

MOTION:

**October 12, 2021
Regular Meeting
Res. No. 21-**

SECOND:

RE: AUTHORIZE THE ISSUANCE OF ONE OR MORE GENERAL OBLIGATION SCHOOL BONDS OF THE COUNTY IN AN AGGREGATE AMOUNT NOT TO EXCEED \$325,000,000 TO REFINANCE CERTAIN CAPITAL PROJECTS FOR SCHOOL PURPOSES AND TO REFUND CERTAIN 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 \$325,000,000 (as further defined below, the “Bonds”) for the purpose of, subject to financial market conditions, the refunding of all or a portion of certain outstanding County general obligation schools bonds; 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, or is expected to offer, to purchase the Bond(s) from the proceeds of its Special Obligation School Financing Refunding Bonds, Prince William County Series 2021 [2022] [-] (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 BY THE PRINCE WILLIAM BOARD OF COUNTY SUPERVISORS:

1. **Authorization of Bonds and Use of Proceeds.** The Board hereby determines that it is advisable to contract a debt and issue and sell the bonds, subject to Section 3 hereof, in an aggregate principal amount not to exceed \$325,000,000 (the “Bonds”) to refund all or a portion of certain of the County’s general obligation school bonds listed on Exhibit B hereof (the “Refunding Candidates”). The Bonds may be issued, sold and delivered at one or more times on any date no later than June 30, 2022.

2. **Details of the Bonds.** The Bonds, shall be dated the date designated by VPSA; shall each be designated a “General Obligation Refunding School Bond, Series 2021[2022][-]”; 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.** The Board hereby determines it to be in the best interest of the County to accept the offer of VPSA to purchase from the County, and to sell to VPSA, Bonds at a price, determined by VPSA to be fair and accepted by the Chair of the Board of County Supervisors (the “Board Chair”), the County Executive or the Chief Financial Officer, any one of whom is hereby authorized to act (each, a “Delegate”), 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 B hereto (the Refunding Candidates so refunded, the “Refunded Bonds”) shall have such principal amounts as shall hereafter be determined by a Delegate, 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, as determined by the County’s Financial Advisor). The aggregate principal portion of the Bonds to be issued to refund the Refunded Bonds shall not exceed \$325,000,000 (the “Refunding Proceeds Amount”).

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The Board Chair, the County Executive or the Chief Financial Officer, any one of whom may act, are hereby authorized and directed to determine the final aggregate principal amount of the Bonds, and whether such Bonds shall be sold at a premium or discount, subject to the limitations of Section 1, in order to produce an amount sufficient to refund the Refunded Bonds, if applicable, plus costs of issuance and enter into one or more Bond Sale Agreements with VPSA in substantially the form submitted to the Board at this meeting, which form is hereby approved; provided, however, that the Bonds 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, 2042, 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, each on the dates and upon the terms determined in accordance with Section 6 hereof; provided, however, that a Delegate, upon the recommendation of the County's Financial Advisor, may determine that all or any portion of the Bonds shall not be subject to optional redemption prior to their maturity or that a make-whole or cost-of-funds premium shall be permitted for such Bonds.

Subject to the preceding terms, the Board further authorizes the County Executive or the Chief Financial Officer, either of whom may act, 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, modification 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 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 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; and

(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 Board Chair or Vice Chair 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.** Any Delegate, 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 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 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 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. **Tax Certificate and Elections.** A Delegate 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. Notwithstanding the foregoing, the VPSA and the County may agree that all or a portion of the 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.

11. **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 a Delegate, 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, 2021, 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.

12. **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 Chief Financial Officer in order to provide the most updated and accurate County Information as of the date of the Official Statements.

13. **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.

14. **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.

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

ATTACHMENTS: Exhibit A – Form of Bond
Exhibit B – 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 Refunding School Bond
Series 2021 [2022]

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 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 Chair or Vice-Chair, 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: _____
Chair, 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

REFUNDING CANDIDATES

(i) 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.

(ii) 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 2015 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.

(iii) 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.

(iv) 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.

(v) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2018 (Issue Date May 24, 2018, Final Maturity February 15, 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.

(vi) Principal installments of the County of Prince William, Virginia General Obligation School Bond Series 2019A (Issue Date October 29, 2019, Final Maturity September 15, 2039) coming due on or after September 15, 2030. The principal installments of the Series 2019A Bond due on and after September 15, 2030, may be redeemed prior to their respective maturities at the option of the Authority, in whole or in part, on any date beginning September 15, 2029, at a redemption price of par, together with interest accrued to the date fixed for redemption.

VIRGINIA PUBLIC SCHOOL AUTHORITY
BOND SALE AGREEMENT – SERIES 2021B BONDS

Name of County, City or Town (the "Locality"): County of Prince William, Virginia

VPSA Sale Date: Expected to be on or about [October 13, 2021]

Closing Date: Expected to be on or about October 21, 2021

Proceeds Requested: \$52,520,000

Maximum Authorized Par Amount: \$325,000,000

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 2021B (Taxable) (collectively, the "VPSA Bonds"), your general obligation local school bonds 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 5, 2021 but may occur, subject to market conditions, at any time (the "VPSA Sale Date").
2. You represent that on or before _____, 2021, your local governing body will have duly authorized the issuance of your local school bonds 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 bonds 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 bonds 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 _____, 2021.
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 agreements are 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 September 22, 2021), (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 21, 2021) the information relating to the County of Prince William, Virginia in the Preliminary and final Official Statements, 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 bonds 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 bonds 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 bonds are valid and binding general obligations 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 bonds 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 bonds 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 _____, 2021.

**VIRGINIA PUBLIC SCHOOL
AUTHORITY**

**COUNTY OF PRINCE WILLIAM,
VIRGINIA**

By: _____
Authorized VPSA Representative

By: _____
Name: Michelle L. Attreed
Title: Chief Financial Officer

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 _____, 2021, 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 2021A (the "VPSA Bonds"), dated _____, 2021, and pursuant to a resolution adopted by the Board of County Supervisors of the County on September ____, 2021 (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 _____, 2021 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.

"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 5701-TEB) or other material notices or determinations with respect to or other material 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 or 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 ended June 30, 2021) 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 date fixed for redemption 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 _____, 2021, 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 488,136 (as of July 1, 2021).

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 Chair. The current Board members were elected on November 5, 2019, and took office on January 1, 2020. The terms of all Board members expire on December 31, 2023.

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, 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 Committee 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 <https://www.pwcva.gov>.

Political Subdivisions

In Virginia, cities and counties are not overlapping units of government. Manassas and Manassas Park are two independent cities (collectively, the "Cities") within the geographic boundaries of 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.

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 community services to the residents of these Cities pursuant to intergovernmental agreements, which provide for compensation to the County for these services. Additionally, the County provides library services to the City of Manassas.

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 the 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. By Board action on August 4, 2020, the County transferred the management of its public libraries from a system governed by a board of trustees appointed by the Board to a County department under the governance of the Board. The board of trustees was converted into an advisory board with members appointed by the Board. There were no changes in the operation and functions of the public libraries.

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 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, 2023. 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 services 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 A. 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 County Public Schools. The public libraries existed as a separate system prior to its conversion to a County department by the Board on August 4, 2020.

Ms. Casciato now coordinates the functions supporting the Library Department. Her previous government service for the County includes Director of the Office of Management and 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 Administration and Ph.D. in Political Science from George Mason University. She is an adjunct instructor at the GMU Schar School of Policy and Government.

REBECCA HORNER was appointed Deputy County Executive in January 2020. Ms. Horner has an extensive background and experience in public sector planning and community development. Since 2017, she has served as the director of the County's Planning Office. Before that, she was the Assistant Director for the Planning Office after serving as the manager of the County's Current Planning Division. Prior to coming to Prince William County, Ms. Horner worked as a Senior Planner for Fairfax County, the Director of the Planning and Building Department for Sarpy County, Nebraska, and the Assistant to the Director in the Planning Department in the City of Papillion, Nebraska. Ms. Horner received her B. S. in Political Science and her Master in Community and Regional Planning from the University of Nebraska. She is also a certified zoning administrator in Virginia and a certified planner with the American Planning Association.

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 Procurement Services, Financial Reporting and Control, Payroll and Disbursements Services, Real Estate Assessments, Tax Administration, Risk and Wellness Services, Financial Systems Services 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. In 2019, she received a Lifetime Achievement Award from the Virginia Women in Public Finance. Ms. Attreed is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants, Government Finance Officers Association, and Virginia Government Finance Officers Association.

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. Ms. Winn received her B.S. in Economics from Arizona State University and an M.S. in Real Estate Development from Johns Hopkins University.

LATANYA D. MCDADE was appointed as the Superintendent of Prince William County Public Schools at a public meeting on March 24, 2021, effective July 1, 2021. Dr. McDade has 23 years of experience in Chicago Public Schools, the third largest district in the nation. A lifelong educator, Dr. McDade is a former teacher, principal, chief schools' officer, and district leader. Dr. McDade previously served as Chief Education Officer of Chicago Public Schools from 2017 to June 2021. Her responsibilities included overseeing all academic offices, supporting over 340,000 students across 638 schools and ensuring equity and access to high-quality educational opportunities, while managing \$3.4 billion budget. She was responsible for improving and supporting all aspects of teaching and learning, including the development of curriculum and instructional policy for the district and the provision of guidance to the district's schools and administrators. Dr. McDade completed her doctorate degree in educational leadership and supervision from Lewis University in April 2021. She holds a master's degree in leadership and administration from Loyola University Chicago and a bachelor's degree in elementary education from Chicago State University.

GOVERNMENTAL SERVICES

The County provides a full range of local government services, reflecting both its form of government under Commonwealth law 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 Services, which coordinates disbursements to vendors and employees; Tax Administration, 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; Procurement Services, which administers the 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; Risk and Wellness Services, 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 Services, 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. The County Attorney also provides legal counsel, advice, and representation to various boards and commissions appointed by the Board.

Technology Support Services: The Department of Information Technology (“DoIT”) is responsible for providing all aspects of Information Technology (“IT”) 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. DoIT also provides guidance and support for cyber security, disaster recovery, and IT strategic planning initiatives. Security efforts remain critical as the County's technology investments require constant security protection. Local governments face a challenging task of protecting their infrastructure and data. The County is meeting this challenge by focusing efforts on new technology, enhanced teamwork, employee training, and insuring against losses. Designing enterprise communications to meet these demands is an ongoing commitment. The goal of this commitment is improved policies, systems and data security. New technologies will be embedded within new processes that enable DoIT, and the rest of the County Government, to streamline services for the County's businesses, residents, and visitors. These services include, but are not limited to, tax payments, permit applications, public safety, emergency response, social services, and constituent services.

DoIT spends significant time, energy, and attention to ensure that all technology assets are secure. This means designing security into the infrastructure, into all processes, applications, and continuous cyber learning. The security posture for the County focuses on protecting technology assets, detecting security related anomalies, and remediating potential threats. As DoIT enables a mobile workforce, it applies specialized mobility solutions that provide the freedom for the County's workforce to serve the community and deliver services effectively from anywhere in the world.

The County invested in a modern Cloud-ready, multi-tenant infrastructure modernization project. Cloud Services and the applicable service platforms offered by IT industry leaders help DoIT lead the adoption and regular use of Cloud computing and other services. The multi-year technology infrastructure capital investment project was budgeted at \$24.9 million in fiscal years 2019 through 2021. The project includes duplicate infrastructure, migration to cloud/off-premise solutions, including the use of a Tier 4 data center, Cisco Cloud email security, mandated employee education, daily backup of files, adoption of multi-factor authentication, robust internal audit testing of IT functions, and other proprietary technology security solutions and best practices from the IT industry. These expenditures are separate from the County's ongoing IT operations, which were budgeted at \$78.3 million in total for fiscal years 2021 and 2022. Fiscal year 2020 expenditures were \$40.2 million. In addition to the technology infrastructure project, DoIT provides guidance and support for cybersecurity and IT strategic planning initiatives and cybersecurity training. Ninety eight percent of the County's workforce completed the training in fiscal year 2020 and are required to take courses annually. Furthermore, DoIT performs security vulnerability tests, maintains, reviews, and updates IT policies, and evaluates third-party relationships for information technology, accounting, billing, and other purposes for cyberattacks risks. To date, there have been no material breaches of the County's cybersecurity.

In 2020, DoIT teamed up with Prince William County Public Schools ("PWCPS") for the County Student Hotspot Program to distribute Wi-fi hotspots to schools and to help students without reliable access to the internet.

In July 2021, the Center for Digital Government and the National Association of Counties recognized Prince William County in the 19th annual Digital Counties Survey. The County placed third in the 250,000 to 499,999 population category for "several initiatives aimed at making County IT more resilient and future-ready." DoIT's strategic plan provides more information on

DoIT's vision, strategic goals, and IT initiatives, and is available on County's website at https://www.pwcva.gov/assets/documents/doit/PrinceWilliam_IT%20Done%20Right_FINAL_V2.pdf.

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 professional staff. The Police Department is organized into four divisions: Support Services, Operations, Criminal Investigations, and Financial and Technical Services; all overseen by the Office of the Chief. 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 Office of the Chief also coordinates community engagement, crime prevention, and education activities. 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 or confiscated property, oversees employee recruitment and selection, and enforces, educates, 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, participates on regional investigative task forces, 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, asset inventory, 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's School Division 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 money 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 sixty-one elementary schools, two elementary/middle (1-8) schools, one elementary/middle (K-8) school, sixteen middle schools, twelve high schools, one preschool center, one nontraditional school, and one special education school, 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 increased in each of the past ten years, excluding the most recently concluded school year. Preliminarily, the County's School Division expects enrollment to increase in the 2021 – 22 school year.

Public School Enrollment

<u>School Year</u>	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	<u>Special Education</u>	<u>Total</u>	<u>Percent Change</u>
2011-12	38,436	18,351	23,500	1,348	81,635	-
2012-13	39,269	18,902	24,015	1,365	83,551	2.3%
2013-14	39,538	19,473	24,665	1,379	85,055	1.8
2014-15	39,920	19,703	25,249	1,337	86,209	1.4
2015-16	40,070	20,004	25,861	1,319	87,254	1.2
2016-17	40,569	20,095	26,923	1,333	88,920	1.9
2017-18	40,482	20,713	27,261	1,405	89,861	1.1
2018-19	40,110	20,997	27,610	1,486	90,203	0.4
2019-20	40,422	21,357	28,058	1,689	91,526	1.5
2020-21	38,390	20,978	28,343	1,365	89,076	(2.7)

Source: Prince William County Schools, Office of Facilities Services, April 2021.

Transportation Infrastructure

One of the County’s strategic goal areas is transportation and mobility to provide an accessible, comprehensive, multi-modal network of transportation infrastructure that improves local and regional mobility. The County further seeks to provide equitable access to multimodal transportation options in the community by removing barriers of physical ability, geographic location, financial constraints, and digital literacy. 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 transportation projects that will be funded with County General Funds and proffers supplemented by regional, Commonwealth, NVTA and federal funding. A November 2019 bond referendum authorizes the issuance of general obligation bonds of up to \$355 million and \$41 million for transportation and parks projects, respectively.

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 services for individuals with serious mental health and/or substance abuse disorders and individuals with intellectual and developmental disabilities. Community Services also provides emergency services/pre-screenings for psychiatric hospitalizations and crisis intervention. Behavior health and wellness/prevention services for the County and the Cities are provided in areas such as suicide prevention and opioid overdose and use prevention. 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, first episode psychosis coordinated care and residential support. Community Services serves residents of all ages, including Early Intervention Services for infants 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 (“DSS”) is to transform lives through safety, support, and self-sufficiency. *Safety:* Child and Adult Protective Services, as well as secure detention, non-secure sheltering, or community-based supervision for court-involved youth in the pretrial phase. *Support:* foster care, adoption, and ongoing family treatment. Families of children with complex behavioral, medical and/or special needs are supported with a multi-disciplinary team to assess needs and obtain services. *Self-sufficiency:* the Prince William Area Continuum of Care for Homelessness, public assistance eligibility determination, Virginia Initiative for Education and Work, and state-subsidized childcare. Operations are managed by a Social Services Director. A Social Services Advisory Board is appointed by the Prince William Board of County Supervisors. DSS is funded with local, state, and federal funding.

Area 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. Other programs provided by OHCD are the Neighborhood Housing Rehabilitation Program to preserve and improve owner occupied properties and the First-Time

Homebuyer Program, which provides financial assistance ranging from 23 to 33 percent of the sales price for down payment and closing costs to eligible low and moderate income first-time home buyers.

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. The Prince William Health District ("PWHD") continues to direct significant resources, including disease surveillance, investigation, and containment toward the COVID-19 response. PWHD is implementing and monitoring a communitywide COVID-19 immunization program. PWHD depends heavily on the Medical Reserve Corps to provide the Greater Prince William Area with a cadre of over 800 volunteers with clinical and administrative experience, who are assisting in vaccine dispensing operations, in response to this ongoing public health emergency.

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 four buildings in the County: The Main Jail facility, the Modular Jail building, the Central Jail facility, and the Annex for administrative and training use. 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 August 2021 are estimated at 404 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 871 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.

Planning and Development

Transportation, Public Works, Facilities & Fleet Management and Development Services: The Departments of Transportation, Public Works, Facilities & Fleet Management 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 Departments of Public Works and Facilities & Fleet Management provide internal services for construction management of capital projects, fleet maintenance of County vehicles and equipment, and manage 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 in collaboration with the County residents, agencies, and stakeholders. The Office of Planning prepares and updates the County's comprehensive plan (the "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: Geospatial Technology Services ("GTS") is part of the Enterprise Applications Division of the Department of Information Technology. It operates the County's enterprise geospatial program to enable an effective and efficient government using advanced Geographic Information Systems ("GIS") technologies. The GTS 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 GTS infrastructure. As Prince William County's official resource and subject matter experts in GIS technology, the GTS team engineers, operates, and maintains the central GIS technology platform and its associated GIS web applications, GIS desktop application and custom GIS tools. GTS 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.

Libraries and Parks, Recreation and Tourism

Libraries: Prince William Public Libraries ("PWPL") consists of twelve branches throughout the County and in the City of Manassas, providing free access to books, e-nooks, e-audio, print and digital magazines, and CDs/DVDs. PWPL also offers free educational and entertaining programs for all ages. In fiscal year 2021, PWPL had more than 1.2 million library visits, circulated approximately 2 million print and digital materials, and hosted 3,000 programs in person and virtually to more than 1.7 million participants.

By Board action on August 4, 2020, the County transferred the management of its public libraries from a system governed by a board of trustees (the "Library Board") appointed by the Board to a County department under the governance of the Board. The Library Board was converted into an advisory board with members appointed by the Board. The Library Department is managed by the Library Director with the assistance of the advisory board. The transition from a system to a County department did not change the operation of the public libraries and the services offered to the public.

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 promoting tourism throughout the County. DPRT operates a 4,400 plus acre park system comprised of 81 properties and over 60 trail miles, as well as a diverse portfolio of recreational facilities, services, and programs, hosting over 2 million visits annually and providing leisure experiences for residents of all ages, abilities, and recreational interests. Operations are managed by the County DPRT Director assisted by the 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 96,000 residential and commercial accounts. Over the past five years, the Service Authority has seen a 7.2 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 June 2021 was 67.8 million gallons per day ("mgd"), which is expected to meet County water needs until the year 2045. Additional capacity will be purchased when required. During fiscal year 2021, the Service Authority delivered a daily average of 27.6 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 1,291 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 1,137 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 2035. 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 and 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 seven divisions: Operations and Maintenance, Treatment Process, Finance, Human Resources, Regulatory Affairs, Engineering & Technology, and Capital Improvements.

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, 2021, the average daily flow was 35.4 mgd. The maximum 30-day rolling flow was 43.1 mgd, 79.8 percent of capacity.

COVID-19 Matters

The COVID-19 pandemic presents tremendous challenges for the County, and indeed the entire world, with long-term consequences that cannot be fully predicted. Beginning with the declaration of emergency in March 2020, the County's Office of Executive Management ("OEM") has facilitated a constantly evolving and multi-faceted response to the pandemic, emphasizing community-level response for those individuals, families, and businesses most affected by the pandemic, as well as ensuring the health and safety of County employees. This includes focusing on enhancing programs and services for the County's most vulnerable populations to ensure resources are available to address basic needs; supporting businesses and the non-profit community through various grant programs to provide relief for those economically affected by the pandemic; and putting training, tools, and materials in place to keep employees healthy. The OEM is committed to the health, safety, and well-being of the community, including residents, businesses, and employees throughout the duration of the pandemic and beyond.

Due to the COVID-19 pandemic, existing businesses of all sizes, and especially those in the retail, restaurant, and lodging industries, have continued to feel the impacts of operating in the new normal. Additionally, unemployment remains higher than before the pandemic as businesses have either laid off or furloughed workers. The Department of Economic Development ("DED") deployed millions of dollars in grants funded by the CARES Act, as defined below, to provide relief to small businesses, to assist businesses in making capital investments to improve resiliency, and to get job seekers back to work. DED will continue to focus on long-term economic recovery by providing support to existing businesses, encouraging new capital investment, and building capacity for entrepreneurial endeavors.

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), containing a \$2.2 trillion fiscal stimulus package. State and local governments across the country share \$150 billion in Coronavirus Relief Funds ("CRF") under a provision of the CARES Act. The Commonwealth allocated \$82.1 million of CRF funds to the County, including the Towns of Dumfries, Haymarket, Occoquan and Quantico. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 extended the deadline for expending CRF funds to December 31, 2021. The Board appropriated the funds for emergency housing assistance, small business micro grants, economic recovery initiatives, COVID-19 testing, homeless services, community feeding, election safety protocols, emergency response, childcare scholarship grant program, County's personal protective equipment, and increased cleaning frequency. To date, approximately \$75.4 million of CRF has been expended and approximately \$3.5 million has been identified for potential Federal Emergency Management Agency Public Assistance reimbursement.

On March 10, 2021, The American Rescue Plan Act (“ARPA”) was passed by Congress and signed into law. ARPA continues many of the programs started by the CARES Act by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic. ARPA’s Coronavirus State and Local Fiscal Recovery Fund (“CSLFRF”) provides \$350 billion in emergency funding for state, local, territorial, and tribal governments to remedy the mismatch between rising costs and falling revenues. The County received its first CSLFRF allocation of \$45.7 million on May 19, 2021. The expenditures related to CSLFRF must be incurred by December 31, 2024, and must be expended by December 31, 2026, in accordance with U.S. Treasury requirements. The County plans to use the funds to respond to and mitigate the public health emergency with respect to COVID-19 public health emergency and its negative economic impacts; provide premium pay to eligible workers of the County that are performing such essential work, or provide grants to eligible employers that have eligible workers who perform essential work; provide government services to the extent of the reduction in revenue; and make necessary investments in water, sewer, or broadband infrastructure. In order to contain and mitigate COVID-19, the County will continue to support vaccine programs, provide testing, monitoring, contact tracing and support isolation and quarantine, as well as enforce public health orders. The funds will be used to aid affected industries, such as tourism, travel, and hospitality, continue to provide assistance to small businesses and non-profit organizations through loans, grants, in-kind assistance, and technical counseling programs. The assistance to households in hard-hit communities with food, mortgage, rent, utility, home repair assistance, legal aide, and internet access will also continue to be provided.

The school division received a total of \$181.8 million from the Commonwealth’s allocated CRF funding to support virtual learning and opening school facilities during the pandemic. For school year 2021-2022, the division plans to provide in-person learning to all students five days a week and provide a virtual option during the pandemic, as required by Virginia state law. The School Board will continue to follow the orders of the Virginia Governor, Virginia Department of Health, and Virginia Department of Education in effect relating to physical distance in classrooms, buses and cafeteria, as well as face covering and quarantine requirements. All students are to be provided with a laptop and access to free internet at home, if needed.

The COVID-19 pandemic has revealed new opportunities to reengineer existing County processes while continuing to deliver excellent service. Managing the surge capacity for increased service demands while ensuring the safety of the community and the public workforce will continue as the County redesigns systems for resiliency and response. The County is determined to maximize the lessons learned during the COVID-19 pandemic and capitalize on the possibilities to accelerate digital government, including enhancing telework capabilities while reimagining the use of existing office space, while at the same time remaining committed to the development and engagement of the workforce. More details of COVID-19’s impact on the County’s revenues and expenses are provided under the captions “SECTION II - FINANCIAL ADMINISTRATION - GENERAL FUND FINANCIAL OPERATIONS” and “SECTION II - FINANCIAL ADMINISTRATION - SUMMARY OF THE BUDGET FOR FISCAL YEAR 2022” below.

County leadership has evaluated the County’s liquidity to meet its obligations and believes that the County has sufficient liquidity without the need to access external funding for operations.

The effects of the pandemic will require constant re-evaluation of revenues and expenditures and liquidity, and the County reserves the right to employ external financing to meet such needs.

Environmental and Social Priorities

For many years, the County has taken measures to protect the natural environment and has made significant commitments to ensure that its land, air, and waterways have resources devoted to maintaining their quality. The County worked jointly with other localities on matters of regional significance.

In 2003, the County adopted the Environmental Management Program to mitigate pollution liability, identify the impact of County facilities on the environment and how to address such issues, and keep the County in conformance with state and federal regulations. Examples of this program's results include over 500,000 plastic water bottles saved a year due to the installation of the water bottle filling stations through the County's facilities, 154 million kWh of energy from methane extracted from the County's landfill during 2016-2019, and the recycling of 19,200 pounds of hazardous waste as well as 64,400 pounds of pollution prevented during the same three-year period. The County also offers a tax exemption for homeowners installing solar arrays on their homes and has streamlined the permitting process.

The County has several existing policies and regulations to support environmental sustainability. The policies are related to climate and air quality, watershed planning, energy and surface and groundwater, as well as preservation of agricultural land uses. The policies encourage use of electric charging stations at all facilities and the creation of compact, walkable and integrated mixed-use developments. In addition, the County is considering introducing a plastic bag tax following the Virginia General Assembly's passed legislation in 2020 giving the localities the authority to impose a five-cent tax on each disposable plastic bag, to provide an additional revenue source for environmental programs.

In November 2020, the Board, by resolution, endorsed the Metropolitan Washington Council of Governments climate mitigation and resiliency goals. The climate mitigation goals call for a 50 percent reduction in greenhouse gas emissions from 2005 levels by 2030. Additionally, the Board set a County government goal of 100 percent of its electricity to be supplied by renewable sources by 2030. The adopted fiscal year 2022 budget includes the creation of the Environmental & Energy Sustainability program to advance efforts to meet these goals.

The fiscal year 2022 budget will begin implementing the goals and strategies contained in the community's new 2021-2024 Strategic Plan. The Strategic Plan is one of the most important policy documents that guides the County's financial investment in community services during the annual budget process. The adopted Strategic Plan, available at <https://www.pwcva.gov/strategic-plan>, provides a framework for a more inclusive and equitable County. Some of the goals and objectives listed in the plan are to improve awareness and access to quality affordable services that address physical, developmental, mental health and substance abuse needs; to prevent and reduce homelessness; to provide a safe and secure community through crime prevention by providing appropriate staffing, equipment, and resources to public safety and enhancing relationships among public safety departments and the communities they serve; to improve equity and fair treatment of marginalized populations and increase workforce diversity. The plan includes the resilient

economy goals to diversify, support, and expand the local economy to ensure equitable economic growth, as well as quality education and workforce development. Considerations for preservation and protection of natural resources are also listed in the plan. Furthermore, the County established a Racial and Social Justice Commission comprised of community appointees and ex-officio County members to identify issues of concern and best practices and to recommend a path forward to improve racial justice for people of color in the County.

Collective Bargaining

The Virginia General Assembly recently amended the Code of Virginia to authorize local government entities to adopt an ordinance that allows collective bargaining. The statute, § 40.1-57.1, VA Code Ann., effective May 1, 2021, requires that an ordinance, if adopted, provide procedures for the certification and decertification of exclusive bargaining representatives, and a process to provide notice to and allow any employee organization to intervene in the certification procedure. At any time prior to the adoption of a collective bargaining ordinance, employee groups who self-identify as a “unit” may submit an employee certification, which is a petition with signatures from employees in favor of collective bargaining, to trigger a 120-day period within which the Board of County Supervisors must vote to adopt or not adopt a collective bargaining ordinance. On September 7, 2021, two employee groups from the County’s Police Department and the Department of Fire and Rescue, submitted Employee Certifications. The County is proceeding with the statutory process and within the statutory timeline to hold a vote on whether to adopt a collective bargaining ordinance. The outcome and future financial impact are unknown at this time.

DEMOGRAPHIC AND ECONOMIC FACTORS

Population Characteristics

The County’s population is concentrated in two areas: the suburban areas of Woodbridge/Dale City along the Interstate-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 most current U.S. census data, the County is 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 482,204 between 2000 and 2020, an increase of 71.7 percent or a compound annual growth of 2.8 percent. The County’s population as of July 1, 2021, is estimated by the County Demographer at 488,136, an increase of 73.8 percent or a compound annual growth of 2.7 percent. The following table provides population growth over nearly five decades between 1970 and 2020 for the County, the Washington, D.C. metropolitan statistical area (“MSA”), and the Commonwealth.

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CENSUS POPULATION AND RATES OF CHANGE

<u>Year</u>	<u>Prince William County⁽¹⁾</u>	<u>Percentage Change</u>	<u>Washington D.C. MSA⁽²⁾</u>	<u>Percentage Change</u>	<u>Commonwealth of Virginia</u>	<u>Percentage Change</u>
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	4,796,183	13.6	7,078,515	14.4
2010	402,002	43.2	5,582,170	16.4	8,001,024	13.0
2020	482,204	20.0	6,385,162	14.4	8,631,393	7.9

Source: U.S. Department of Commerce, Census Decennial Censuses, 1970-2010; U.S. Census Population Estimates Program (PEP), 2020; Prince William County Demographer, 2020.

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. 2020 data is from the Prince William County Demographer.

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

Housing construction increased modestly after the 2007-2008 recession years and has led to a strong housing market with a balanced distribution of new home types across all districts. Population growth in the 2020s is projected to increase by about half of the growth experienced in the 2010s as the County's population growth continues to level off.

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The following two tables show the County’s population for 2010 through 2021, 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.

COUNTY POPULATION

<u>Year</u>	<u>Population</u>	<u>Average Annual Percentage Growth</u>
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⁾	459,966 ⁽⁴⁾	0.8
July 1, 2019 ⁽²⁾	463,867 ⁽⁴⁾	0.8
July 1, 2020 ⁽²⁾	482,204	4.0
July 1, 2021 ⁽²⁾	488,136	1.2
July 1, 2030 ⁽³⁾	529,600	0.9

Sources and Notes:⁽¹⁾ U.S. Department of Commerce, Census Bureau, Census 2010.

⁽²⁾ Prince William County Geospatial Technology Services. 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) 9.2 Cooperative Forecasts for Prince William County, March 2021.

⁽⁴⁾ The population estimates for 2018 and 2019 were revised in March 2020 to better align with 2019 4th Quarter population estimates that account for household size of age-restricted housing units.

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SELECTED 2019 POPULATION CHARACTERISTICS

<u>Characteristic</u>	<u>Prince William County</u>	<u>Virginia</u>	<u>United States</u>
Median Age	35.2	38.2	38.1
Percent Age 17 or Under	27.3%	22.1%	22.6%
Percent Age 65 or Older	9.5%	15.0%	15.6%
Average Number of Persons per Household	3.22	2.61	2.62
Percent with High School Diploma or Higher (population ages 25+)	88.5%	89.7%	88.0%
Percent with Bachelor's Degree or Higher (population ages 25+)	41.1%	38.8%	32.1%

Source: U.S. Department of Commerce, Census Bureau, 2015-2019 American Community Survey 5-Year Estimates.
 The 2015-2019 American Community Survey is the most recent as of the date of this Official Statement.

Income

According to the 2015-2019 American Community Survey 5-Year Estimates, the 2019 median household income in Prince William County was \$107,132, which ranked twenty-third highest among all counties and equivalents in the United States. The County has the seventh 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-five counties in the nation for median household income. Comparisons of the County's 2019 median household income estimate are shown in the following table:

COMPARATIVE 2019 INCOME ESTIMATE

	<u>Median Household Income⁽¹⁾</u>
Prince William County	\$107,132
Commonwealth of Virginia	74,222
United States	62,843

Source: U.S. Department of Commerce, Census Bureau, 2015-2019 American Community Survey, 5-Year Estimates.

Note: ⁽¹⁾ A household includes related individuals, unrelated individuals and single persons 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; Kaiser Permanente; American Type Culture Collection; Corning Life Sciences – Mediatech Inc.; Live Nation (Jiffy Lube Live Amphitheatre); Mall at Potomac Mills; Cabela’s; Comcast Communications; Federal Bureau of Investigation; Northern Virginia Community College; George Mason University Science and Technology Campus; New Horizon Security; FedEx Ground; Medliminal, LLC; Minnieland Private Day School; US Foods; Reinhart Foodservice; Mondelēz International, and numerous data centers, including Iron Mountain, CloudHQ, QTS, and COPT. Overall, the largest employment sectors are services, retail and government.

Major public and private employers located within the County as of June 30, 2020, include:

MAJOR PUBLIC AND PRIVATE EMPLOYERS

<u>Employer</u> ⁽¹⁾	<u>Ownership</u>	<u>Number of Employees</u> ⁽²⁾	<u>Rank</u>
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
Target Corporation	Private	500-999	7
Wegmans Store #07	Private	500-999	8
Northern Virginia Community College	State Government	500-999	9
MJ Morgan Group	Private	500-999	10

Source: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, Table 17.

Notes: ⁽¹⁾ All data provided by the Virginia Employment Commission (1st Quarter 2020).

⁽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 245,929 in 2020, an increase of 4.5 percent over the previous five years, but representing a downturn from 248,954 in 2019 due to global economic hardship induced by COVID-19. After increasing each year since 1997, the average civilian labor force in the County began to level off in 2013 with slight fluctuations between 2014 and 2016. This was likely the result of the slowing population growth after a boom in the 1990s and 2000s. In 2020, the employed labor force was 229,901, an increase of 1.3 percent over the past five years but a substantial drop from 242,881 in 2019 due to COVID-19’s severe impact on all economic sectors, but especially the County’s employment in the service industries.

The number of jobs located in the County, or at-place employment, was estimated at 125,272 in 2020. At-place employment in the County has increased 60.3 percent between 2001, when employment was estimated at 83,107, and 2019. In the five-year period from 2014 to 2019, at-place employment grew by 13,774 jobs, or 11.5 percent. However, COVID-19's impact in 2020 caused a drop in at-place employment from 133,237 in 2019. Between March and December 2020, it is estimated that the County recovered over 14,000 jobs.

The following two tables provide information on at-place employment from 2010 to 2020, as well as jobs by employment sector.

PRINCE WILLIAM COUNTY EMPLOYMENT GROWTH

<u>Calendar Year⁽¹⁾</u>	<u>At-Place Employment</u>	<u>Percent Change</u>
2011	108,137	-
2012	112,954	4.5%
2013	116,645	3.3
2014	119,463	2.4
2015	122,607	2.6
2016	126,283	3.0
2017	127,892	1.3
2018	130,335	1.9
2019	133,237	2.2
2020 ⁽²⁾	125,272	(6.0)

Source: Virginia Employment Commission/Bureau of Labor Statistics.

Notes: ⁽¹⁾ For 2011-2019, the data reflects annual averages.

⁽²⁾ For 2020, the values are preliminary.

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PRINCE WILLIAM COUNTY AVERAGE EMPLOYMENT BY INDUSTRY

	2014		2017		2020		2014-2020
	2nd Qtr.		2nd Qtr.		2nd Qtr.		Change
	#	%	#	%	#	%	%
Retail Trade	22,198	18.4	22,355	17.4	18,323	15.6	(17.5)
Educational Services	16,149	13.4	17,094	13.3	17,239	14.7	6.7
Construction	12,901	10.7	13,702	10.6	14,705	12.5	14.0
Health Care and Social Assistance	11,596	9.6	13,541	10.5	13,411	11.4	15.7
Professional, Scientific, and Technical Services	8,741	7.2	9,107	7.1	9,931	8.4	13.6
Accommodation and Food Services	13,308	11.0	14,379	11.2	9,399	8.0	(29.4)
Public Administration	7,678	6.4	7,514	5.8	8,037	6.8	4.7
Administrative and Support and Waste Management and Remediation Services	5,985	5.0	6,685	5.2	6,311	5.4	5.4
Other Services (except Public Administration)	4,043	3.4	4,566	3.5	3,260	2.8	(19.4)
Transportation and Warehousing	2,362	2.0	2,517	2.0	2,902	2.5	22.9
Wholesale Trade	2,828	2.3	2,987	2.3	2,611	2.2	(7.7)
Arts, Entertainment, and Recreation	4,149	3.4	4,730	3.7	2,360	2.0	(43.1)
Finance and Insurance	1,961	1.6	2,132	1.7	1,908	1.6	(2.7)
Manufacturing	1,907	1.6	2,054	1.6	1,844	1.6	(3.3)
Real Estate and Rental and Leasing	1,574	1.3	1,750	1.4	1,729	1.5	9.8
Information	1,717	1.4	1,538	1.2	1,319	1.1	(23.2)
Utilities	653	0.5	728	0.6	768	0.7	17.6
Management of Companies and Enterprises	720	0.6	774	0.6	675	0.6	(6.3)
Unclassified	N/A	N/A	420	0.3	610	0.5	N/A
Agriculture, Forestry, Fishing and Hunting	61	0.1	83	0.1	115	0.1	88.5
Mining, Quarrying, and Oil and Gas Extraction	88	0.1	89	0.1	97	0.1	10.2

Source: Virginia Employment Commission. Labor Market Information: Quarterly Census of Employment and Wages (QCEW).

The County's average unemployment rate for the first six months of 2021 was 5.0 percent compared to 6.5 percent for all of 2020. During the April-June, 2020, period following the start of the COVID-19 pandemic, the average unemployment rate was 10 percent. Prior to the pandemic, as shown in the following table, the unemployment rate in the County was consistently below Commonwealth of Virginia and national averages until 2020, when COVID-19 pushed the County's rate slightly above the rate of the Commonwealth.

HISTORICAL UNEMPLOYMENT RATES

<u>Calendar Year</u>	<u>Prince William County</u>	<u>Commonwealth of Virginia</u>	<u>United States</u>
2011	5.7%	6.6%	8.9%
2012	5.3	6.1	8.1
2013	5.2	5.7	7.4
2014	4.9	5.2	6.2
2015	4.1	4.5	5.3
2016	3.7	4.1	4.9
2017	3.4	3.7	4.4
2018	2.7	3.0	3.9
2019	2.5	2.8	3.7
2020	6.5	6.2	8.1

Source: U. S. Department of Labor, Bureau of Labor Statistics.

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 2020 values are based on the January 1, 2019, assessment). According to the 2020 Real Estate Assessments Annual Report, published September 17, 2020, the assessed value of residential property, including vacant land and excluding rental apartments, increased 5.15 percent in tax year 2020, which is based on assessed values as of January 1, 2019. The change in the residential real estate value is due to 3.89 percent appreciation and 1.26 percent growth.

The assessed value (without estimated supplements) for all real estate property types as of January 1, 2020, recognized as fiscal year 2021 revenue, indicates an estimated increase of 5.87 percent to \$67,394,088,080. The change in the real estate value is due to 4.23 percent appreciation and 1.64 percent growth.

The assessed value (without estimated supplements) for tax year 2020 and percent increase from tax year 2019 are as follows: Residential (including Apartments) \$54,868,857,800 (5.40 percent increase); Commercial \$10,422,487,500 (9.41 percent increase); Public Service \$1,907,014,980 (1.00 percent increase); and Land and Other \$195,727,800 (5.10 percent increase).

Additional information regarding real estate assessments is published in the Real Estate Assessments Office Annual Report available on the County website, <https://www.pwcva.gov>.

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

Fiscal Year	-----Real Property-----				-----Personal Property ⁽⁵⁾ -----			-----Grand Total ⁽⁶⁾ -----	
	Locally Assessed	Public Service ⁽³⁾	Total Assessed Value	Estimated Market Value ⁽⁴⁾	% of Assessed to Estimated Market Value	Locally Assessed	Public Service ⁽³⁾	Assessed Value	Estimated Market Value
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	42,062,251	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	65,844,401	87.9	5,861,397	3,440	63,755,918	71,709,238
2019	59,410,133	1,804,079	61,214,212	69,155,694	88.5	6,395,587	3,274	67,613,073	75,554,555
2020	62,052,211	1,888,134	63,940,345	69,062,205	92.6	6,867,508	3,915	70,811,768	75,933,628
2021	65,645,032	1,907,015	67,552,047	72,618,163	93.0	6,722,361	3,913	74,278,321	79,344,437

Sources: Prince William County, Department of Finance (2020 Real Estate Annual Report, Table 7 and Comprehensive Annual Financial Report, fiscal year 2020, Table 21). Fiscal year 2021 values include estimates made by the County's Real Estate Division for Public Service Property until information is received from the Commonwealth. Fiscal year 2021 is preliminary until the Real Estate Landbook for calendar year 2021 is published in October 2021. Fiscal year 2021 Personal Property values include estimates provided by the County's Tax Administration Division.

- Notes:
- ⁽¹⁾ Fiscal year values represent the January 1 assessed value for the prior fiscal year (e.g., fiscal year 2021 values are based on the January 2020 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 2021 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)

<u>Fiscal Year</u>	<u>Residential and Condos</u>	<u>Apartments</u>	<u>Public Service Property⁽²⁾</u>	<u>Commercial and Industrial</u>	<u>All Other⁽³⁾</u>	<u>Total Use Value Assessment⁽⁴⁾⁽⁵⁾</u>
2011	\$32,477,281	\$1,642,125	\$1,472,610	\$5,899,244	\$163,184	\$41,654,444
2012	33,769,506	1,911,766	1,521,977	6,210,947	170,032	43,584,228
2013	35,821,828	2,185,291	1,501,931	6,597,590	171,126	46,277,766
2014	39,073,111	2,525,672	1,531,397	6,802,104	161,172	50,093,456
2015	41,983,238	2,856,819	1,678,330	7,179,333	166,961	53,864,681
2016	43,393,628	3,020,162	1,782,649	7,406,620	161,469	55,764,528
2017	44,665,855	3,047,465	1,826,020	8,185,594	166,147	57,891,081
2018	46,722,672	3,243,286	1,804,079	9,258,196	185,978	61,214,211
2019	48,810,816	3,416,858	1,888,134	9,638,310	186,227	63,940,345
2020 ⁽⁶⁾	51,290,793	3,716,300	1,907,015	10,442,212	195,728	67,552,048

Source: Prince William County, Department of Finance (2020 Real Estate Annual Report, 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 2020 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, 2019, which represents fiscal year 2020 revenue. The total assessed value of the largest 25 taxpayers was \$4,587,661,340 representing approximately 7.2 percent of the fiscal year 2020 total taxable assessed value of real property within the County. The January 1, 2020, numbers, which represent fiscal year 2021 revenue, will not be available until the Real Estate Annual Report is published in October 2021.

PRINCIPAL REAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2019 Assessment⁽¹⁾</u>
Virginia Electric & Power Company	Utility	\$ 929,162,812
Mall at Potomac Mills LLC	Shopping Center	519,963,900
Abteen Ventures LLC	Data Center	501,809,000
Northern Virginia Electric Co-Op	Utility	362,688,122
VADATA Inc.	Data Center	250,219,500
Powerloft @ Innovation I LLC	Data Center	165,132,000
Washington Gas Light Company	Utility	158,576,050
Verizon South Inc.	Utility	149,701,856
JBG/Woodbridge Retail LLC	Shopping Center	134,232,100
Porpoise Ventures LLC	Data Center	115,929,900
Rolling Brook Windsor LLC	Apartments	115,576,100
Chatsworth Park Investors LLC	Apartments	110,029,000
Woodbridge Station Apartments LLC	Apartments	103,959,600
Kir Smoketown Station LP	Shopping Center	98,080,300
Westgate Apartments Lmted Ptnshp	Apartments	95,708,000
Rivergate Phase I LLC	Apartments	88,591,700
Sutton Ballston LLC & Sutton Equity LLC	Apartments	85,882,200
United Dominion Realty Trust Inc.	Apartments	82,361,600
Fairfield Potomac Club LLC	Apartments	81,832,000
KH Data Capital Building 4 LLC	Data Center	81,033,300
Harbor Station Communities LLC	Residential	75,192,500
Magazine Carlyle Station LP	Apartments	72,375,000
DCO Caroline Development LLC	Apartments	70,991,200
TGM Manassas Inc.	Apartments	69,503,400
COPT DC 19 LLC	Data Center	<u>69,130,200</u>
Total⁽²⁾		\$4,587,661,340

Source: Prince William County, Department of Finance, 2020 Real Estate Annual Report, Table 12.

Notes: ⁽¹⁾ Calendar year assessment January 2019 equates to fiscal year 2020 revenue.

⁽²⁾ Total may not add due to rounding.

Commercial and Industrial Development

As of December 31, 2020, the total inventory of existing commercial space was approximately 50.4 million square feet. This includes 7.6 million square feet of office space, 5.9 million square feet of flex space (office and/or retail), 15.2 million square feet of industrial space, and 21.6 million square feet of retail space.

A net total of 6.94 million square feet of commercial space has been added to the County's inventory in the last nine years. This includes 0.37 million square feet of office space, 1.19 million square feet of flex space, 3.7 million square feet of industrial space, and 1.68 million square feet of retail space. The increase in commercial space over the last nine years has a compound annual growth rate of 1.77 percent. This includes a compound annual growth rate of 0.56 percent in office space, 2.8 percent in flex space, 3.57 percent in industrial space and 0.93 percent in retail space.

In 2020 the County added a net of 979,426 (1.98 percent) square feet to its commercial inventory. This includes an increase of 899,966 square feet (6.28 percent) of industrial space and an increase of 79,460 square feet (0.37 percent) of retail space. The current composition of the County's commercial inventory is 15.1 percent office, 11.76 percent of flex space, 30.2 percent industrial space and 42.94 percent retail space. Totals in each category in the fourth quarter of 2011 through 2020 years are shown in the following table.

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

<u>Year</u>	<u>Office</u>	<u>Flex⁽²⁾</u>	<u>Industrial</u>	<u>Retail</u>	<u>Total</u>
2011	7,247,688	4,738,609	11,528,764	19,969,381	43,484,442
2012	7,333,974	4,728,859	11,598,289	20,508,831	44,169,953
2013	7,337,925	4,728,859	12,005,092	20,785,495	44,857,371
2014	7,337,925	4,870,964	12,134,942	20,892,165	45,235,996
2015	7,359,245	4,882,564	12,251,150	20,961,656	45,454,615
2016	7,356,344	5,217,724	12,266,092	21,063,812	45,903,972
2017	7,479,404	5,699,512	13,054,642	21,324,304	47,557,862
2018	7,474,853	5,699,512	13,832,582	21,362,821	48,369,768
2019	7,616,105	5,931,112	14,328,362	21,569,978	49,445,557
2020	7,616,105	5,931,112	15,228,328	21,649,438	50,424,983

Source: CoStar Realty Information, Inc., August 2021.

Notes: ⁽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 2011 through 2020.

TAXABLE RETAIL SALES

<u>Calendar Year</u>	<u>Taxable Retail Sales (\$000's)</u>	<u>Percentage Change</u>	<u>Retail Sales Per Capita⁽²⁾</u>
2011	\$4,502,616	-	\$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	5,671,609	2.4	12,330
2019	5,806,143	2.4	12,517
2020 ⁽¹⁾	5,658,661	(2.5)	11,735

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 2020 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, Comprehensive Annual Financial Report, fiscal year 2020, 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: 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 2021. Over one out of every three houses in the County has been built since 2000.

	HOUSING UNITS BY TYPE OF STRUCTURE									
	1980		1990		2000		2010		2021	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
Single-family houses ⁽¹⁾	33,912	73.1%	43,959	58.8%	54,632	55.7%	79,574	57.8%	86,184	54.3%
Townhouses	7,141	15.4	17,932	24.0	26,288	26.8	36,343	26.4	40,900	25.8
Multi-Family	<u>5,335</u>	<u>11.5</u>	<u>12,868</u>	<u>17.2</u>	<u>17,132</u>	<u>17.5</u>	<u>21,668</u>	<u>15.8</u>	<u>31,622</u>	<u>19.9</u>
Total	<u>46,388</u>	<u>100%</u>	<u>74,759</u>	<u>100%</u>	<u>98,052</u>	<u>100%</u>	<u>137,585</u>	<u>100%</u>	<u>158,706</u>	<u>100%</u>

Sources: 1980-2000: U.S. Department of Commerce, Census Bureau 10-Year Censuses. 2010: U.S. Census Bureau and 2010 American Community Survey. 2021: Prince William County GIS Services, as of June 30, 2021.

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 2011 through 2020.

BUILDING PERMITS FOR NEW RESIDENTIAL CONSTRUCTION⁽¹⁾

<u>Calendar Year</u>	<u>Single Family</u>	<u>Townhouse</u>	<u>Condo</u>	<u>Apartment</u>	<u>Total</u>
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
2019	638	480	54	5	1,177
2020	729	630	10	8	1,377

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⁾		Industrial and Commercial Properties⁽³⁾		Totals	
	# Permits	Value (\$000's)	# Permits	Value (\$000's)	# Permits	Value (\$000's)⁽⁴⁾
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	939,720
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
2019	2,348	242,445	1,395	974,797	3,743	1,217,242
2020	2,736	250,062	1,184	496,257	3,920	746,319

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.

⁽⁴⁾ Totals may not add due to rounding.

Economic Development

One of the County's strategic goals is a resilient economy that diversifies, supports, and expands the local economy to ensure equitable economic growth through innovative business/talent attraction, promotion, and investment. A resilient economy for the County improves the economic well-being of the community, creates and maintains jobs, expands the commercial tax base, and enhances the quality of life for residents. The County encourages business development, redevelopment, business retention, expansion, investment, and workforce development. Further, the County attracts business investment by focusing on its targeted industries while aligning with its Comprehensive Plan. In that regard, the County's Department of Economic Development works with targeted industries to attract new businesses and foster expansion of existing businesses. Since July 2011, new and expanding companies have announced or indicated their intention to invest approximately \$11.4 billion and add more than 6,879 jobs to the County's economy. Of the 206 projects completed from July 2011 to July 2021, 181 (or 88 percent) were in 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 2011, 35 of the Department of Economic Development's projects have been locations or expansions by life sciences companies, accounting for intended investment of approximately \$81 million and the addition of more than 364 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. Most recently, the County announced its intention to sell approximately 4 acres of land at Innovation Park to Holladay Property Services Midwest Inc. for the development of a 30,000-square-foot facility, which will offer commercial wet lab space for early-stage life sciences companies. It is projected to open in December 2021.

With the County's proximity to Marine Corps Base Quantico, Fort Belvoir, the National Reconnaissance Office, and Washington, D.C., and 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 2011, government contractors or federal agencies have announced their intent to invest and create jobs in the County on 36 occasions. Announcements total approximately \$46 million in investment and 946 new jobs.

The County also offers large, affordable land parcels and minimal natural disaster threats, allowing clients to meet the high security standards that today's data center market demands. Currently, there are approximately 8.4 million square feet of data center facilities in the County. Cumulatively, since 2011, companies in this market have announced their intent to invest \$10.1 billion and create 1,442 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. A second facility on the campus was recently completed in 2020. Iron Mountain estimates an overall planned investment of \$350 million for the data center project. At present, nearly 10,000 acres of land are designated as a Data Center Opportunity Zone Overlay District and the County has initiated a zoning text amendment process to review the zone boundaries to ensure that there is a pipeline of available land for future growth of the industry to support its overall strategic development goals.

Areas of particular interest in the County include Innovation Park (the “Park”) and the Potomac Communities. These two areas are home to approximately 37 percent of the total project announcements within the County since 2011.

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 2011, 65 companies have announced their intent to invest approximately \$3.6 billion and add 1,074 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 12 projects, 402 jobs and almost \$50 million in investment since 2011.

Under current conditions brought on by the COVID-19 pandemic, the County has been working with its business community to support their continued operations. In the early days of the pandemic, the County’s Department of Economic Development quickly pivoted operations to focus on providing much-needed resources and counseling for its business community and worked in collaboration with other County departments as well as local and regional allies to ensure that businesses had resources needed to maintain operations. In 2020, the County established the following incentive programs to assist businesses during the stabilization and recovery period:

- Small Business Relief Grants
- Micro Grants for Hotels, Motels and Inns
- Construction and Renovation Permit Rebates
- Capital Investment and Innovation Grants
- PWC Ignite Start-up Grants
- Workforce Reskilling Grants
- Small Business Technical Assistance

These programs were largely financed from funds received under the CARES Act. Going forward, the County will deploy available ongoing resources to build capacity and support the recovery of its businesses, particularly high-risk ones, through its various programs including small businesses assistance, existing business outreach and workforce development. More details of COVID-19’s impact on the County’s economic development are provided under the captions “SECTION I – THE COUNTY - GOVERNMENTAL SERVICES - COVID-19 Matters,”

Tourism and Travel

The County has a thriving tourism economy that currently ranks in the top 10 in terms of visitor spending when compared to all localities in Virginia, due in part to its major attractions and a location 25-miles from the nation's capital. While the COVID-19 pandemic has had a substantial impact on the hospitality and tourism sectors nationwide, Prince William is poised for a rebound in the tourism and hospitality sectors over the next decade supported by travel from military/government, business, sports tourism, leisure, group, and social occasions segments. In addition, the continued population growth in the Northern Virginia region will drive demand for continued investment in new attractions for residents and visitors alike. The County's lodging inventory currently includes 46 hotels with 4,653 rooms, with two more hotels opening shortly, expanding total room supply Countywide to 4,878.

Located adjacent to Marine Corps Base Quantico is the state-of-the-art, interactive National Museum of the Marine Corps, which attracts more than 500,000 visitors annually. It rivals Manassas National Battlefield Park, Jiffy Lube Live, and Potomac Mills Mall as the County's most visited attractions. Outdoor options abound, including golf courses open for public play, three National Park units, a National Scenic Trail, two National Wildlife Refuges, two state parks, 60 community and neighborhood parks, six marinas and two waterparks. The County boasts 38 square miles of public green and open space, the most in the Metropolitan Washington DC area, with more than 155 miles of trails.

The County is also home to a thriving arts and cultural scene with 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, a robust historic preservation interpretive program, and a variety of art venues, farms, and agri-tourism sites. Prince William County is also home to a burgeoning craft beverage scene that includes more than 20 wineries, distilleries, and breweries. The County is expanding upon its role as a sports tourism destination hosting a variety of recent events such as Tough Mudder, USA BMX, soccer and baseball tournaments, and marathons that encourage travel and overnight stays by visitors.

Visitors to Prince William County enjoy access to some of the best transportation infrastructure in the nation, including two nearby major airport hubs (Ronald Reagan Washington National and Washington Dulles International Airports), Manassas Regional Airport, Interstates 95 and 66, waterfront marinas, and rapid rail lines with connecting Amtrak service.

Tourism development continues to expand in the County with a newly adopted agri-tourism and arts overlay district, as well as growth in the lodging, craft beverage, dining, and retail industries. Proposed developments include a \$400M+ casino and hotel investment in the Town of Dumfries, the completion of a multi-year expansion of the National Museum of the Marine Corps, and the planned Americans in Wartime Museum. One of the primary opportunities for tourism growth will be within the meetings, weddings, and social occasion markets due in part to nearly a dozen newly opened event venues. According to a 2019 study by the U.S. Travel Association for the Virginia Tourism Corporation, (pre-COVID-19) Prince William County is 9th out of 133 municipalities in the Commonwealth with total travel-related expenditures generating over

\$643 million and supporting 6,782 jobs. The 2019 U.S. Travel Association study is the most current as of the date of this Official Statement.

Due to travel restrictions imposed to mitigate the spread of COVID-19 and closure of major attractions, the tourism tax collection for the County is projected to be affected into fiscal year 2022. The budgeted transient occupancy tax revenue for fiscal year 2021 was revised down from fiscal year 2020 \$4.2 million to \$2.8 million due to reduced hotel occupancy and downward pressure on hotel rates. More details of COVID-19's impact on the County's revenues and expenses are provided under the captions "SECTION I – THE COUNTY - GOVERNMENTAL SERVICES - COVID-19 Matters," "SECTION II - FINANCIAL ADMINISTRATION - GENERAL FUND FINANCIAL OPERATIONS" and "SECTION II - FINANCIAL ADMINISTRATION - SUMMARY OF THE BUDGET FOR FISCAL YEAR 2022."

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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 money (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 (e.g., 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, 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 2020, 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, 2020, are recognized in total as revenues in fiscal year 2021, which began on July 1, 2020. 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 for each fiscal year ended June 30. The financial statements for fiscal year ended June 30, 2020, have been audited by the independent public accounting firm of Cherry Bekaert, LLP, Richmond, Virginia. Sections of the Comprehensive Annual Financial Report corresponding to the General Purpose Financial Statements for the fiscal year ended June 30, 2020, are presented herein as Appendix B to this Official Statement. In addition to the Comprehensive Annual Financial Report, 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 Comprehensive Annual Financial Report refer to Appendix B. The Comprehensive Annual Financial Report and the current five-year budget, which is not incorporated herein, are available on the County website, <https://www.pwcva.gov>.

Cherry Bekaert, LLP, the County's independent auditor for fiscal year ended June 30, 2020, 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 2020 Financial Results

The financial data presented in the tables and exhibits that follow is from the Prince William County, Comprehensive Annual Financial Report for fiscal year ended June 30, 2020.

The following is a summary of fiscal year 2020 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 \$1,209,309,000 and was over the budget of \$1,200,820,000 by \$8,489,000, or 0.7 percent. The largest variances were due to higher General Property Taxes and Other Local Taxes, and revenues from the federal government.

Budgetary Expenditures were \$1,198,029,000 and were under the budget of \$1,219,797,000 by \$21,768,000 or 1.8 percent. The major variances were in the categories of General Governmental Administration, Public Safety, Health and Welfare, and Parks and Recreation.

The resulting Budgetary Revenues over budget and the Budgetary Expenditures under budget resulted in an Excess of Revenues over Expenditures of \$11,280,000 versus a budgeted deficiency of \$18,977,000.

Budgetary Actual Revenues for fiscal year 2020 compared to fiscal year 2019 Budgetary Revenues were higher by \$64,091,000 or 5.6 percent and Budgetary Expenditures were higher by \$53,200,000 or 4.6 percent.

Fiscal Year 2021 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 third quarter preliminary General Fund revenue update published on May 15, 2021, estimated a surplus of \$10.8 million or approximately 1 percent over the \$1.095 billion adopted budget for fiscal year 2021 general revenues. The fiscal year 2021 general revenue adopted budget is approximately 2 percent above the fiscal year 2020 actuals. The major variances were a result of residential and commercial appreciation as well as a \$0.10 increase

to the business tangible property tax rate for computer and peripheral equipment and new motor vehicle license tax rates.

The quarterly unaudited preliminary report of the status of the General Fund expenditures and trends for the third quarter projected expenditures at year end to be 2.7 percent under the revised (excluding the transfer to schools, operating transfers, and restricted funds) general fund fiscal year 2021 budget of \$627.8 million. Current projections indicate that expenditure savings at the end of the fiscal year are at approximately \$22 million. Actual, audited financial results for the County's fiscal year 2021 may be different.

The fiscal year 2021 Third Quarter Review reports that real and personal property tax collections are on course to meet the adopted forecast for each revenue stream. Specific components within these revenue sources, such as unpaid taxes and tax relief associated with Real Property, are being closely monitored to determine if future adjustments are required. Sales tax revenue remained particularly strong during COVID-19 pandemic. Based on the current trajectory of revenue collections and evidence of building consumer demand for goods and services, the sales tax forecast for fiscal year 2021 has been revised to \$75 million from the adopted \$72.3 million. However, the COVID-19 pandemic has affected agency revenue since many Parks, Recreation and Tourism facilities operated at reduced service hours and capacity throughout the first three quarters of the fiscal year 2021. In addition, fines and forfeitures collected by the Courts, Sheriff, and Library were all at reduced levels. Social Services special education private day school placement reimbursements are also projected at reduced levels due to the challenges of providing services in a remote environment. General fund agency revenue is projected to be \$13 million below budget.

Recent Financial Summary

The following table summarizes revenues, expenditures, transfers, and changes in fund balance of the General Fund for fiscal years 2016 through 2020.

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GENERAL FUND REVENUES, EXPENDITURES, TRANSFERS AND CHANGES IN FUND BALANCE⁽¹⁾

(\$000's)

FISCAL YEAR	2020	2019	2018	2017	2016
REVENUES					
Taxes	\$1,003,503	\$ 948,599	\$ 901,168	\$ 866,656	\$ 829,490
Licenses & Permits	1,982	2,070	2,057	2,119	2,295
Fines & Forfeitures	2,705	3,456	3,050	2,732	2,952
Revenues from Use of Money & Property	16,850	24,173	3,940	1,495	12,366
Charges for Services	<u>11,113</u>	<u>14,064</u>	<u>13,555</u>	<u>13,645</u>	<u>12,826</u>
Total Revenue from Local Sources	<u>\$1,036,153</u>	<u>\$ 992,362</u>	<u>\$ 923,770</u>	<u>\$ 886,647</u>	<u>\$ 859,929</u>
Intergovernmental Revenues	167,982	162,507	159,470	153,560	149,663
Miscellaneous Revenues	<u>14,592</u>	<u>9,616</u>	<u>11,522</u>	<u>23,385</u>	<u>13,550</u>
Total Revenues	<u>\$1,218,727</u>	<u>\$1,164,485</u>	<u>\$1,094,762</u>	<u>\$1,063,592</u>	<u>\$1,023,142</u>
EXPENDITURES					
Education	\$ 506,729	\$ 473,433	\$ 464,197	\$ 467,666	\$ 423,385
General Government Administration	45,490	45,704	42,300	44,340	39,122
Judicial Administration	26,035	22,512	21,052	21,292	20,175
Public Safety	273,447	259,115	240,310	226,047	219,365
Public Works	31,398	33,232	31,742	30,809	31,407
Health & Welfare	111,014	104,378	96,955	89,166	85,237
Parks, Recreation & Cultural	50,495	49,645	47,160	44,186	34,797
Community Development	12,136	10,767	10,769	11,632	8,168
Debt Service ⁽²⁾	<u>141,285</u>	<u>146,043</u>	<u>141,908</u>	<u>134,737</u>	<u>123,216</u>
Total Expenditures	<u>\$1,198,029</u>	<u>\$1,144,829</u>	<u>\$1,096,393</u>	<u>\$1,069,875</u>	<u>\$ 984,872</u>
Excess of Revenue Over expenditures	<u>\$ 20,698</u>	<u>\$ 19,656</u>	<u>\$ (1,631)</u>	<u>\$ (6,283)</u>	<u>\$ 38,270</u>
OTHER FINANCING					
Transfers In	\$ 52,103	\$ 48,562	\$ 40,964	\$ 34,377	\$ 31,014
Transfers Out	(39,452)	(67,116)	(38,388)	(55,155)	(43,280)
Non-Revenue Receipts	<u>452</u>	<u>382</u>	<u>285</u>	<u>318</u>	<u>2,162</u>
Total Other Financing Sources (Uses)	<u>\$ 13,103</u>	<u>\$ (18,172)</u>	<u>\$ 2,861</u>	<u>\$ (20,460)</u>	<u>\$ (10,104)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 33,801</u>	<u>\$ 1,484</u>	<u>\$ 1,230</u>	<u>\$ (26,743)</u>	<u>\$ 28,166</u>
FUND BALANCE					
Fund Balance, Beginning of Year	<u>\$ 195,231</u>	<u>\$ 193,747</u>	<u>\$ 192,517⁽⁴⁾</u>	<u>\$ 219,015⁽³⁾</u>	<u>\$ 174,996</u>
Fund Balance, End of Year	<u>\$ 229,032</u>	<u>\$ 195,231</u>	<u>\$ 193,747</u>	<u>\$ 192,272</u>	<u>\$ 203,162</u>

Sources: Prince William County, Comprehensive Annual Financial Report, fiscal years 2016-2020, 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 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 reference see Prince William County, Comprehensive Annual Financial Report, fiscal year 2017, Note 1, R.

⁽⁴⁾ The County dissolved the Convention and Visitors Bureau and merged its functions into the County's Department of Parks and Recreation, which resulted in a restatement of 2017 financial information. For reference see Prince William County, Comprehensive Annual Financial Report, fiscal year 2018, Note 1, R.

The following table summarizes fiscal year 2020 General Fund Final to Actual Budgetary Revenues and Budgetary Expenditures Variances.

General Fund Budget Variance
 (\$000's)

	<u>2020 Budget Final</u>	<u>2020 Actual</u>	<u>Variance</u>
BUDGETARY REVENUES:⁽¹⁾			
REVENUE FROM LOCAL SOURCES:			
General Property Taxes	\$ 851,116	\$ 859,075	\$ 7,959
Other Local Taxes	137,902	144,428	6,526
Permits, Privilege Fees and Regulatory Licenses	2,116	1,982	(134)
Fines and Forfeitures	3,121	2,705	(416)
Revenue from Use of Money and Property	7,245	7,432	187
Charges for Services	14,719	11,113	(3,606)
Total Revenue from Local Sources	\$1,016,219	\$1,026,735	\$10,516
REVENUE FROM FEDERAL GOVERNMENT	\$21,704	\$ 24,126	\$ 2,422
REVENUE FROM THE COMMONWEALTH:			
Noncategorical Aid	\$ 82,241	\$ 82,185	\$ (56)
Shared Expenditures	6,460	6,599	139
Categorical Aid	25,550	23,282	(2,268)
Other Categorical Aid	24,186	22,825	(1,361)
Total Revenue from the Commonwealth	\$ 138,437	\$ 134,891	\$(3,546)
LOCAL GOVERNMENTS	\$8,960	\$8,965	\$5
MISCELLANEOUS	\$ 15,500	\$14,592	\$ (908)
Total Budgetary Revenues	\$1,200,820	\$1,209,309	\$ 8,489
BUDGETARY EXPENDITURES:			
General Governmental Administration	\$ 47,973	\$ 45,490	\$ 2,483
Judicial Administration	26,780	26,035	745
Public Safety	280,383	273,447	6,936
Public Works	32,744	31,398	1,346
Health and Welfare	115,936	111,014	4,922
Education	506,773	506,729	44
Parks, Recreational and Cultural	54,702	50,495	4,207
Community Development	12,959	12,136	823
Debt Service	141,547	141,285	262
Total Budgetary Expenditures	\$1,219,797	\$1,198,029	\$21,768
Excess (Deficiency) of Budgetary Revenues Over (Under) Budgetary Expenditures	\$ (18,977)	\$ 11,280	\$30,257

Source: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, Schedule 1.

Note: ⁽¹⁾ Budgetary Revenues exclude 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 from 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 5.8 percent in fiscal year 2020 compared to fiscal year 2019.

GENERAL FUND TAX REVENUES BY SOURCE

Fiscal Year Ending June 30

(\$000's)

	2020 ⁽¹⁾	2019 ⁽²⁾	2018 ⁽²⁾	2017 ⁽²⁾	2016 ⁽²⁾
General Property Taxes:					
Real Property Taxes	\$ 675,922	\$641,094	\$610,916	\$588,498	\$570,372
Personal Property Taxes	153,822	141,126	129,094	121,423	108,682
Public Service Property Taxes	21,241	20,296	20,706	19,998	18,831
Penalties and Interest	8,090	7,627	8,104	6,857	6,068
Total General Property Taxes	\$ 859,075	\$810,143	\$768,820	\$736,776	\$703,953
Other Local Taxes:					
Local Sales Tax	\$ 72,341	\$ 68,710	\$ 64,566	\$ 63,022	\$ 60,551
Utility Taxes	14,408	14,443	14,417	14,196	13,977
All Other Taxes	57,679	55,303	53,365	52,662	51,009
Total Other Local Taxes	\$ 144,428	\$138,456	\$132,348	\$129,880	\$125,537
Total General Fund Taxes	\$1,003,503	\$948,599	\$901,168	\$866,656	\$829,490

Sources: ⁽¹⁾ Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, Exhibit 5 and Schedule 1.

⁽²⁾ Prince William County, Comprehensive Annual Financial Report, fiscal years 2016-2019, 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, 2020, real, personal and public service property taxes, together with penalties and interest thereon, represented 71 percent of total General Fund budgetary revenues.

The following table sets forth information concerning the County’s property tax collection rate for fiscal years 2016 through 2020.

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
2016	\$630,485	\$629,017	99.8%	\$ 358	99.8%
2017	653,759	651,883	99.7	1,096	99.9
2018	682,368	681,108	99.8	613	99.9
2019	714,169	712,882	99.8	886	99.9
2020	754,389	745,087	98.8	-	98.8

Source: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, 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	2021	2020	2019	2018	2017
Real Property	\$1.125	\$1.125	\$1.125	\$1.125	\$1.122
Personal Property	3.7	3.7	3.7	3.7	3.7

Source: Prince William County, Department of Finance.

On April 27, 2021, the Board adopted the fiscal year 2022 real estate tax rate of \$1.115 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, 2020.

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 6 percent of total General Fund budgetary revenues in fiscal year 2020.

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 2020, utility taxes represented 1.2 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 2020, 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 2020, 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 0.2 percent of total budgetary General Fund revenues for fiscal year 2020.

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 2020, these revenues accounted for 0.6 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 2020, these revenues amounted to 0.9 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 2020, intergovernmental revenues amounted to 13.9 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 1.2 percent of fiscal year 2020 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 2020, this classification represented approximately 55.9 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 40.9 percent of total General Fund expenditures and transfers out in the fiscal year ended June 30, 2020. The transfer to the School Board component unit represents approximately 49.5 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 2020, transfers to the Capital Project Fund represented approximately 2.7 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 2020, approximately 0.5 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 fiscal 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 Fund balance at the end of fiscal year 2020 was \$24,375,000, 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 CIP. The balance in this reserve at June 30, 2020, was \$55,691,000, net of a provisional \$10,000,000 carve-out for ongoing emergency response related to the pandemic.

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The following table shows the County's General Fund balance as of June 30, 2016, through 2020:

**GENERAL FUND BALANCES
 FISCAL YEAR ENDED JUNE 30
 (\$000'S)**

<u>Fund Balances</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016⁽¹⁾</u>
Non-spendable	\$ 262	\$ 396	\$ 288	\$ 178	\$ 151
Restricted	9,445	9,524	9,941	10,350	8,366
Committed	118,703	88,951	89,315	92,852	127,049
Assigned	9,217	9,025	12,096	9,123	7,775
Unassigned	<u>91,405</u>	<u>87,335</u>	<u>82,107</u>	<u>79,769</u>	<u>75,674</u>
Total General Fund Balance	\$229,032	\$195,231	\$193,747	\$192,272	\$219,015
 Total General Fund Balance as a % of General Fund Revenues	 18.79%	 16.77%	 17.70%	 18.08%	 21.40%
 Unassigned General Fund Balance as a % of General Fund Revenues	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%
 Revenue Stabilization Fund Balance	 \$ 24,375	 \$ 23,289	 \$ 21,895	 \$ 21,272	 \$ 20,463
 Revenue Stabilization Fund Balance as a % of General Fund Revenues	 2.00%	 2.00%	 2.00%	 2.00%	 2.00%

Source: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, Table 3 and Prince William County, Comprehensive Annual Financial Report, fiscal years 2016-2019, Illustration 11-1.

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, Comprehensive Annual Financial Report, fiscal year 2017, Note 1, R.

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SUMMARY OF THE BUDGET FOR FISCAL YEAR 2022

The following table summarizes the sources and uses of funds in the fiscal year 2022 adopted budget.

GENERAL FUND BUDGET FOR FISCAL YEAR 2022 (Adopted)

Revenues and Transfers		Expenditures and Transfers	
General Property Taxes	\$ 994,797,417	Community Development	\$ 75,740,988
Other Local Taxes	143,233,000	General Governmental	79,948,512
Revenue from Use of Money and Property	6,673,520	Human Services	145,857,777
Intergovernmental Revenue		Public Safety	308,770,655
Revenue from Federal Government	21,945,226	General Debt ⁽¹⁾	51,598,342
Revenue from Commonwealth	88,049,141	Cash Funding of Capital Construction	4,725,091
Revenue from Other Localities	8,299,637	Transfer to Schools	657,631,826
Permits, Fees, and Licenses	1,783,501	Unclassified Administrative ⁽²⁾	<u>29,949,354</u>
Fines and Forfeitures	3,386,189		
Charges for Services	14,279,538		
Miscellaneous Revenue	2,355,194		
Transfers from Other Funds	61,163,819		
Other Resources	<u>8,256,363</u>		
Total	\$1,354,222,545	Total	\$1,354,222,545
		Net Revenue & Resources Available	\$ 0

Source: Prince William County, fiscal year 2022 Adopted 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 Year 2021 and 2022 Adopted Budgets

The following shows the County's Total Revenues and Resources, and Total Expenditures from the Adopted Budgets for fiscal year 2021 and fiscal year 2022 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 2021 budget was adopted by the Board, at its April 28, 2020, meeting. The fiscal year 2022 budget was adopted by the Board, at its April 27, 2021, meeting. Additional fiscal year 2021 and fiscal year 2022 budget information is available on the Prince William County web site at <https://www.pwcva.gov>.

	Fiscal Year 2021 Original Adopted Budget	Fiscal Year 2022 Original Adopted Budget
Revenue and Resources:		
General Revenue	\$1,100,483,000	\$1,145,901,059
Agency Revenue	177,765,931	195,248,651
County Resources	<u>6,999,769</u>	<u>13,072,836</u>
Total Revenue & Resources Available⁽¹⁾	\$1,285,248,700	\$1,354,222,545
Expenditures:		
County Government	\$ 659,906,219	\$ 698,423,369
Transfer to Schools	<u>625,342,481</u>	<u>655,799,176</u>
Total Expenditures⁽¹⁾	\$1,285,248,700	\$1,354,222,545

Sources: Prince William County, fiscal year 2021 and 2022 Adopted Budgets.

Notes: ⁽¹⁾ Totals may not add due to rounding.

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Fiscal Year 2022 General Fund Budget (Adopted)

<u>Expenditure by Classification:</u>	<u>Fiscal Year 2022 Adopted</u>
Personal Services	\$ 300,337,405
Fringe Benefits	109,595,809
Contractual Services	40,246,300
Internal Services	45,504,419
Other Services	84,617,166
Debt Maintenance	36,730,117
Capital Outlay	6,521,224
Leases and Rentals	11,193,140
Reserves and Contingencies	(7,345,959)
Transfers Out ⁽¹⁾	726,822,924
Total General Fund Expenditures	<u>\$1,354,222,545</u>
<u>Funding Sources:</u>	
General Property Taxes	\$ 994,797,417
Other Local Taxes	143,233,000
Permits, Privilege Fees and Regulatory Licenses	1,783,501
Fines and Forfeitures	3,386,189
Revenue From Use of Money and Property	6,673,520
Charges for Services	14,279,538
Miscellaneous	2,675,195
Revenue From Other Localities	8,299,637
Revenue From the Commonwealth	88,049,141
Revenue From the Federal Government	21,945,226
Transfers In ⁽¹⁾	61,163,819
Total General Fund Revenue	<u>\$1,346,286,183</u>
Other Resources	\$ 7,936,362
Total General Fund Revenue and Other Resources	<u><u>\$1,354,222,545</u></u>
Revenue and Other Resources Over / (Under) Expenditures	<u><u>\$ 0</u></u>

Source: Prince William County, fiscal year 2022 Budget.

Note: ⁽¹⁾ Excludes Transfers within the General Fund.

In addition to an annual budget, the County adopts a five-year fiscal plan. The County's General Revenue Committee considers a broad variety of federal, Commonwealth, and County sources when developing five-year revenue forecasts that are utilized in creating five-year fiscal plans and annual budgets. The fiscal years 2022-2026 revenue forecast assumed stable growth. To provide a diversified and stable revenue base, a new cigarette tax is included in fiscal year 2022, and a proposed meals tax is added in the out years of the five-year revenue forecast (beginning in fiscal year 2023).

Fiscal Year 2022 General Fund Resource and Expenditure Adopted Budget

Revenue and Resources:	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
General Revenue	\$1,145,901,059	\$1,225,608,059	\$1,281,455,059	\$1,333,143,746	\$1,382,152,000
Agency Revenue	195,248,651	195,518,907	199,006,182	204,511,894	213,535,647
County Resources	<u>13,072,836</u>	<u>3,501,165</u>	<u>3,319,137</u>	<u>2,999,138</u>	<u>1,749,791</u>
Total County Revenue and Resources Available ⁽¹⁾	<u>\$1,354,222,545</u>	<u>\$1,424,628,131</u>	<u>\$1,483,780,378</u>	<u>\$1,540,654,777</u>	<u>\$1,597,437,438</u>
Expenditures:					
County Government	\$ 685,325,944	\$ 708,308,715	\$ 719,609,208	\$ 735,634,339	\$ 748,421,521
Transfer to Schools	655,799,176	701,415,492	733,376,730	762,958,166	791,005,590
County CIP	<u>13,097,426</u>	<u>14,327,569</u>	<u>30,786,046</u>	<u>40,736,219</u>	<u>56,679,645</u>
Total Expenditures⁽¹⁾	<u>\$1,354,222,545</u>	<u>\$1,424,051,776</u>	<u>\$1,483,771,984</u>	<u>\$1,539,328,724</u>	<u>\$1,596,106,755</u>
Total Revenue and Resource Balance	\$ 0	\$ 576,355	\$ 8,394	\$ 1,326,053	\$ 1,330,683
Real Estate Tax Rate	\$ 1.115	\$ 1.115	\$ 1.125	\$ 1.125	\$ 1.125

Source: Prince William County, fiscal year 2022 Adopted Budget.

Notes: ⁽¹⁾ Totals may not add due to rounding.

COVID-19 Impact on the Fiscal Year 2022 Adopted Budget

The fiscal year 2022 budget and five-year fiscal plan are sustainable based on a resilient local and regional economy that is improving following economic uncertainty caused by the pandemic. Continued COVID-19 vaccine distribution remains vital to full economic recovery in the retail and tourism/hospitality sectors. Comparable to nationwide trends, the Washington D.C. metropolitan area economy has experienced the detrimental impact of the pandemic, but the resilience of the area has cushioned the shock.

On April 27, 2021, the Board of County Supervisors adopted the County fiscal year 2022 budget. The adopted \$1.35 billion budget was based on a \$1.115 per \$100 of assessed value real estate tax rate, reduced from the fiscal year 2021 rate of \$1.125. Additionally, the Board voted to decrease the business tangible personal property tax rate for computer and peripherals from the proposed \$1.60 to \$1.50 per \$100 of assessed value, but an increase from the fiscal year 2021 rate of \$1.35. The adopted fiscal year 2022 budget's general revenues would generate \$1.146 billion, an additional \$45.4 million over fiscal year 2021. Additional agency revenues of \$195,248,651 and County resources of \$13,072,836 brings the adopted fiscal year 2022 budget funding total to \$1,354,222,545, which is a 5.37 percent increase above the fiscal year 2021 adopted budget.

County support to Prince William County Public Schools would have been equal to \$656 million, which would have been a 4.87 percent increase over the fiscal year 2021 adopted budget.

The fiscal year 2022 budget and the five-year fiscal plan budget were adopted considering economic realities associated with the COVID-19 pandemic. During the calendar year 2020 and reflected in the January 1, 2021, reassessment, average residential real estate values grew by 7 percent, while commercial properties resulted in an overall decline at a rate of 4.5 percent. COVID-19 had a significant impact on the retail sector and hospitality sector and reverberations are anticipated to be felt over the coming years. Shopping centers, specifically, have experienced higher vacancies during the pandemic and are expected to remain subdued going forward. Personal property tax projections for vehicles and business tangible property assumes modest growth of 2.8 percent in fiscal year 2022 and future years, due to the uncertainty from COVID-19. Although the per unit average value is expected to increase, demand for older cars has also increased, mobility behavior has changed, and consumers may hold off on large purchases until confidence returns with the easing of the pandemic. Retail activity, as reflected by sales tax revenue, increased 5.3 percent in fiscal year 2020, above the 3 percent forecasted growth rate. Consumers quickly shifted their purchases from brick-and-mortar to online purchases as national closures due to the COVID-19 occurred in spring, 2020. Sales tax revenue is projected to grow at a rate of 3 percent in the revenue forecast. Consumer utility tax revenue is projected to decrease by almost 7.9 percent in fiscal year 2022 driven by COVID-19 factors, such as a moratorium on utility disconnections and is expected to grow modestly at 1 percent in the remaining years of the forecast. BPOL tax revenue is projected to decline 8.2 percent in fiscal year 2022 due to the impact of COVID-19 on the local economy, specifically small businesses. The revenue is expected to show modest growth in the remaining years of the forecast. Transient occupancy tax revenue is forecasted to continue experiencing a double-digit decline in fiscal year 2022 as hotel occupancy rates continue to be down during the pandemic.

The Board of County Supervisors continues to review the County's budget on a quarterly basis and to make revisions as needed.

The Local Economy

Prior to the COVID-19 pandemic, the County's economy had shown signs of continued strengthening in many aspects, including improving unemployment and job creation, and healthy household incomes. The residential real estate market began to strengthen in 2011, and continued that trend throughout 2020, with moderate increases in average sale prices and declining monthly foreclosures.

In January 2020, assessed value of all residential properties (including apartments) was \$54.87 billion, an increase of over \$2.81 billion, or 5.4 percent from 2019. Residential properties (including apartments) currently account for 81.41 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 2020 was \$420,000. This represents an increase of 12 percent year-over-year. The number of homes sold in the County in

December 2020 was 717, an increase of 33.8 percent over 2019. The average number of days a home in the County was on the market was 13 in December 2020, compared to 29 days in December 2019.

According to the Metropolitan Regional Information Systems (MRIS) sales data for June 2021, the average residential sales price of \$526,022 represents a year-over-year gain of 16.13 percent. Sales numbers for the same period were essentially flat at 1,020 units with an increase of 30.77 percent when compared to June 2020. The County's residential market experienced an increase in active listings, up 8.67 percent, when compared to the same period in 2020. On average, units are on the market for 7 days, a decrease from 18 days the same period last year. Despite the recent surge in interest rates over the past several months, mortgage rates continue to be low on a historical basis. Favorable interest rates for borrowers, tight housing supply, and flexible work arrangements offered by employers continue to fuel residential home price appreciation in the County.

In December 2020, according to CoStar Realty Group, the County's commercial inventory included 50.4 million sq. ft. of space in 2,143 buildings, with 2.8 million sq. ft. of available space. The County's commercial sector, particularly in terms of vacancy rates had strengthened, prior to the outbreak of the COVID-19 pandemic.

Among other revenue sources, local sales tax revenue increased over the last year as well. Based on the third quarter unaudited preliminary revenue and expenditures report for fiscal year 2021, a total of \$75 million sales tax revenue was reported, an increase of 3.7 percent over fiscal year 2020. Sales tax revenue for fiscal year 2020 was 3.12 percent over budget. The preliminary Business Professional and Occupational License tax revenue for fiscal year 2021 was reported at \$26 million, 6.67 percent over the adopted budget, but a decrease of 7.9 percent over fiscal year 2020.

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 General Fund cost per capita of government services in fiscal year 2022 when adjusted for inflation is \$2,191 compared to 2008's cost per capita of \$2,217, a decrease of 1.2 percent from fiscal year 2008 to fiscal year 2022. During that same period, the population of the County increased 22.7 percent from 388,269 in fiscal year 2008 to a budgeted estimate of 476,312 in fiscal year 2022, an average increase of 1.6 percent per year.

The fiscal year 2022 adopted budget for general County Government services is \$698.4 million or a 5.8 percent increase over the fiscal year 2021 adopted budget. The General Fund transfer to the school fund increased by 4.9 percent to \$655.8 million.

The adopted fiscal year 2022 budget emphasized the following strategic goals during the planning process. The County anticipates maintaining this emphasis over the next several years.

- Health, Well-Being and Human Services
- Safe and Secure Community
- Resilient Economy
- Quality Education and Workforce Development
- Environmental Conservation
- Sustainable Growth
- Transportation and Mobility

On April 27, 2021, the Board adopted a real estate tax rate of \$1.115 per \$100 of assessed value for the fiscal year 2022 budget, which includes \$1,354 million in General Fund budget expenditures. The adopted tax rate resulted in an average residential tax bill increase of 7 percent. However, due to the COVID-19 pandemic, the average commercial tax bill resulted in an overall decline at a rate of 4.5 percent. At the adopted \$1.115 tax rate, total general revenue in fiscal year 2022 is projected to increase compared to fiscal year 2021 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 2022-2027 CIP was adopted by the Board on April 27, 2021. 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, 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 and watershed projects. Transportation projects comprise 75% of the CIP, excluding schools, with over \$785.5 million of projected expenditures planned over the plan period. The Prince William County School Board adopted a separate ten-year CIP that details facilities construction and renovation to support education.

The following is a summary of projects included in the 2022-2027 CIP:

- Funding for transportation projects includes Route 1 (Featherstone Road to Mary’s Way), Route 28 (Pennsylvania Avenue to Linton Hall Road) and the Bypass, Balls Ford Road Interchange and Widening, Brentsville Road, Minnville Road and University Boulevard Interchanges. Also included are two different Old Bridge Road intersection improvements, the Fuller Road and Fuller Heights Road improvements, Neabsco Mills Road (Route 1 to Dale Boulevard), Devlin Road Widening, the Potomac/Neabsco Mills Commuter Garage, University Boulevard Extension and Summit School Road;
- In the area of public safety, the CIP includes the construction of two new Fire & Rescue Stations: Station 27 (East End) and Station 28 (TBD). Additionally, funding is included for main building repairs at the Adult Detention Center, a new Animal Shelter, a Public Safety Training Center Expansion, Judicial Center Expansion and security enhancements at County facilities;
- In the area of community development, funding for parks and recreation will provide for new parks, improvement of trail segments, and sports field improvements. Additionally, funding is allocated for drainage and storm water improvements to the County’s watersheds. Funding is also allocated for large-scale maintenance and repair of existing capital assets to extend the useful life of County facilities;

- Solid waste administration projects include capping existing landfill cells and creating new cells; and
- Technology improvements include 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 2022 - 2027 CIP SOURCE AND EXPENDITURE AREA SUMMARY
 (\$000's)

Source	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>Total⁽²⁾</u>
Debt (County)	\$ 24,768	\$ 52,135	\$ 111,192	\$ 66,389	\$ 98,713	\$ 85,681	\$ 438,878
Debt (Schools)	64,385	66,907	104,976	169,923	108,424	66,220	580,835
State/Federal	102,370	81,924	38,365	24,136	2,500	0	249,296
Schools – Cash Funded Projects	54,155	24,482	24,971	25,471	25,980	20,296	175,355
NVTA 30% & 70% Funding	50,996	54,181	54,567	9,185	39,841	38,205	246,975
General Fund	5,612	3,272	3,062	2,475	2,699	2,417	19,536
Capital Reserve	8,139	3,846	1,775	1,655	1,582	1,582	18,579
Stormwater Management Fees	2,709	4,700	2,900	3,850	4,050	4,600	22,809
Solid Waste Fees	4,681	1,644	3,532	4,948	1,560	5,403	21,768
Proffers	2,629	2,693	834	45	1,387	1,364	8,953
Internal Services Fund Balance	1,336	955	0	0	0	0	2,292
ADC Fund Balance	1,927	0	0	0	0	0	1,927
Recordation Tax	1,462	1,032	904	0	0	0	3,399
Service Authority Reimbursement	790	396	0	0	0	0	1,186
Other Revenue	<u>6,509</u>	<u>2,253</u>	<u>1,688</u>	<u>0</u>	<u>82</u>	<u>0</u>	<u>10,533</u>
Grand Total⁽²⁾	<u>\$332,468</u>	<u>\$300,420</u>	<u>\$348,766</u>	<u>\$308,077</u>	<u>\$286,818</u>	<u>\$225,768</u>	<u>\$1,802,321</u>

Expenditure Area	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>Total⁽²⁾</u>
Community Development	\$ 23,539	\$ 17,201	\$ 34,222	\$ 13,548	\$ 17,914	\$ 19,253	\$ 125,677
Education ⁽¹⁾	118,540	91,389	129,947	195,394	134,404	86,516	756,190
Human Services & General Government	2,655	9,836	28,826	23,272	0	0	64,589
Public Safety	7,902	11,898	25,812	12,556	0	0	58,168
Technology Improvements	8,596	3,600	0	0	0	0	12,196
Transportation	<u>171,238</u>	<u>166,496</u>	<u>129,959</u>	<u>63,308</u>	<u>134,500</u>	<u>120,000</u>	<u>785,501</u>
Grand Total⁽²⁾	<u>\$332,470</u>	<u>\$300,420</u>	<u>\$348,766</u>	<u>\$308,078</u>	<u>\$286,818</u>	<u>\$225,769</u>	<u>\$1,802,321</u>

Sources: Prince William County Capital Improvement Program, fiscal years 2022-2027 and Prince William County Schools Proposed Capital Improvement Program, fiscal years 2022-2031.

Notes: ⁽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.

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 Chief Financial Officer. 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, 2021, the amortized value of the County's General Portfolio totaled \$1,448 million with maturities ranging from one day to ten years. The weighted average maturity of the portfolio as of June 30, 2021, was approximately 4.2 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 County's website at <https://www.pwcva.gov/assets/documents/finance/ADOPTED%20Prince%20William%20County%20Investment%20Policy%2012-15-20.pdf>, provides the full listing of authorized investments.

General Obligation Bond proceeds are invested in accordance with the requirements and restrictions outlined in the applicable 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, 2020, and 2019, the County paid \$38,050,000 and \$35,335,000, respectively, in contributions towards the plan, while the County's fiduciary net position was \$1,191,921,000 as of June 30, 2019. As of July 1, 2019, the total pension liability was \$1,399,469,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2020. VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. The report may be obtained from the VRS website <https://employers.varetire.org/publications/#annual-reports> or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The County also provides a Supplemental Pension Plan (“SPP”) for Police Officers and uniformed Fire and Rescue personnel, effective July 1, 1985, and most recently amended, effective April 30, 2019, to add sworn and uniformed Adult Detention Center and Sheriff’s Office personnel to be applied on the later of the employee’s date of hire or July 1, 2019. The SPP is administered by the Supplemental Plan’s Board of Trustees. It provides retirement and death benefits to plan members and beneficiaries upon retirement. The benefit 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 SPP 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, 2020, and 2019 the County paid \$1,921,000 and \$1,372,000, respectively, in contributions towards the SPP, while the County’s fiduciary net position was \$43,411,000 as of June 30, 2020. As of June 30, 2020, the total pension liability for the SPP was \$43,674,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2020.

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, 2020, and 2019 the County paid \$1,156,000 and \$941,000, respectively, in contributions towards the LoSAP Plan, while fiduciary net position was \$18,155,000 as of June 30, 2020. As of June 30, 2020, the total pension liability for the LoSAP Plan was \$28,323,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2020.

Additional information regarding the County Employees’ Retirement Plans can be found in the County’s Comprehensive Annual Financial Report, fiscal year 2020, Note 13 and Schedules 3 through 5.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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 \$3,996,000 and \$3,679,000 for June 30, 2020, and 2019, respectively, while the County’s fiduciary net position was \$25,253,000 as of June 30, 2019. As of June 30, 2019, the total OPEB liability was \$48,563,000.

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% of their monthly health insurance premium less 1.50 times years of service for a maximum credit of \$45.00 from the VRS. 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 fiscal years ended June 30, 2020, and 2019, the County paid \$498,000 and \$460,000, respectively, while the County's fiduciary net position was \$3,836,000 as of June 30, 2019. As of July 1, 2019, the total OPEB liability was \$8,004,000. Additionally, the County offers post-retirement medical benefits premium and medical benefits credit plans. The plans are single-employer defined benefit post-employment 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. 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. 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 fiscal year ended June 30, 2020, the County paid \$1,428,000 in contributions towards the Premium Plan in the County's Other Post-Employment Benefits (OPEB) Master Trust Fund, while the County's fiduciary net position was \$18,164,000 as of June 30, 2020. As of June 30, 2020, the total OPEB liability for the Premium Plan was \$25,390,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2020.

For the fiscal year ended June 30, 2020, the County paid \$2,091,000 in contributions towards the Retiree Health Insurance Credit Plan in the County's OPEB Master Trust Fund, while the County's fiduciary net position was \$17,881,000 as of June 30, 2020. As of June 30, 2020, the total OPEB liability for the Retiree Health Insurance Credit Plan was \$37,323,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2020.

For the fiscal year ended June 30, 2020, the County paid \$1,788,000 in contributions towards the Line of Duty Act Plan in the County's OPEB Master Trust Fund, while the County's fiduciary net position was \$16,660,000 as of June 30, 2020. As of June 30, 2020, the total OPEB liability for the Line of Duty Act Plan was \$15,873,000. The actuarially determined contributions of the plan are fully funded as of June 30, 2020.

The County and School Board contract with an actuarial firm 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. The latest actuarial consultant valuation was as of January 1, 2019. 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 \$21,771,000 as of June 30, 2020, and the actuarially determined contributions to the County's OPEB Master Trust Fund and Schools benefits paid were approximately \$9,752,000 for fiscal year 2020. The County and School Board contributed \$7,107,000 to the County's OPEB Master Trust Fund and Schools benefits paid \$3,045,000 for fiscal year 2020, which was 104 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, 2019, for Schools and January 1, 2019, for the County.

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 2020, Notes 14 and Schedules 6 through 11.

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, such 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 November 5, 2019, Prince William County voters approved two referenda on the ballot to authorize issuance of general obligation bonds to fund mobility projects totaling \$355 million and parks projects totaling \$41 million.

See the front portion of this Official Statement for information on the proposed sale of County General Obligation School Bonds, Series 2021A (the “Series 2021A Bonds”) to the Virginia Public School Authority.

The County may also refund certain outstanding bonds for interest savings. Debt service on the Series 2021A Bonds is to begin in fiscal year 2022 and is included in County’s Debt Service by fiscal year table on page A-68.

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 “SECTION III - DEBT ADMINISTRATION - 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, 2020, was \$1,085,368,000 as shown in the following table.

NET TAX SUPPORTED DEBT OUTSTANDING	
(\$000’s)	
	Outstanding on June 30, 2020
Governmental Activities	
General Obligation Bonds	\$ 150,761
IDA Lease Revenue Bonds	21,153
Equipment Capital Leases	0
Real Property Capital Leases ⁽¹⁾	68,295
Parks and Recreation - Revenue Bonds Series 2010	5,410
Equipment Capital Leases	0
Subtotal	<u>\$ 245,619</u>
School Board Related	
General Obligation Bonds ⁽²⁾	<u>\$ 845,159</u>
Subtotal	<u>\$ 845,159</u>
Total Primary Government Debt	\$1,090,778
Less Self-Supporting Revenue and Other Bonds	<u>5,410</u>
Net Tax-Supported Debt	<u>\$1,085,368</u>

Source: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, 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 to VPSA in connection with VPSA’s pooled bond program bond and sold by the County to 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 2022 through the final maturity of all outstanding tax supported debt.

DEBT SERVICE BY FISCAL YEAR ⁽¹⁾							
FY Ending June 30	Existing Debt Service ⁽²⁾		VPSA 2021A Debt Service ⁽³⁾		VPSA 2021B Debt Service		Total Debt Service ⁽⁴⁾
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$103,436,979	\$43,746,217	\$0	\$830,711	\$0	\$0	\$148,013,907
2023	100,596,979	38,850,263	2,945,000	1,810,200	0	0	144,202,442
2024	117,134,979	33,815,327	2,945,000	1,692,400	0	0	155,587,706
2025	90,816,978	29,249,474	2,945,000	1,574,600	0	0	124,586,052
2026	83,470,000	25,149,557	2,945,000	1,456,800	0	0	113,021,357
2027	79,000,000	21,458,990	2,945,000	1,339,000	0	0	104,742,990
2028	70,295,000	17,641,638	2,945,000	1,221,200	0	0	92,102,838
2029	66,985,000	14,678,741	2,945,000	1,103,400	0	0	85,712,141
2030	62,035,000	11,958,146	2,945,000	985,600	0	0	77,923,746
2031	57,610,000	9,670,689	2,945,000	867,800	0	0	71,093,489
2032	52,600,000	7,849,695	2,945,000	750,000	0	0	64,144,695
2033	49,995,000	6,354,027	2,945,000	632,200	0	0	59,926,227
2034	46,425,000	5,017,958	2,940,000	529,200	0	0	54,912,158
2035	42,030,000	3,821,185	2,940,000	457,905	0	0	49,249,090
2036	37,760,000	2,763,220	2,940,000	402,780	0	0	43,866,000
2037	28,700,000	1,858,141	2,940,000	345,450	0	0	33,843,591
2038	18,810,000	1,133,266	2,940,000	285,915	0	0	23,169,181
2039	13,015,000	626,163	2,940,000	224,910	0	0	16,806,073
2040	13,015,000	311,313	2,940,000	162,435	0	0	16,428,748
2041	7,555,000	76,944	2,940,000	98,490	0	0	10,670,434
2042	0	0	2,940,000	33,075	0	0	2,973,075
Total⁽⁴⁾	\$1,141,285,915	\$276,030,952	\$58,855,000	\$16,804,071	\$0	\$0	\$1,492,975,938

Source: Prince William County, Department of Finance.

Notes: ⁽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⁾ Excludes debt service on the VPSA 2021A and B Bonds.

⁽³⁾ VPSA 2021A Bond sale is to be finalized October 21, 2021.

⁽³⁾ 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
2016	\$1,122,965	\$58,854,961	1.9%	449,864	\$2,496
2017	1,113,800	61,335,721	1.8	456,126	2,442
2018	1,136,475	63,755,919	1.8	459,966	2,471
2019	1,059,943	67,613,073	1.6	463,867	2,285
2020	1,085,368	70,811,768	1.5	482,204 ⁽⁴⁾	2,251

Source: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, 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 2020, Table 14.

⁽³⁾ Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, Table 16.

⁽⁴⁾ 2020 population data is from the Prince William County Demographer.

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
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
2019	146,043,000	2,067,001,000	7.1
2020	141,285,000	2,139,662,000	6.6

Source: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, 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, 2020, is indicated in the Overlapping Debt table below.

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. 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, 2020, contributions, intergovernmental revenue and investment earnings for NVTA’s governmental activities totaled \$299 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 NVTA’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 previously 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 public transportation purposes.

Potomac and Rappahannock Transportation Commission (“PRTC”). The PRTC was created in fiscal year 1987, to help create and oversee the 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, D.C. 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 (“FRA”) 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 consolidated into one 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, 2019, the balance of the capital lease was \$10.0 million and the bond payable was \$44.4 million. PRTC financial and compliance reports for the fiscal year ended June 30, 2019, are the latest available at this time. 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 2021 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 appropriation. The County’s share of the outstanding debt (based on the methodology described above) is approximately \$18.66 million at the end of fiscal year 2019. 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 VRA) 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. On December 18, 2020, the SRAA entered into a loan agreement pursuant to which the SRAA borrowed \$790,000 from the Virginia Airports Revolving Fund administered by VRA ("SRAA-VRA Loan"). According to the support agreement, the County provides moral obligation support in connection with the SRAA-VRA loan. The County's proportional share equals to 29% of the amount of any deficiency in the SRAA's revenues for certain purposes, including, but not limited to payment of debt service on the SRAA-VRA Loan. The County's obligations under the support agreement are subject to annual appropriation of funds for such purpose by the County's Board.

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. The County Police Department withdrew from the NVCJTA in 1994, although the County continued its financial support. 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 of County Supervisors 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, 2021, for which the County is responsible, is \$1,492,915 or 33.1 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, 2020, the Service Authority's outstanding debt was \$108.2 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 2020, the Service Authority paid approximately \$10.7 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, 2020, in Appendix B.

In November 2020, UOSA issued \$199,755,000 of Revenue and Refunding Bonds, Series of 2020 to refund the outstanding portion of its Regional Sewerage System Revenue Bonds, Series 2014 and funding certain capital costs. The allocation of the aggregate debt service of UOSA's outstanding bonds after this issue remains relatively the same between Fairfax County, Prince William County, City of Manassas, and City of Manassas Park.

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, while it was 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 Park 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 October 15, 2020, the County refunded the outstanding 2010 Park Authority Bonds with a portion of the proceeds of the Industrial Development Authority of the County's Prince William County Facilities Revenue and Refunding Bonds, Series 2020A.

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Overlapping Debt

Three 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, 2020	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value
Direct:				
Net Tax Supported Debt	\$1,085,368	100.00%	\$1,085,368	1.69%
Overlapping:				
Town of Dumfries	8,036	100	8,036	0.0126
Town of Quantico	85	100	85	0.0001
Town of Haymarket	816	100	816	0.0013
Heritage Hunt Commercial - CDA Special Assessment Bonds Series 1999 B	817	100	817	0.0013
Virginia Gateway Community - CDA Refunding Bond Series 1999 and 2003 B	7,800	100	7,800	0.0122
Cherry Hill Community - CDA Special Assessment Bonds Series 2015	29,565	100	29,565	0.0462
Northern Virginia Transportation Commission - Virginia Railway Express ⁽¹⁾	55,738	32.32	18,014	0.0282
Northern Virginia Criminal Justice Training Academy (NVCJTA) ⁽¹⁾	5,375	33.4	1,795	0.0028
Total Overlapping Governmental Activities Debt⁽²⁾	\$ 108,232	61.84%	\$ 66,928	0.10%
Total Direct and Overlapping Governmental Activities Debt⁽²⁾	\$1,193,600	96.54%	\$1,152,296	1.80%

Sources: Prince William County, Comprehensive Annual Financial Report, fiscal year 2020, Table 13. Also see Prince William County, Comprehensive Annual Financial Report fiscal year 2020, Table 7, Notes 10, 18 and 20.

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

⁽²⁾ Totals may not add due to rounding.

Lease Commitments and Obligations

The County leases real estate and equipment under operating and capital leases expiring at various dates through fiscal year 2031. All capital leases are non-cancelable, except that 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 noncancelable lease terms of less than one year. As of June 30, 2020, the County's total rental expense under operating leases of the primary government was approximately \$8,622,000. Further information concerning these obligations is included in Note 10 to the Prince William County, audited financial statements for the fiscal year ended June 30, 2020, in Appendix B.

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STAFF REPORT

Board Meeting Date:	October 12, 2021
Agenda Title:	Authorize the Issuance of One or More General Obligation School Bonds of the County in Aggregate Amount Not to Exceed \$325,000,000 to Refinance Certain Capital Projects for School Purposes and to Refund Certain Outstanding General Obligation School Bonds and to Approve the Sale of Such Bonds to the Virginia Public School Authority
Requested Action:	Approve the resolution and authorize the sale of the bonds.
Department / Agency Lead:	Department of Finance
Staff Lead:	Michelle Attreed, Chief Financial Officer

EXECUTIVE SUMMARY

At the request of the Prince William County School Board, County staff are proposing to refinance certain maturities of the General Obligation School Bonds issued through the Virginia Public School Authority (VPSA). Rates on municipal bonds are at attractive levels. The refunding is expected to deliver debt service savings for both the County and the School division.

If market conditions are unsuitable for a refunding, staff will not pursue execution of some, or all, of these refunding bonds.

It is the recommendation of staff that the Board of County Supervisors (Board) authorize the issuance of the bonds.

BACKGROUND

On October 6, 2021, the Prince William County School Board requested by authorization the Board to issue one or more of its General Obligation School Bond(s) in Fiscal Year 2022 in an aggregate principal amount not in excess of \$325,000,000 to refund certain outstanding general obligation bonds issued for public school purposes. The School Board requested that the Board take all necessary actions to approve and complete the bond sale as a Stand-Alone issuance.

Several series of previously issued VPSA General Obligation 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 General Obligation School Bonds that were issued through the Virginia Public School Authority.

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.

Prince William County School Division has submitted the application for the Stand-Alone Issue that includes a refunding provision. VPSA's Board convened on September 16, 2021, to vote on all applications. The School Division's application was approved subject to approved resolutions from both the School Board and the Board.

The County's financial advisor, PFM, has identified \$325,000,000 of potential refunding candidates if market conditions allow. The \$325,000,000 is a best-case scenario, assuming favorable movement in interest rates. The current expected amount to be refunded is \$53,000,000. County staff is seeking authority for the larger amount to take advantage of additional savings should market conditions allow. The plan is to refund the bonds with a taxable advance refunding. County staff, with PFM, has conducted an RFP for an underwriter. The transaction would be a separate series from the new money bonds and would be sold on a negotiated basis.

The sale of these bonds is planned for mid October 2021.

STAFF RECOMMENDATION

It is the recommendation of staff that the Board authorize the issuance of the bonds.

Service Level/Policy Impact

The recommended action will not have any impact on the current level of service.

Fiscal Impact

A net present value savings on future debt service may exceed \$1,500,000 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. The interest rate volatility can greatly affect the impact of a refunding.

Fiscal Impact (Continued)

If the Board approves the sale of the bonds, 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.

Legal Impact

Section 15.2-2643 VA Code Ann, authorizes the Board to issue refunding bonds. The Board's authorization for the issuances will be effective until June 30, 2022.

STAFF CONTACT INFORMATION

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