consistent with its Principles of Sound Financial Management, the County actively manages its budget to ensure revenue and expenditures remain in balance. Adherence to these principles requires the County's Five-Year Fiscal Plan to be balanced in every year.

Overview of Expenditures and Transfers

The fiscal year 2019 adopted budget for general County government services is $600.1 million or a 5.3 percent increase over the fiscal year 2018 adopted budget. The General Fund transfer to the school fund increased by 5.6 percent to $578.9 million.

The General Fund cost per capita of government services in fiscal year 2019 when adjusted for inflation is $1,946 compared to 2010's cost per capita of $1,932, an increase of 0.7 percent from fiscal year 2010 to fiscal year 2019. During that same period, the population of the County increased 13.0 percent from 402,002 in fiscal year 2010 to a budgeted estimate of 454,404 in fiscal year 2019, an average increase of 1.3 percent per year.

The fiscal year 2020 adopted budget for general County government services is $631.9 million or a 5.3 percent increase over the fiscal year 2019 adopted budget. The General Fund transfer to the school fund increased by 4.9 percent to $607.3 million.

The adopted fiscal year 2020 budget utilized the following strategic goals during the planning process. The County anticipates maintaining this emphasis over the next several years.

- Robust Economy
- Mobility
- Well Being
- Safe and Secure Community
- Workforce Development

On April 30, 2019, the Board adopted a real estate tax rate of $1.125 per $100 of assessed value for the fiscal year 2020 budget, which includes $1,239 million in General Fund budget expenditures. The adopted tax rate will result in an average residential tax bill increase of 3.4 percent and a corresponding increase in average commercial tax bills of 2.8 percent. At the adopted $1.125 tax rate, total general revenue in fiscal year 2020 is projected to increase compared to fiscal year 2019 revenue projections, providing capacity to fund operating budget increases and Capital Improvement Program projects.

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CAPITAL IMPROVEMENT PROGRAM

The Board annually considers and approves a six-year Capital Improvement Program ("CIP") as part of the budget process. The CIP is the capital infrastructure component of County's fiscal plan, an important part of the County's Five-Year Fiscal Plan, and an implementation tool for the County's Strategic and Comprehensive Plans. The CIP is guided by these plans and the Principles of Sound Financial Management. Together, these policy documents require that the CIP incorporate level of service standards identified in the Comprehensive Plan, the goals and strategies of the Strategic Plan, the debt financing policies in the Principles of Sound Financial Management, and integrate County government projects with school projects, making one affordable plan. These guidelines are designed to maintain tax-supported debt expenditures at less than 10 percent of total revenues (less certain pledged revenues) and to maintain the ratio of tax-supported debt to net assessed value of property in the County at less than 3 percent.

The 2020-2025 CIP was adopted by the Board on April 30, 2019. The CIP includes several of the facilities and the amenities necessary for an improved quality of life considering the current improving economic climate. The CIP includes projects in community development, education, human services, public safety, technology improvements, and transportation projects. State and federal funding is being leveraged with local funding to support road projects. Fee revenues will fund new solid waste projects, watershed projects, and a development services information technology project. Education projects continue to comprise the majority of the CIP, with over $869.8 million of expenditures planned over the plan period. The following is a summary of projects included in the 2020-2025 CIP:

- Funding for transportation projects includes Route 1 (Featherstone Road to Mary's Way), Route 28 (Infantry Lane to Fitzwater Drive and Pennsylvania Avenue to Linton Hall Road), Balls Ford Road Interchange and Widening, Brentsville Road and University Boulevard Interchanges. Also included are the Fuller Road and Fuller Heights Road improvements, Neabsco Mills Road (Route 1 to Dale Boulevard), Vint Hill Road (Schaeffer Lane to Sudley Manor Drive), and the Potomac/Neabsco Mills Commuter Garage. Schaeffer Lane to Sudley Manor Drive.

- In the area of public safety, the CIP includes the construction of two new Fire & Rescue Station22 (West End) and. Fire & Rescue Station 27 (East End) Additionally, funding is included for the next expansion of the Adult Detention Center, a new Animal Shelter, and security enhancements at County Facilities.

- In the area of community development, funding for parks and recreation has been provided for improvement of trail segments and sports field improvements, in addition to funding allocated for drainage and storm water improvements to the County's watersheds.

- Solid waste administration projects include capping existing cells, creating new cells, and mitigating wetland impacts caused by the creation of new cells.

- Technology improvements include upgrades to cable equipment and upgrades or replacements to major technology infrastructure for finance, human resources, public safety, human services and development services systems.

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Fiscal Years 2020 - 2025 CIP SOURCE AND EXPENDITURE AREA SUMMARY
($000's)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Source							
Debt	$64,663	$229,301	$59,847	$105,957	$178,000	$68,062	$705,830
State/Federal	75,182	80,408	119,412	45,724	0	0	320,726
Schools – Cash Funded Projects	30,997	24,626	57,607	39,848	39,785	426	193,289
NVTA 30% & 70% Funding	32,187	44,473	51,696	23,383	15,723	7,722	175,184
General Fund	13,341	11,189	3,115	3,000	4,000	4,000	38,645
Capital Reserve	24,198	1,000	0	0	0	0	25,198
Stormwater Management Fees	2,196	3,300	3,100	3,200	3,523	4,326	19,645
Solid Waste Fees	0	2,340	6,350	300	3,502	3,792	16,284
Fire Levy	9,612	5,315	0	0	0	0	14,927
Proffers	9,525	1,833	0	0	0	0	11,358
Internal Services Fund Balance	766	3,900	4,450	0	0	0	9,116
Development Fee	187	0	0	0	0	0	187
Grand Total[(1)]	$262,854	$407,685	$305,577	$221,412	$244,533	$88,328	$1,530,388

Expenditure Area	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**Total**
Community Development	$22,141	$8,473	$12,450	$6,500	$11,025	$12,118	$72,708
Education[(2)]	67,149	245,803	137,712	138,355	212,285	68,488	869,792
Public Safety	45,183	14,167	775	7,450	5,500	0	73,075
Technology Improvements	14,804	14,059	4,450	0	0	0	33,313
Transportation	113,577	125,183	150,190	69,107	15,723	7,722	481,501
Grand Total(2)	262,854	407,685	305,577	221,412	244,533	88,328	1,530,388

Sources: Prince William County Capital Improvement Program, fiscal years 2020-2025 and Prince William County Schools Proposed Capital Improvement Program, fiscal years 2020-2029.

Note: [(1)] Schools and Education data is a ten-year plan and based on project completion dates. Includes prior year unspent appropriations.

[(2)] Totals may not add due to rounding.

(3) Design and construction cost cash flow for the future Juvenile Detention Center project to be determined.

CASH AND INVESTMENT MANAGEMENT

The County maintains a cash and investment management program for the safeguarding and efficient management of its funds. The investment of funds is administered in accordance with the Code of Virginia and the County's written Investment Policy. The day-to-day investment of funds is directed by the County's Director of Finance/CFO. An Investment Oversight

Committee ("IOC") made up of senior County staff members and two citizen representatives monitors the performance and structure of the County's portfolio. A Quarterly Investment Performance Report on the status of the County's portfolio and investment performance with respect to its Investment Policy is provided to the IOC, the County Executive and to the Board. The Investment Policy is reviewed annually by the IOC and any proposed amendments are reviewed and endorsed by the County Executive and then forwarded to the Board for consideration and approval.

For the fiscal year ended June 30, 2019, the amortized value of the County's General Portfolio totaled $1,311 million with maturities ranging from one day to ten years. The weighted average days to maturity of the portfolio as of June 30, 2019, was approximately 2.6 years.

The County invests funds primarily in U.S. Government Obligations, municipal bonds, commercial paper, corporate bonds, negotiable and non-negotiable certificates of deposit, the Commonwealth's Local Government Investment Pool ("LGIP"), and money market mutual funds. The County's Investment Policy, available on the website for the County at http://www.pwcgov.org/, provides the full listing of authorized investments.

General Obligation Bond proceeds are invested in accordance with the requirements and restrictions outlined in bond documents. The majority of bond proceeds are invested in the Virginia State Non-Arbitrage Program ("SNAP").

EMPLOYEES' RETIREMENT PLANS

The County (including the Adult Detention Center, component unit) contributes to the Virginia Retirement System ("VRS"), a Virginia Executive Branch agency multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. Professional and non-professional employees of the School Board are also covered by the VRS. All full time, salaried permanent employees are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. VRS also provides death and disability benefits. These benefit provisions and all other requirements are established by Virginia statute. For the fiscal years ended June 30, 2018, and 2017, respectively, the County paid $31,711,000 and $30,243,000 in contributions towards the Plan, while the County's fiduciary net position was $1,059,440,000 as of June 30, 2017. As of July 1, 2017, the total pension liability was $1,228,141,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2018. VRS issues a publicly available CAFR that includes financial statements and required supplementary information for the plans administered by VRS. The report may be obtained from the VRS website https://www.varetire.org/pdf/publications/2017-annual-report.pdf or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The County also provides a Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel administered by the Supplemental Plan's Board of Trustees. The Supplemental Plan became effective July 1, 1985, and was most recently amended on April 30, 2019. The Plan, which provides retirement and death benefits to plan members and beneficiaries, is designed to provide a benefit upon the retirement of participants. The amount takes into account the length of

service and the compensation paid by the County to such employees with recognition given to the benefits that will be provided by the VRS. Participants vest 100 percent in the benefit provided under the Supplemental Plan upon attainment of the participant's normal retirement date. Participants are considered vested and eligible for early retirement after 20 years of credited service but the benefits are reduced. For the fiscal years ended June 30, 2018, and 2017, respectively, the County paid $1,294,000 and $1,199,000 in contributions towards the Supplemental Plan, while the County's fiduciary net position was $39,329,000 as of June 30, 2018. As of July 1, 2017, the total pension liability for the Supplemental Plan was $38,717,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2018.

The County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP Plan) was established on July 1, 1997, and amended on May 10, 2016. The LoSAP Plan is a multi-employer defined benefit pension plan that includes twelve volunteer companies that provide retirement benefits for certain vested volunteer fire and rescue personnel who retire from their volunteer fire and rescue company. For the fiscal years ended June 30, 2018, and 2017, respectively, the County paid $798,000 and $811,000 in contributions towards the LoSAP Plan, while fiduciary net position was $16,169,000 as of June 30, 2018. As of July 1, 2017, the total pension liability for the LoSAP Plan was $27,636,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2018.

Additional information regarding the County Employees' Retirement Plans can be found in the County's Comprehensive Annual Financial Report, fiscal year 2018, Note 13 and Schedules 3 through 5.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Additionally, the County offers post-retirement medical benefits premium and medical benefits credit plans. The plans are single-employer defined benefit postemployment healthcare plans that cover eligible retired employees and Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") eligible employees of the County including all departments and agencies. Participants in the premium plan pay 100 percent of published blended rates. Coverage ends at age 65. The Line of Duty Act (LODA) plan provides death, disability, and healthcare benefits for public safety employees and volunteer firefighters who hold specific hazardous duty positions and die or become permanently disabled in the line of duty. For the retiree health insurance credit plan, the County will pay $5.50 per month, per eligible County retiree per year of service if they attained 15 or more years of service with the County. As of the end of fiscal year 2018, the County paid $777,000 in net medical costs for 232 inactive plan members paid $810,000 net benefit costs for 38 LODA recipients, and paid $1,867,000 for health insurance credits to 1,096 eligible retirees.

The County implemented GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* in fiscal year 2017 and implemented GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018. The County and School Board contract with actuarial firms to compute the impact and costs of its OPEB liabilities on a biennial basis and the County and School Board fully fund their OPEB liabilities through the County's OPEB Master Trust Fund. Additionally, the County implemented GASB 67 – *Financial Reporting for Pension Plans* and GASB 68 – *Accounting and Financial Reporting for Pensions* in fiscal year 2015.

The latest actuarial consultant valuation was as of January 1, 2018. Interim valuations for trending were provided by the County Finance Department. The County's and Schools' net OPEB liabilities (not including VRS plans) were approximately $71.3 million as of June 30, 2018, and the actuarially determined contributions to the County's OPEB Master Trust Fund and Schools benefits paid were approximately $10.1 million for fiscal year 2018. The County and School Board contributed $6.8 million to the County's OPEB Master Trust Fund and Schools benefits paid $3.3 million for fiscal year 2018, which was 89.2 percent of the actuarially determined contribution.

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 45. Calculation of actuarial amounts are developed using the projected unit cost method for County plans and entry age normal cost method for School Board plans. The most recent biennial actuarial valuation was as of July 1, 2016 for Schools and January 1, 2018, for the County.

The County provides Group Life Insurance through a multiple-employer agent defined cost-sharing plan administered by the VRS. This plan provides retirees with life insurance coverage to ultimately 25% of their last salary rate. The County elects to pay the employee component with the employer component of the contribution totaling 1.31% of covered employee compensation. The County contributed 100% of the actuarially determined contributions. Contributions were $3,637,000 and $2,654,000 for June 30, 2018 and 2017, respectively, while the County's fiduciary net position was $19,489,000 as of June 30, 2017. As of July 1, 2017, the total OPEB liability was $39,889,000.

The County provides limited post-retirement health and dental benefits as provided by Virginia law to retirees who have 15 or more years of service with the County through a multiple-employer agent defined plan administered by the VRS. The retirees are granted the option to participate by paying 100 percent of their monthly health insurance premium less $1.50 times years of service for a maximum credit of $45.00 from the VRS. As of the end of the fiscal year 2018, there were 865 retirees who received the VRS health insurance credit. The insurance credit is financed by payments from the County to the VRS, calculated at 0.18% of creditable compensation. The County contributed 100% of the actuarially determined contributions. For the years ended June 30, 2018 and 2017, the County paid $437,000 and $411,000, respectively, while the County's fiduciary net position was $3,500,000 as of June 30, 2017. As of July 1, 2017, the total OPEB liability was $7,296,000.

Additional information regarding the County retirees' OPEB Plans and the County OPEB Master Trust Fund can be found in the County's Comprehensive Annual Financial Report, fiscal year 2018, Notes 14 and Schedules 6 through 10.

CONTINGENT LIABILITIES

The County is contingently liable with respect to lawsuits and other asserted and unasserted claims that arise in the ordinary course of its operations. It is the opinion of the County's management, and the County Attorney, that any losses that may ultimately be incurred as a result of these lawsuits and claims will not have a material adverse effect on the County's ability to meet its financial obligations.

The County receives financial assistance from numerous federal and Commonwealth of Virginia agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the General Fund or other applicable funds. In the opinion of County management, if any refunds result from disallowed expenditures by grantor agencies, these refunds will not have a material adverse effect on the County's ability to meet its financial obligations.

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SECTION III - DEBT ADMINISTRATION

DEBT OF THE COUNTY

Authority to Borrow

Pursuant to the Virginia Constitution and the Code of Virginia, a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds the governing body of the county is required to levy, if necessary, an annual ad valorem tax on all property in the county subject to local taxation.

Limits on Indebtedness

Although the issuance of bonds by Virginia counties is not subject to statutory limitation, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority ("VPSA").

The Board also has established a self-imposed limit as part of the Principles of Sound Financial Management which provides that tax supported debt should not exceed 3 percent of the net assessed valuation of taxable property in the County, and annual debt service should not exceed 10 percent of annual combined general and special revenues (excluding certain pledged revenues). The County's status with respect to its self-imposed limits is shown in the section "Additional Debt Information" below.

On February 22, 2019, the County and the Industrial Development Authority of the County of Prince William (the "Authority") entered into a Loan Agreement (the "Loan Agreement") with Wells Fargo Bank, National Association (the "Bank"), for a draw-down loan in the principal amount of up to $21,153,000 in order to provide financing for the expansion of the County's Adult Detention Center (the "Adult Detention Center Loan"). The 2019 Adult Detention Center Loan bears interest at a variable rate, payable monthly, beginning on March 1, 2019, with a final maturity date of August 22, 2023. The 2019 Adult Detention Center Loan is payable from payments made by the County, subject to appropriation by the Prince William Board of County Supervisors, in accordance with the Payment Agreement, dated as of February 22, 2019, between the Authority and the County. The $21,153,000 has been fully drawn down to pay construction costs.

Statement of Outstanding Net Tax-Supported Indebtedness

The County, pursuant to its adopted debt management policy contained in the Principles of Sound Financial Management, defines net tax-supported debt as all general obligation debt plus (i) bonds issued for obligations incurred to the VPSA and the Virginia Resources Authority (VRA) and (ii) long-term capital leases payable in whole or in part from appropriations of tax revenue by the Board. The majority of the County's outstanding bonds are general obligations of the County and are secured by its full faith and credit. The County's outstanding general obligation bonds include various general purpose bonds. Debt payable from user charges or other non-tax revenue

streams is considered self-supporting and is not included in net tax-supported debt. The following section "OTHER COUNTY RELATED INDEBTEDNESS" describes certain other related obligations including underlying debt of the towns and debt of which the County is not the issuer but for which the County has agreed to fund certain costs of the enterprise, including debt service, to the extent these costs are not recovered from fees and charges.

The County's net tax-supported indebtedness incurred for capital purposes and outstanding on June 30, 2018, was $1,145,200,000 as shown in the following table.

NET TAX SUPPORTED DEBT OUTSTANDING
($000's)

	Outstanding on June 30, 2018
Governmental Activities	
General Obligation Bonds	$179,185
IDA Lease Revenue Bonds	0
Equipment Capital Leases	0
Real Property Capital Leases[(1)]	91,755
Parks and Recreation -	
Revenue Bonds Series 2010	8,725
Equipment Capital Leases	0
Subtotal	$270,940
School Board Related	
General Obligation Bonds[(2)]	$865,535
Subtotal	$865,535
Total Primary Government Debt	**$1,136,475**
Less Self-Supporting Revenue and Other Bonds	**8,725**
Net Tax-Supported Debt	**$1,145,200**

Source: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 11.

Notes: [(1)] Includes Certificates of Participation, Lease Participation, and bonds issued to Virginia Resource Authority (VRA) debt.

[(2)] Includes general obligation bonds publicly offered by the County, sold by the County to VPSA in connection with VPSA's pooled bond program bond and sold by the County to the VPSA on a standalone basis.

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Debt Service Requirements to Maturity

The following table summarizes the annual principal and interest payments on the County's outstanding tax-supported debt for fiscal year 2020 through the final maturity of all outstanding tax supported debt.

DEBT SERVICE BY FISCAL YEAR[1]					
FY Ending	**Existing Debt Service**		**VPSA Series 2019A**		**Total**
June 30	**Principal**	**Interest**	**Principal**	**Interest**	**Debt Service[2]**
2020	$94,591,979	$45,348,358			
2021	96,291,979	40,942,134			
2022	89,686,979	36,536,437			
2023	86,766,979	32,301,613			
2024	103,244,979	27,858,161			
2025	76,876,978	23,907,214			
2026	69,520,000	20,399,528			
2027	65,065,000	17,276,503			
2028	56,305,000	13,999,272			
2029	53,065,000	11,551,329			
2030	48,245,000	9,287,544			
2031	44,020,000	7,380,442			
2032	39,020,000	5,846,034			
2033	36,695,000	4,473,981			
2034	33,410,000	3,212,432			
2035	28,985,000	2,175,339			
2036	24,860,000	1,284,820			
2037	15,685,000	612,263			
2038	5,795,000	195,581			
2039	0	0			
Total[2]	**$1,068,129,873**	**$304,588,985**			

Source: Prince William County, Department of Finance.

Note: [1] Does not include Build America Bonds (BAB) and Qualified School Construction Bonds (QSCB) refundable credit payments, or the VPSA Pool refunding debt service credits.

[2] Totals may not add due to rounding.

Additional Debt Information

Information concerning the County's net tax-supported debt is presented in the following tables. The tables reflect the ratio of net tax-supported debt of assessed value and net tax-supported debt per capita, and the ratio of debt service payments on net tax-supported debt to total government revenues.

RATIO OF NET TAX-SUPPORTED DEBT TO ASSESSED VALUE AND POPULATION

Fiscal Year	Net Tax-Supported Debt ($000's)[1]	Total Assessed Value ($000's)[2]	Net Debt Assessed Value	Population[3]	Net Tax-Supported Debt per Capita
2014	896,163	50,601,567	1.8	433,621	2,067
2015	900,952	54,623,176	1.6	441,627	2,040
2016	1,122,965	58,394,400	1.9	449,864	2,496
2017	1,113,800	61,335,721	1.8	456,127	2,446
2018	1,136,475	63,755,919	1.8	460,457	2,468

Source: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Tables 11, 14, and 16.

Notes: [1] Includes Capital Leases.

[2] Total Assessed Value includes assessments for taxable real, personal and public service property. With the exception of land in the County's land-use program, assessed values are calculated based on statutory authority equal to 100% of market value. Assessed values for a given fiscal year are as of the prior January. Data from the Comprehensive Annual Financial Report, fiscal year 2018, Table 14.

[3] Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 16.

RATIO OF NET TAX-SUPPORTED DEBT SERVICE TO TOTAL REVENUES

Fiscal Year	Debt Service on Net Tax-Supported Debt	Total Revenues[1]	Ratio of Debt Service to Total Revenues
2014	$115,515,000	$ 1,636,801,000	7.1%
2015	119,226,000	1,611,230,000	7.4
2016	124,165,000	1,496,700,000	8.3
2017	134,737,000	1,649,319,000	8.2
2018	141,908,000	1,802,191,000	7.9

Source: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 14.

Note: [1] Total Revenues include revenues in the General and Special Revenue Funds, including the Fire and Rescue Levy, and revenues of the School Board and Adult Detention Center Component Units.

OTHER COUNTY-RELATED INDEBTEDNESS

Cities and Towns

As independent bodies, the debt of the four towns located within the geographic boundaries of the County, and the two cities that are surrounded by the County, are obligations of the respective town or city and not an obligation of the County. Incorporated cities are separate entities from the County, and there is no overlapping debt between any city and the County. The town council of each of the four towns located within the County is authorized by the Virginia Constitution and the Code of Virginia to issue general obligation bonds in the amount up to 10 percent of the assessed value of real estate within the town without holding a public referendum. Each town's debt outstanding, in the approximate amount as of year ended June 30, 2018, is indicated in the Overlapping Debt table near the end of this section.

Community Development Authorities

The County has created Community Development Authorities (each a "CDA") that by Virginia law and their charter may issue debt as a means of financing certain projects. CDAs allow public infrastructure within a defined district to be financed with special assessments applied within a district. There are three CDAs within the County (Virginia Gateway, Heritage Hunt, and Cherry Hill); all three have issued revenue bonds secured by CDA assessments. In accordance with the Virginia Code Section 15.2-5131, the County has no obligation to repay CDA debt, and the debt is considered overlapping debt and is not carried as a contingent obligation on the County's financial statements.

Virginia Gateway. The Virginia Gateway CDA, which is located on 363 acres of land at the intersection of Route 29 and Linton Hall Road, was created in 1998 to develop mixed retail and light industrial and office space. Improvements funded by the CDA include road improvements and sewer and storm water facilities.

Heritage Hunt. The Heritage Hunt CDA, which is located on 810 acres at Interstate 66 and Route 29, was created in 1999 for mixed commercial and age-restricted residential development. Improvements funded by the CDA debt include road, water and sewer improvements.

Cherry Hill. The Cherry Hill CDA (also known as Harbor Station and to be known as Potomac Shores), which is located on 1,883 acres of land that surrounds Harbor Station Park, Cherry Hill Road and Congressional Way was created in 2005 to provide public infrastructure improvements in connection with the proposed development of mixed residential, retail and office space in addition to a Virginia Railway Express (VRE) rail station. In May 2013, the successor owner to the property proposed the development of a luxury resort hotel, golf course, and town square commercial facilities consisting of restaurant space and retail facilities and related public infrastructure, in addition to the other development and related public improvements for which the CDA was established. Some of the improvements will be funded by the CDA debt.

Transportation System Revenue Bonds

Northern Virginia Transportation Authority ("NVTA"). The County is a member of the multi-jurisdictional NVTA. NVTA was created in 2002 to develop and implement solutions to transportation issues across the Northern Virginia region. Under a landmark Commonwealth transportation bill (HB2313) in fiscal year 2013, the Virginia General Assembly established a dedicated funding stream to fund new transportation projects in Northern Virginia. A significant part of the projects funding comes from a 0.7 percent addition to the sales tax in the region, designated for deposit to the NVTA Fund. Expected revenues are estimated to be approximately $275 million per year and distribution of revenues are split 70 percent for regional projects and up to 30 percent for jurisdictional projects. For the fiscal year ended June 30, 2018, contributions, intergovernmental revenue and investment earnings, for the Authority's governmental activities totaled $352.6 million. By law, over time, each jurisdiction is required to receive back benefits equal to the amount that it contributes in regional funds. NVTA is authorized to issue bonds that would obligate NVTA, not local jurisdictions.

Pursuant to Virginia General Assembly House Bill 1539 (2018) (HB1539), effective on July 1, 2018, the General Assembly repealed two of the Authority's three revenue sources, the regional congestion relief fee and the transient occupancy tax. HB1539 left sales tax as the only remaining HB2313 Revenue. The County anticipates receiving less money from NVTA's 30 percent and 70 percent distributions. The County now retains the revenues from the Grantor's Tax and the Transient Occupancy Tax that were diverted to the NVTA. The legislation specifies the County must use the Grantor's Tax revenue for general transportation purposes. The Transient Occupancy Tax is specifically to be used for for public transportation purposes.

Potomac and Rappahannock Transportation Commission ("PRTC"). The PRTC was created in fiscal year 1987, to help create and oversee the Virginia Railway Express (VRE) commuter rail service and also to assume responsibility for bus service implementation as its member governments saw fit. The multi-jurisdictional agency represents Prince William, Stafford, and Spotsylvania Counties (the "Counties"), and the Cities of Manassas, Manassas Park, and Fredericksburg (the "Cities"). PRTC provides commuter bus service (OmniRide Express), to the Washington, DC metropolitan area from the County. PRTC also provides connector services to end of line Metrorail stations (OmniRide Metro Express), a cross county route, and (OmniRide Local), a local bus service that operates in the Counties and the Cities. In addition, the County, through its membership in the PRTC, joined with other jurisdictions through a Master Agreement to pay its share of the costs associated with operating and insuring the VRE, a commuter rail service operating between Northern Virginia and Washington, D.C. In May 2005, the Northern Virginia Transportation Commission ("NVTC") and PRTC entered into a $25.1 million capitalized lease obligation for the purchase of bi-level, high capacity passenger rail cars.

In fiscal year 2008, NVTC entered into an agreement with the Federal Railroad Administration for a loan of up to $72.5 million to purchase 50 Gallery railcars; in fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of 16 promissory notes were originally authorized, and during fiscal year 2012 the balances on the individual notes were combined into a consolidated note. The note is secured by revenues of VRE and the railcars.

In fiscal year 2018, VRE entered into a financing agreement with the Virginia Resources Authority (VRA) for the purposes of refunding the FRA promissory note and reducing VRE's debt service costs. As required by the authorizing resolutions of the Commissions and jurisdictions, the VRA refunding loan did not extend the term of the original borrowing and achieved net present value debt service savings of not less than three percent. The FRA note was refunded in full with the proceeds from the VRA financing, and VRE has pledged its revenues to the repayment of the principal, premium, and interest on the local bond purchased by VRA.

As of June 30, 2018, the balance of the capital lease was $11.5 million and the bond payable was $46.6 million. The Master Agreement requires the County's governmental officers charged with preparing its annual budget to include an amount equal to its pro rata share of the capital costs of the VRE. The County's fiscal year 2020 pro rata share is 34.3 percent. Although the participating jurisdictions have declared that it is their intent to make sufficient annual appropriations to pay their pro rata share of the costs of the VRE, the participating jurisdictions have not made a binding commitment beyond their current fiscal year, and each jurisdiction's obligation to make such payments is non-binding and subject to annual appropriations. The County's share of the outstanding debt (based on the methodology described above) is approximately $19.93 million. The County's share is expected to vary over time with shifts in population and ridership and with the inclusion of additional participating jurisdictions.

In December 2012, PRTC issued the $2,335,000 Series 2012 Revenue Bonds, (through the Virginia Resources Authority) to repay proceeds from two interim notes issued in July 2010 to finance land acquisition, design, and construction and management costs associated with a new commuter parking lot and construction costs associated with expansion of the bus storage yard. Proceeds from the issuance was also used to fund certain local costs of issuance and to finance the construction of an evacuation and emergency exit gate at the bus storage yard. Principal and interest payments due in annual installments of $195,000 to $285,000 plus interest will be due through October 2022.

Membership in PRTC allows for the collection of revenues from the 2.1 percent wholesale motor fuels tax levied by the Commonwealth for the member jurisdictions. The Commonwealth-levied Regional Motor Fuels Sales Tax was initiated in August 1986 at 2.0 percent and increased to 2.1 percent on a wholesale basis in January 2010. Debt service on the Series 2012 Revenue Bonds is secured by the 2.1 percent wholesale motor fuels tax allocable to the County, the cities of Manassas and Manassas Park, and by a non-binding moral obligation pledge from these three localities to fund any shortfalls in debt service.

Stafford Regional Airport Authority

The Stafford Regional Airport Authority ("SRAA") operates the Stafford Regional Airport. In August 2007, SRAA issued $5,425,000 Series 2007 Revenue Bonds (through the Virginia Resources Authority). These bonds are secured by the revenues derived from the ownership and operation of the Stafford Regional Airport, after payment of the airport's operation and maintenance expenses. In addition, the County, Stafford County, and the City of Fredericksburg entered into a support agreement for the benefit of the Virginia Resources Authority ("VRA"), pursuant to which the County, Stafford County, and the City of Fredericksburg undertook a non-binding moral obligation to appropriate from time to time funds

to SRAA in connection with any shortfall in debt service payments due under SRAA's Local Obligation issued to VRA.

Northern Virginia Criminal Justice Training Academy

The Northern Virginia Criminal Justice Training Academy ("NVCJTA") was re-chartered by the Commonwealth of Virginia in 1977. It was originally established in 1965 as the Northern Virginia Police Academy. There are four participating jurisdictions included in the financing of the new Emergency Vehicle Operations Center ("EVOC"): the County, Loudoun County, Arlington County and Alexandria City. The four jurisdictions are responsible for the debt service and the operating and capital expenditures will be charged to all participating jurisdictions on a pro-rata share basis of their participation in the EVOC. When the County withdrew from the NVCJTA, the County's share of both the operating and debt service was set at 30 percent in a Memorandum of Understanding between NVCJTA and the County, and was approved by the Board in September 2005.

The Industrial Development Authority of Loudoun County, Virginia issued $18,650,000 of Lease Revenue Bonds in November 2006 to finance the construction and equipping of the EVOC. The 2006 Lease Revenue Bonds were refunded in September 2015. The outstanding par amount as of June 30, 2018, for which the County is responsible, is $2,398,852 or 34.3 percent of outstanding principal amount of the refunded bonds.

Water and Sewer Debt

The Service Authority finances its capital needs through the issuance of debt that is not backed by the full faith and credit of the County but by revenues derived from charges for services rendered. As of June 30, 2018, the Service Authority's outstanding debt was $127.8 million. Long-term debt consisted of four outstanding financing agreements with VRA related to upgrades to the Mooney Advanced Water Reclamation Facility, as well as two outstanding revenue bonds that were issued in 2013 and 2015. These bonds and loans are payable solely from the revenues generated by the system.

UOSA has issued various regional sewage system revenue bonds to pay the costs of its sewer and sewage disposal system. UOSA's annual debt service is funded by each of the participating jurisdictions based on their allocated capacity with certain modifications. In fiscal year 2018, the Service Authority paid approximately $10.8 million in UOSA debt service. Historically, the County made an annual fixed payment towards the UOSA debt service with the Service Authority paying the balance. Effective January 1, 2013, the Service Authority assumed the County's obligation. See Note 17 to the audited financial statements for the fiscal year ended June 30, 2018, in Appendix B.

Park Authority Revenue Bonds

The Park Authority was created by ordinance adopted by the Board on October 11, 1977. Effective July 1, 2012, the Park Authority is no longer a separate corporate entity and is now a department within the County, the Department of Parks, Recreation and Tourism. On April 14,

2010, when a separate entity, the Park Authority issued $13,285,000 Prince William County Park Authority Park Facilities County Contribution Revenue Bonds Series 2010 (the "2010 Park Authority Bonds") which together with other funds refinanced for debt service savings the Authority's outstanding Park Facilities Revenue Refunding and Improvement Bonds, Series 1999. At that time, the County and the Park Authority entered into a Contributions Agreement by the terms of which the County agreed to make, subject to annual appropriation, contributions to the Park Authority proportionate to the debt service on the 2010 Park Authority Bonds and the Park Authority assigned its rights to receive the contributions to a paying agent. Effective July 1, 2012, with the dissolution of the Park Authority as a separate entity, the 2010 Park Authority Bonds remain a debt of the County. The County will continue to make its contributions, subject to annual appropriation of funds for the purpose, to the paying agent, in order to make the debt service payments on the 2010 Park Authority Bonds.

On June 15, 2019, the County redeemed the principal amount of $1,985,000 of the Park Authority Facilities County Contribution Revenue Bonds Series 2010 in conjunction with the termination of a lease agreement with Manassas Park for the General's Ridge golf course.

Overlapping Debt

Three of the four towns in the County and three CDAs mentioned above have issued bonds payable from real property taxes or assessments on property within their respective boundaries and also within the boundaries of the County. In addition, the County has assumed responsibility for payments to two regional issuers for a percentage of the debt service on certain of their obligations. The amounts of these tax supported obligations are shown in the following table.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
($000's)
Based on Assessed Values

	Outstanding on June 30, 2018	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value
Direct:				
Net Tax Supported Debt	**$1,136,475**	**100.00%**	**$1,136,475**	**1.96%**
Overlapping:				
Town of Dumfries	9,435	100.00	9,435	0.0163
Town of Quantico	123	100.00	123	0.0002
Town of Haymarket	1,374	100.00	1,374	0.0025
Town of Occoquan	2	100.00	2	0.0000
Heritage Hunt Commercial - CDA Special Assessment Bonds Series 1999 B	993	100.00	993	0.0017
Virginia Gateway Community - CDA Refunding Bond Series 1999 and 2003 B	8,835	100.00	8,835	0.0153
Cherry Hill Community - CDA Special Assessment Bonds Series 2015	30,000	100.00	30,000	0.0518

Northern Virginia Transportation Commission - Virginia Railway Express[(1)]	63,982	32.32	20,679	0.0357
Northern Virginia Criminal Justice Training Academy (NVCJTA)[(1)]	7,062	33.97	2,399	0.0041
Total Overlapping Governmental Activities Debt	**$120,433**	**60.17%**	**$72,466**	**0.1252%**
Total Direct and Overlapping Governmental Activities Debt	**$1,256,908**	**96.18%**	**$1,208,941**	**2.0883%**

Source: Prince William County, Virginia, Comprehensive Annual Financial Report, fiscal year 2018, Table 13. Also see Prince William County, Virginia, Comprehensive Annual Financial Report fiscal year 2018, Table 7, Notes 10, 18 and 20.

Note: [(1)] Amount applicable determined on basis other than assessed value of taxable property.

Lease Commitments and Obligations

The County leases real estate and equipment under operating and capital leases expiring at various dates through fiscal year 2027. All capital leases are non-cancelable except they are contingent upon the Board appropriating funds for each year's payments. The County, pursuant to its adopted debt management policy contained in the Principles of Sound Financial Management, includes capital leases outstanding in its computation of net tax-supported debt as shown previously herein and in its debt-capacity calculation.

The County also has various short-term leases for real estate and equipment with initial or remaining noncancellable lease terms of less than one year. As of June 30, 2018, the County's total rental expense under operating leases of the primary government was approximately $7,851,000. Further information concerning these obligations is included in Note 10 to the Prince William County, Virginia, audited financial statements for the fiscal year ended June 30, 2018, in Appendix B.

PRINCE WILLIAM COUNTY

Office of Executive Management
Christopher E. Martino, County Executive

The Board of County Supervisors
Corey A. Stewart, Chairman
Maureen S. Caddigan, Vice Chair
Ruth M. Anderson
Victor S. Angry
Pete Candland
Jeanine M. Lawson
Martin E. Nohe
Frank J. Principi

DATE:	September 19, 2019
TO:	Board of County Supervisors
FROM:	Michelle Attreed Director of Finance
THRU:	Christopher E. Martino County Executive
RE:	Authorize the Issuance of One or More General Obligation School Bonds of the County in an Amount Not to Exceed $378,500,000 to Finance Certain Capital Projects for School Purposes, and to Refund Other Outstanding General Obligation School Bonds, and to Approve the Sale of Such Bonds to the Virginia Public School Authority

I. **Background** on the subject is as follows:

A. Quality Education & Workforce Development Strategic Plan Goal – The Board of County Supervisors has long held the support of education as one of its highest strategic goals and strives to consistently provide sufficient funds to the County's School Division to make certain the community fosters a rich, lifelong learning environment to increase educational opportunities and workforce readiness.

B. School Board Approval – On September 18, 2019, the Prince William County School Board authorized an application for a Virginia Public School Authority (VPSA) bond sale and authorized the sale of refunding bonds through the VPSA. The School Board requests that the Board of County Supervisors (BOCS) take all necessary actions to approve and complete the bond sale as a Stand-Alone issuance.

C. Planned School Construction – The various construction projects included in this bond sale with an aggregate financing need not to exceed $128,250,000 (which is 3% higher than the total project construction funding of $124,510,000, in addition to the amount expected for the refunding issuance, see item II.B.) are itemized below [Note: some of the cost figures listed represent only a portion of the total project cost]:

1. Antietam Elementary School – School Addition (13 rooms) – A 20,000 +/- square foot, one-story classroom addition of steel frame and masonry construction designed to increase the school capacity from 616 seats to 928 seats, including site work and furnishings. The school is located on Antietam Road in the Occoquan Magisterial District – Cost: $1,000,000.

2. Lake Ridge Elementary School – School Addition (13 rooms) – A 15,500 +/- square foot, one and two-story classroom addition of steel frame and masonry construction designed to increase the school capacity from 535 seats to 847 seats, including kitchen modifications, site work and furnishings. The school is located on Hedges Run Drive in the Occoquan Magisterial District – Cost $1,000,000.

3. Springwoods Elementary School – School Addition (13 rooms) – A 12,000 +/- square foot, one and two-story classroom addition, a 3,000 +/- square foot, one-story, classroom addition and a 3,500 +/- square foot, one-story activity room addition of steel frame and masonry construction designed to increase the school capacity from 592 seats to 904 seats, including kitchen modifications, site work and furnishings. The school is located on Marquis Place in the Occoquan Magisterial District – Cost: $1,100,000.

4. Jenkins Elementary – New Construction – New school construction of a 100,200 +/- square foot, one and two-story steel and masonry structure designed to house approximately 850 students, including site work and all furnishings. This school is located on Prince William Parkway in the Occoquan Magisterial District – Cost: $3,000,000.

5. Leesylvania Elementary – School Addition and Renewal - Addition and renovation of an existing 80,000 +/- square-foot one-story steel frame and masonry structure, construction of a 7,600 +/- square-foot four classroom addition and a 2,600 +/- square-foot activity room addition. Both additions will be a one-story steel frame and masonry structure. This school is to be designed to house approximately 850 students, and includes site work and all furnishings. This school is located on Neabsco Road in the Woodbridge Magisterial District – Cost: $600,000.

6. Minnieville Elementary – School Addition (10 rooms) - Addition and Renovation – Construction of an approximately 1,400 square foot addition to the main entry and administration suite, and an approximately 20,000 square foot two-story academic wing with ten (10) classrooms including site work and all furnishings. The existing, one-story building requires a renovation of the school's main entry, administration suite, replacement of kitchen equipment, including all furnishings. The anticipated student capacity after completion is 680. Minnieville Elementary School is located at 13639 Greenwood Drive, located in the Neabsco Magisterical District - Cost: $1,000,000.

7. Stonewall Middle School – School Addition (17 rooms) – Addition with Minor Renovation – Construction of a 25,000+/- square foot one-story steel frame and masonry structure, adjoining the existing school. Designed to house approximately 470 additional middle school students, including site work and all furnishings. Security entry vestibule addition to main office for school visitors with renovations to the existing main office suite. This school is located on Lomond Drive in the Gainesville Magisterial District – Cost: $1,500,000.

8. Western Bus Facility – New Construction – Maintenance facility and office construction of a 17,500 +/- square foot one- and two-story pre-engineered steel and masonry structure designed to house maintenance bays and offices, including site work. This facility is located on Wellington Road in the Brentsville Magisterial District – Cost: $1,000,000.

9. Marshall Elementary School - Renewal (Funding Phase 1A) –Renovation of an approximately 63,000 square-foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casework, systems, and utilities are also included. This school is located on Kahns Road in the Coles Magisterial District – Cost: $1,866,000.

10. Montclair Elementary School – Renewal (Funding Phase 1A) – Renovation of an approximately 71,000 square-foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casework, systems, and utilities are also included. This school is located on Tallowwood Drive in the Potomac Magisterial District – Cost: $1,866,000.

11. Old Bridge Elementary School – Renewal (Funding Phase 1A) – Renovation of an approximately 71,000 square-foot steel frame and masonry structure with masonry exterior and roofing systems as indicated. Interior finishes, casework, systems, and utilities are also included. This school is located on Old Bridge Road in the Occoquan Magisterial District – Cost: $1,866,000.

12. Beville Middle School – Renewal (Funding Phase 1A) – Renovation of an approxiamtely 133,302, square foot steel frame and masonry structure with masonry exterior and roofing as indicated. Interior finishes, casework, systems, utilities, and miscellaneous site work also included. This school is located on Dale Boulevard in the Neabsco Magisterial District - Cost: $9,901,500.

13. Mountain View Elementary School – Renewal (Funding Phase 1A) – Renovation of an approxiamtely 67,815, square foot steel frame and masonry structure with masonry exterior and roofing as indicated. Interior finishes, casework, systems, utilities, and miscellaneous site work also included. This school is located on Macleod Way in the Gainsville Magisterial District - Cost: $6,451,000.

14. Woodbridge High School – Auxiliary Gym – Construction of 10,500 square foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casework, systems, utilities, and miscellaneous site work are also included. This school is located on Old Bridge Road in the Occoquan Magisterial District – Cost: $7,250,000, Design $750,000.

15. Gar-Field High School – Auxiliary Gym – Construction of 10,500 square foot steel frame and masonry structure with masonry exterior and roofing system as indicated. Interior finishes, casewrok, systems, utilities and miscellaneous site work are also included. This

school is located on Smoketown Road in the Neabsco Magisterial District – Cost: $7,250,000, Design $750,000.

16. Stonewall Jackson High School – Stadium Upgrades (Lighting, Concession Bldgs) – Renovation exterior improvements and construction of masonry structure with masonry exterior and roofing system as indicated. Utilities and miscellaneous site work are also included. This school is located on Rixlew Lane in the Brentsville Magisterial District – Cost: $1,650,000.

17. Woodbridge High School – Stadium Upgrades (Lighting, Concession Bldgs) – Renovation exterior improvements and construction of masonry structure with masonry exterior and roofing system as indicated. Utilities and miscellaneous site work are also included. This school is located on Old Bridge Road in the Occoquan Magisterial District – Cost: $2,150,000.

18. Potomac Shores Middle School – New Construction – School construction of an approximately 197,954 square foot steel frame and load-bearing masonry three-story structure with masonry exterior and roofing system as indicated. Outbuilding, sports fields, site and road improvements, interior finishes, casework systems, utilities and miscellaneous site work are included. This school will be located on River Heritage Boulevard in the Potomac Magisterial District – Cost: $20,559,500.

19. 13th High School (West) - New Construction – Construction of a 347,600 +/- square foot one- and two-story steel frame and masonry structure designed to house approximately 2,557 students, including site work and all furnishings. This school will be located on the future University Boulevard in the Brentsville Magisterial District – Cost: $52,000,000.

D. Previously Issued School Bonds – Several series of previously issued VPSA school bonds are potential candidates for issuing refunding bonds to secure annual debt service savings given the current low interest rate environment. These prior bonds include multiple maturities of various VPSA bond series.

E. Taxable Advanced Refunding – Advanced refunding of previously issued bonds is an effective and legal method for reducing annual debt service payments. The County has often used advanced refunding in the past to reduce the County's cost to finance its infrastructure. It is important to note that in accordance with past County practice an advance refunding does not extend the pay-off horizon of the outstanding obligations. With the passage of the Tax Cuts and Jobs Act of 2017, advance refundings with tax-exempt debt were eliminated. Therefore, if the savings requirements are met, the County will issue taxable bonds to refund portions of previously issued debt.

II. Current Situation is as follows:

A. VPSA Bond Funding – Bond proceeds are required to support commencement and continuation of the School Division's projects in an amount not to exceed $128,250,000. All of these projects are included in the adopted Fiscal Year 2020-2025 Capital Improvement Program (CIP) and included in the Schools Fiscal Year 2020-2029 CIP.

B. Refunding Opportunity – A refunding opportunity exists in the market for the County to issue refunding bonds to be sold in one or more series in an aggregate amount not to exceed $250,250,000 for the purpose of securing a lower interest rate and reducing annual debt service payments.

1. Market Volatility – The potential for securing refunding savings is heavily dependent on the financial markets at the time the sale occurs.

a) Impact of Interest Rate Changes – An interest rate swing of as little as 0.2% can dramatically change the savings. The current financial market is volatile and may change by this much in a matter of days.

b) Monitoring of Savings Potential – Staff, along with the County's financial advisors, Public Financial Management, Inc. (PFM), will be monitoring the status of the savings potential and if the market is favorable, will act to take advantage of favorable market conditions.

c) Possibility of No Refunding Issuance – If market conditions are unsuitable for a refunding, staff will not pursue execution of some, or all, of these refunding bonds.

2. Sale Authorization Flexibility – The BOCS is being asked to approve a sale resolution and related documents for this new money and refunding transaction that will provide maximum flexibility for the staff to adjust the types, amount, and timing of the bond sale(s).

a) Possibility for Additional Sales – If it is determined (at some point after an initial refunding bond sale is executed) that the market is favorable for pursuit of one or more additional refunding transactions, the BOCS will be asked at a later date (just prior to the sale), to approve a sale resolution for each such applicable refunding transaction.

b) Prior Precedence – This approach is suggested to enable the staff to take maximum advantage of any suitable refunding opportunities as the market changes. This is the same approach used twice in 2004 to successfully execute multiple refunding sales.

C. True Interest Cost Savings – In accordance with past County practice, staff will not execute a refunding bond sale unless it is expected to either achieve a net present value (NPV) savings

of $1+ million and 3.0+% NPV savings as a percentage of par, or to achieve over 5.0% NPV savings as a percentage of par if the NPV savings is less than $1 million.

D. Public Hearing Requirement – The BOCS must hold a public hearing prior to taking action to authorize the sale of County bonds to VPSA, to approve the related sale documents, and to authorize the Chairman and staff to execute all other activities necessary to complete the sale. Consistent with past practice, County staff is authorized to advertise, on an ongoing basis, any necessary public hearings to consider the sale of bonds with no further BOCS action.

E. Advertisement – Public notice will be advertised on September 25 and October 2, pursuant to the public hearing requirements of Section15.2-2606 of the *Code of Virginia*.

F. Bond Sale Approval – Prince William County School Division has submitted the application for the Stand-Alone Issue. VPSA's Board convened on September 11, 2019, to vote on all applications. The School Division's application was approved subject to approved resolutions from both the School Board and the BOCS.

G. VPSA Agreement to Adjust the Sale Amount – VPSA has agreed to increase the sale amount if the bond is sold at a discount, or to decrease the sale amount if the bond is sold at a premium. The adjustment will be made on the day of the sale and will not exceed the maximum amount authorized by the BOCS. This will match the bond proceeds' actual cash for acquisition and construction of new school facilities to the $124,510,000 of project funds needed and approved by the School Board.

H. Approval of Maximum Amount of Financing – In order for VPSA to adjust the bond sale size to match the request if the bond is sold at a discount, the BOCS must authorize a "not to exceed " bond sale amount that is in excess of the requested amount of the bond. County staff recommends the authorized amount be 3% over the required funding, rounded to the VPSA required $5,000 increment.

I. Bond Sale Schedule – The sale of these new and refunding bonds is planned for October 2019. The VPSA Fall pooled sale is scheduled for October 22, 2019. Therefore, the pooled sale will not conflict with the timing of the County's proposed Stand-Alone issuance. County staff anticipates the sale of the refunding and new money bonds to occur separately.

J. Negotiated Sale for Refunding – The market for taxable bond offerings differs from the tax-exempt market in several areas. The market follows the activity of the US Treasury market and intra-day volatility is higher. The County's Principles of Sound Financial Management state a clear preference for competitive sales "whenever feasible… unless market conditions or the nature of the financing favors negotiated sales". Negotiated sales are more common than competitive for taxable deals. A negotiated sale of the refunding portion offers greater flexibility to re-size the offering rapidly in response to market movements, therefore increasing the number of bonds refunded and the resulting savings. PFM has recommended the County pursue this strategy for the refunding portion of the sale only.

K. Board Action Requested – The BOCS is asked to authorize the issuance of one or more general obligation school bonds of the County in an amount not to Exceed $378,500,000 to finance certain capital projects for school purposes, and to refund other outstanding general obligation school bonds, and to approve the sale of such bonds to the Virginia Public School Authority.

III. Issues in order of importance are as follows:

A. Service Level/Policy Issue – Will the new school facilities open on time to provide educational/instructional services to County students?

B. Legal – What steps are needed to legally execute one or more new money and advance refunding bond sale(s)?

C. Fiscal Impact – How will the sale of the new and refunding bonds affect the debt service budget? Are there sufficient funds available to pay the FY 2021 and future debt service that will result from the sale of this bond?

D. Timing – Why issue these bonds now? What is the expected timeframe for which this resolution will be valid?

IV. Alternatives in order of feasibility are as follows:

A. Authorize the issuance of one or more general obligation school bonds of the County in an amount not to Exceed $378,500,000 to finance certain capital projects for school purposes, and to refund other outstanding general obligation school bonds, and to approve the sale of such bonds to the Virginia Public School Authority.

1. Service Level/Policy Issue – Construction of the school facilities will proceed on schedule to meet the various targeted completion dates in order to provide the facilities to deliver educational/instructional services to County students. There are no service level impacts from a refunding sale and any refunding issuance(s) will comply with the BOCS' Principles of Sound Financial Management.

2. Legal –Following a public hearing, the BOCS must adopt the bond resolution and approve other related bond sale documents, including the draft Preliminary Official Statement, and associated documents, which are attached to the Board Resolution in substantially complete form (*Code of Virginia* §15.2-2640) in order to sell the bonds. BOCS' approval of the sale of County general obligation school bonds to the VPSA as part of a VPSA Stand-Alone bond issuance satisfies the State Treasury's legal requirements for the sale of bonds.

a) Public Hearing – Because there is a new money component to this sale, a public hearing is required for the BOCS to approve this bond sale (*Code of Virginia* §15.2-2606).

b) Refunding Sale Authorization – In order to sell the refunding bonds, the BOCS must adopt the attached resolution that authorizes one or more refunding sale(s).

c) Postponed Refunding Sale – If some or all of the refunding bonds are deferred to a later time due to unfavorable market conditions, the BOCS will be asked to approve substitute, or replacement bond sale documents, including a draft Preliminary Official Statement, and a Notice of Sale, at a later meeting date.

3. Fiscal Impact – Debt service of $10,500,000 will be included in the School Division's Proposed FY 2021 Budget. Sufficient debt service was also programmed in the County's Adopted FY 2020-2024 Five-Year Plan. The projects being funded are in the School Division's approved FY 2020-2029 CIP.

a) Net Present Value Savings – A net present value savings on future debt service may exceed $2,000,000 by executing one or more refunding bond sales depending on the ultimate size of the issue and the relative market interest rates at the time of the sale. Current bond market conditions exhibit greater volatility and rates remain only slightly above their historical low levels. There is continued market expectations for lower rates given the Reserve's (Fed's) policy statements. The Fed has signaled future rate cuts. The interest rate volatility can greatly affect the impact of a refunding. If the BOCS approves the refunding(s), staff will seek to enter the market on a sale date when interest rate levels will generate savings. Market conditions may dictate a smaller size of the refunding, or greater or smaller interest savings, or even an outright deferral of the refunding.

b) Sale Adjustment Margin – Approval of the new money component of this sale in an amount not to exceed $128,250,000 will provide a margin of approximately 3% over the targeted project construction funds of $124,510,000. The VPSA recommends approving a margin to enable VPSA to adjust the final sale amount to provide the correct amount of bond proceeds for funding the construction projects. This contingency is in place in the event the County would have to sell the bonds at a discount and the additional bonds needed to provide funds for the construction projects. Historically, the County's bonds have been sold at a premium and actual par amounts have been less than the approved figures. Staff expects the same situation, but the amount will ultimately be determined by market conditions at time of issuance.

4. Timing – BOCS' approval of the sale of the bond to the VPSA on October 8, 2019, satisfies the requirement to deliver an approved resolution to VPSA. BOCS approval of the attached resolution will authorize staff to initiate steps to issue one or more series of refunding bonds to enable the County to take advantage of changing market conditions.

a) Critical Approval – The BOCS' authorization of the refunding sale(s) during its October 8, 2019, meeting is necessary in preparing to go to market for a refunding sale in October 2019.

b) Authorization Period – The BOCS' authorization for the new money will be effective until December 31, 2019. The authorization for the refunding will extend until June 30, 2020. During this period, the BOCS' approval will enable staff to initiate the refunding process at any time that will generate suitable levels of savings.

B. Take no action.

1. Service Level/Policy Issue – The opening of new school facilities or completion of additions/renewals will be delayed. Alternative financing will be needed to proceed with the projects. The existing school facilities will be required to absorb the additional students who would otherwise be instructed in the schools included as construction projects in the VPSA application. This will result in classroom overcrowding, and/or placing students in additional trailers.

2. Legal – The Commonwealth of Virginia Treasury's legal requirements will not be met for the VPSA to issue new money bonds for the County in an October 2019 Stand-Alone sale. Additionally, no refunding general obligation bond sale can occur.

3. Fiscal Impact – No additional debt service will be incurred. The existing debt will be repaid on the current debt service schedule and in currently scheduled amounts. There will be no debt service savings from a refunding bond sale.

4. Timing – The Commonwealth of Virginia Treasury's requirement to approve the sale will not be met and the County's participation in a VPSA Stand-Alone sale cannot occur.

V. **Recommendation** is that the Board of County Supervisors concurs with Alternative A and approves the attached Resolution.

Staff Contact: Brad Norris, (703) 792-6688

Attachment: Prince William County Public Schools Letter, Dated September 20, 2019
Signed by Steven L. Walts, Superintendent of Schools

Prince William County
PUBLIC SCHOOLS
Providing A World-Class Education

September 20, 2019

Christopher E. Martino
County Executive
Office of Executive Management
1 County Complex Court
Woodbridge, VA 22192

RE: Conduct a Public Hearing to Consider the Sale of Bonds to the Virginia Public School Authority (VPSA) to Finance Certain Capital Projects for School Purposes and Approve the Application to the VPSA for the Sale of Not to Exceed $128,250,000 in Bonds

Dear Mr. Martino:

On September 18, 2019, the Prince William County School Board approved a resolution requesting the Board of County Supervisors to issue general obligation bonds, in the not to exceed amount of $128,250,000, to finance capital projects for public school purposes listed on page two of this letter. In addition, the School Board consented to, authorized, and ratified the application to the Virginia Public School Authority (VPSA) for the purchase of Bonds by the VPSA as part of its Stand Alone Bond Sale Program. On October 8, 2019, the Prince William Board of County Supervisors will be asked to consider a resolution to conduct a public hearing to consider the Sale of Bonds to the VPSA.

Approving the application and conducting a public hearing for October 8, and approval by the Board of County Supervisors following the public hearing, satisfies the VPSA requirements for participation in the fall 2019 bond sale, and will enable the projects to start on time or early.

The VPSA requires the approval by the local government of a maximum, not to exceed, amount of bonds to be sold. The not to exceed amount of $128,250,000 requested for this sale is approximately 3% higher than the total project funding to obtain full funding if the bonds have to be sold at a discount. The actual sale size will be adjusted to provide $124,510,000 of proceeds for the construction projects.

DR. STEVEN L. WALTS
Superintendent of Schools

P.O. BOX 389, MANASSAS, VA 20108 • WWW.PWCS.EDU • 703.791.8712, FAX 703.791.7309

School Construction Scheduled—The construction projects to be financed from the proceeds received from this bond sale are:

- Antietam Elementary School — Addition (13 rooms), $1,000,000;
- Lake Ridge Elementary School — Addition (13 rooms), $1,000,000;
- Springwoods Elementary School — Addition (13 rooms), $1,100,000;
- John D. Jenkins Elementary School, $3,000,000;
- Leesylvania Elementary School — Addition (4 rooms), $600,000;
- Minnieville Elementary School — Addition (10 rooms), $1,000,000;
- Stonewall Middle School — Addition (17 rooms), $1,500,000;
- Western Bus Facility, $1,000,000;
- Marshall Elementary School — Renewal (Funding Phase 1a), $1,866,000;
- Montclair Elementary School — Renewal (Funding Phase 1a), $1,866,000;
- Old Bridge Elementary School — Renewal (Funding Phase 1a), $1,866,000;
- Beville Middle School — Renewal (Funding Phase 1a), $9,901,500;
- Mountain View Elementary School — Renewal (Funding Phase 1a), $6,451,000;
- Woodbridge High School — Auxiliary Gym, $8,000,000;
- Gar-Field High School — Auxiliary Gym, $8,000,000;
- Stonewall Jackson High School — Stadium Upgrades (Lighting, Concession Bldgs), $1,650,000;
- Woodbridge High School — Stadium Upgrades (Lighting, Concession Bldgs), $2,150,000;
- Middle School (Potomac Shores) ($6.0M proffer), $20,559,500; and;
- 13th High School, $52,000,000.

Recommendation is that the Board of County Supervisors concur with conducting a public hearing and approve the enclosed resolution.

Sincerely,

Steven L. Walts
Superintendent of Schools

SLW/LTI:ime

Enclosure: Approved Resolution
cc: Michele Attreed, PWC Director of Finance
Staff Contact: Lisa Thorne-Izes, PWCS, Director of Financial Services

PRINCE WILLIAM COUNTY SCHOOL BOARD
P.O. Box 389
Manassas, Virginia 20108

RESOLUTION

REGULAR MEETING OF THE PRINCE WILLIAM COUNTY SCHOOL BOARD

DATE: September 18, 2019

RESOLUTION NUMBER: PWCSB19 – 17.01

REFERENCE: Proposed Sale of VPSA Bonds Fall 2019 Sale

MAKER OF MOTION: Deutsch **SECOND: Raulston**

That the Prince William County School Board:

(A) Authorize the completion and submission of the application to the Virginia Public School Authority (VPSA) for a Fall 2019 Stand Alone bond sale in the amount of $124,510,000 to finance certain capital improvement projects for school purposes including:

Antietam Elementary School Addition (13 rooms), $1,000,000;
Lake Ridge Elementary School Addition (13 rooms), $1,000,000;
Springwoods Elementary School Addition (13 rooms), $1,100,000;
John D. Jenkins Elementary School, $3,000,000;
Leesylvania Elementary School Addition (4 rooms), $600,000;
Minnieville Elementary School Addition (10 rooms), $1,000,000;
Stonewall Middle School Addition (17 rooms), $1,500,000;
Western Bus Facility, $1,000,000;
Marshall Elementary School - Renewal (Funding Phase 1a), $1,866,000;
Montclair Elementary School - Renewal (Funding Phase 1a), $1,866,000;
Old Bridge Elementary School - Renewal (Funding Phase 1a), $1,866,000;
Beville Middle School - Renewal (Funding Phase 1a), $9,901,500;
Mountain View Elementary School – Renewal (Funding Phase 1a), $6,451,000;
Woodbridge High School - Auxiliary Gym, $8,000,000;
Gar-Field High School - Auxiliary Gym, $8,000,000;
Stonewall Jackson High School - Stadium Upgrades (Lighting, Concession Bldgs), $1,650,000;
Woodbridge High School - Stadium Upgrades (Lighting, Concession Bldgs), $2,150,000;
Middle School (Potomac Shores) ($6.0M proffer), $20,559,500; and;
13th High School, $52,000,000;

(B) Authorize the Superintendent, or such other officer as he may designate, to submit such documentation as is required by VPSA;

(C) Request for the Board of County Supervisors to authorize the completion for a Fall 2019 VPSA Stand Alone bond sale, and to take such other action as may be necessary to complete the bond sale; and

(D) Direct that this resolution shall become effective immediately.

cc: Finance

RECORDED VOTE:
YES: Lateef, Deutsch, Raulston, Satterwhite, Trenum, Wilk, Williams
NO:
ABSTAIN:
NOT PRESENT AT VOTE: Jessie

CERTIFIED COPY: Deborah H. Urban Clerk of the Prince William County School Board